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August 12, 2024

**VIA ELECTRONIC MAIL**

Stephanie De La Rosa, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket No. 24-20-EL - The Narragansett Electric Company d/b/a  
Rhode Island Energy's 2025 Last Resort Service Procurement Plan  
Corrected Pre-Filed Direct Testimony & Benefit Cost Analysis**

Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"), enclosed, are corrected Bates Pages 17-21 of the Pre-Filed Joint Testimony of Andrew Castanaro, Jonathan Bausch, and Jeffrey Oliveira, and corrected Bates Pages 111-112 from Schedule 6, the Benefit Cost Analysis, which were filed on June 4, 2024 in support of the Company's 2025 Last Resort Service Procurement Plan ("2025 LRS Plan"). Please insert the enclosed corrected and updated pages into the bound versions of the 2025 LRS Plan provided to the Public Utilities Commission in this docket.

Correction

While responding to Division 1-6, the Company discovered an error in its original spot market savings analysis. The error was that capacity was not included in the spot market calculation prior to April 2019. With that correction, the updated spot savings are \$14,047,812 as opposed to \$18,156,870 and the cumulative cost reduction is \$24,573,663 as opposed to \$28,775,116. Also, while responding to Division 1-6, the Company refreshed the data in its model. This resulted in an update to the Full Requirements Service ("FRS") savings from \$10,618,245 to \$10,525,851. The enclosed pages reflect the corrections and updates to the cost reduction figures in the pre-filed direct testimony and the Docket No. 4600 Benefit Cost Analysis.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-4263.

Sincerely,

Andrew S. Marcaccio

Enclosures

cc: Docket No. 24-20-EL Service List

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a RHODE ISLAND ENERGY  
RIPUC DOCKET NO. 24-20-EL  
2025 LAST RESORT SERVICE PROCUREMENT PLAN  
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1 LRS procurement plan is approved by the PUC. The Company is proposing two changes  
2 for the 2025 LRS Plan: increase spot market purchases from 10% to 15% and reduce the  
3 first two 6-month bid-block of the 18-month quarterly procurement from 20% to 15%.  
4 These changes are shown in Schedule 2B and Schedule 2C.

5  
6 Beginning in October 2025, the Residential and Commercial Groups' contracts for 85%  
7 of the load obligation are executed over five RFPs, or five price points, which increases  
8 the spot market percentage from the current 90%. The remaining sixth price point is  
9 provided through 15% procured in the spot market.

10  
11 The Company analyzed the results of an increase of 5% spot market purchases between  
12 2016 – 2024. (See Figure 1 below). The data was sourced from historical spot market  
13 and FRS data. To ensure the analysis of the spot vs FRS historical savings was evenly  
14 weighted, only energy and ancillary charges were compared. While there were periods of  
15 volatility in the spot market vs FRS, the overall result was that a 5% increase reduced  
16 cost. Had the Company procured an added 5% spot market since 2016, LRS customers  
17 would have realized a cumulative savings of ~~\$18,156,870~~ \$14,047,812 (See Figure 1  
18 below).

19  
20 The proposed plan includes a change to the percentage of bid-blocks procured. Historical  
21 analysis demonstrates that additional savings were seen with an alteration in FRS

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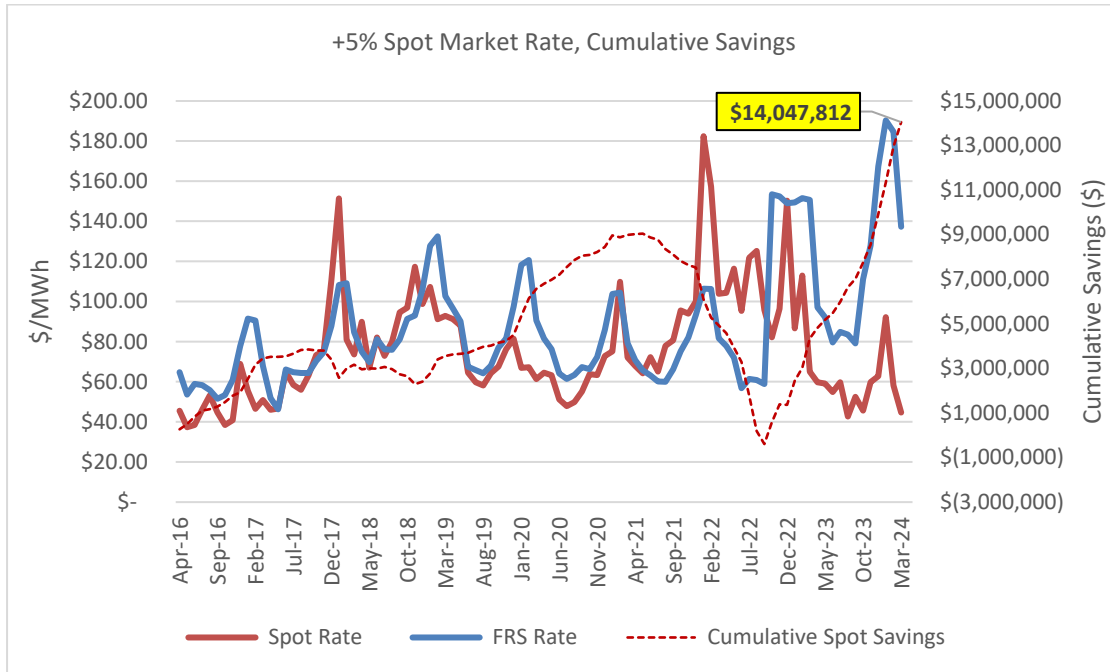
1 procurement percentage for the 18-month contracts, not considering the spot market.  
2 Furthermore, historical analysis on the rates of each quarterly procurement based on lead  
3 time and procurement length revealed that Q3 July procurements of the 18-month term  
4 length historically had the highest \$/MWh rate (See Figure 2 below). Our analysis  
5 showed additional savings from reducing these 20% bid-blocks by 5% to equal 15%.  
6 These savings are attributed to the benefit of more weight on the longer lead time  
7 between the procurement date and flow start of the contract period. Based on these  
8 findings, the Company is proposing to adjust the first two 6-month bid blocks of the 18-  
9 month procurement from 20% to 15% (See Schedule 2). This adjustment accommodates  
10 the increase in 5% of spot market starting in October 2025. Notably, the change in FRS  
11 contract hedges led to poignant and opportune savings during the 2022-2023 Ukraine-  
12 European LNG market crisis when the spot market savings temporarily decreased. Not  
13 considering the spot market historical savings, from the period of 2016 to 2024, had LRS  
14 procured the FRS contracts with 5% less for the two 6-month bid blocks in the 18-month  
15 procurement, an additional cost reduction was present of ~~\$10,618,245~~ \$10,525,851 (See  
16 Figure 3 below).

17  
18 A 5% spot market increase combined with the FRS contract modifications together  
19 showed a total cumulative cost reduction of ~~\$28,775,116~~ \$24,573,663 in historical  
20 markets for LRS customers (See Figure 4 below). Noting that 85% of energy would have

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still been procured via FRS transactions and quarterly auctions serve as risk mitigation against market volatility.

**Figure 1 – Corrected**



**THE NARRAGANSETT ELECTRIC COMPANY**  
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**Figure 2**

Quarter	Procurement Month	Procurement Length (Months)	Average Historical Futures Rate
Q1	January	24	\$ 49.12
Q2	April	12	\$ 64.75
Q3	July	18	\$ 65.96
Q4	October	6	\$ 43.25

**Figure 3 - Corrected**

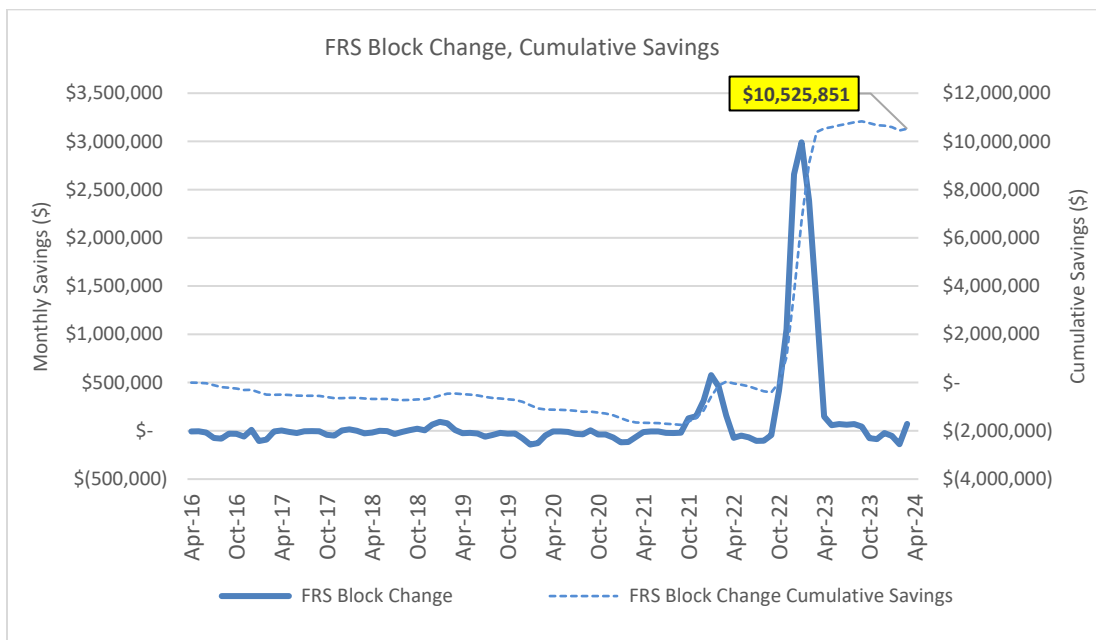
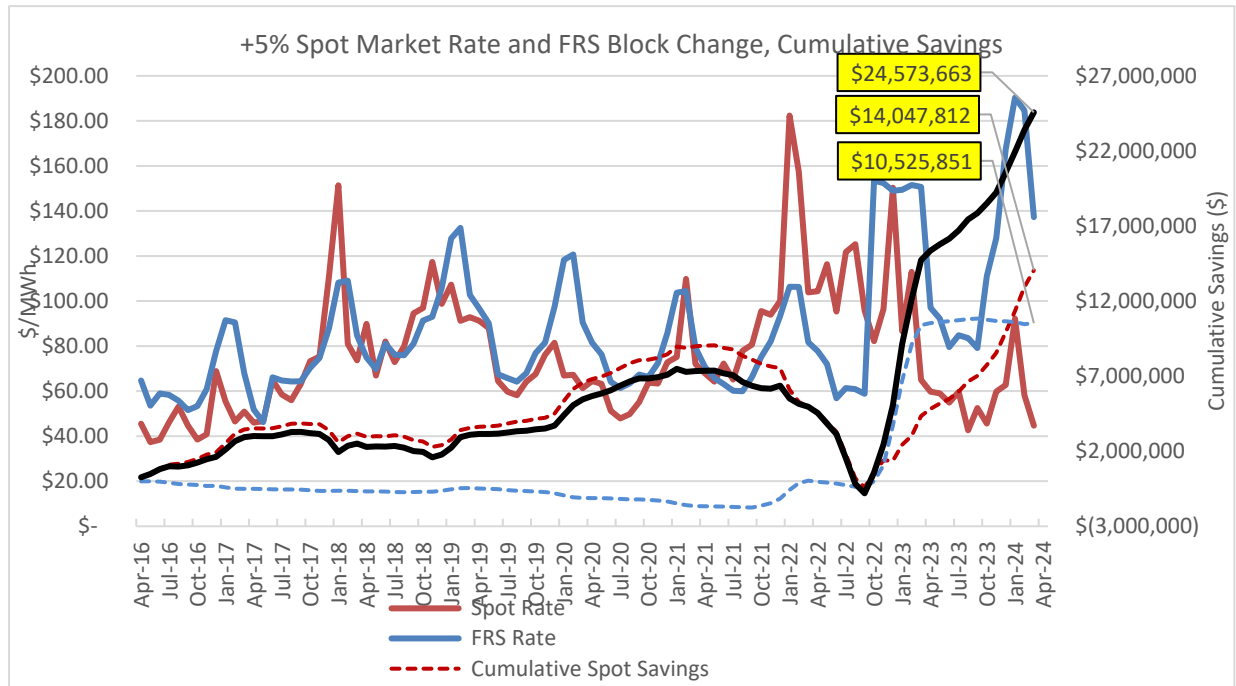


Figure 4 – Corrected



**Q. How is the Company proposing to procure LRS supply for the Industrial Group in 2025 and subsequent years?**

**A.** For the Industrial Group, the Company is proposing to continue the approved method of procuring supply through FRS contracts, three months in duration, solicited quarterly, for 100% of Industrial Group load. The final contract in 2026 will be executed in the fourth quarter for the three-month period ending March 31, 2027, as shown in Schedule 1A.

The same procurement cycle would continue into future years unless a change is submitted and approved by the PUC in a subsequent plan. This proposed plan is the same as the approved 2023 LRS Plan under which the Company currently operates for the Industrial Group.

Schedule 6 - **Corrected**  
Benefit-Cost Framework Analysis

15	Innovation and Learning by Doing	N/A	\$ -	The LRS Plan is a continuation of the existing SOS and LRS Plans. The LRS Plan can adapt to any new information and be modified in the future.
16	Distribution capacity costs	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
17	Distribution delivery costs	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
18	Distribution system safety loss/gain	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
19	Distribution system performance	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
20	Utility low income	Applicable/Not Quantifiable		Positive net benefits. Minimal impact. Seasonal rates may increase energy efficiency or encourage low-income customers to reduce usage during the higher-priced winter rate period.
21	Distribution system and customer reliability / resilience impacts	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
22	Distribution system safety loss/gain	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
23	Program participant / prosumer benefits / costs	Applicable/Not Quantifiable	\$ <del>28,775,116</del> \$24,573,663	Positive net benefits. Moderate impact. The Company analyzed the results of an increase of +5% spot market from 2016 - 2024 for LRS. Had the Company procured an added 5% spot market, LRS customers would have realized an additional combined <del>\$18,156,870</del> \$14,047,812 in savings. While there were periods of volatility, the overall result was that an increase in spot % adds value for customers and may reduce the bid premiums further. The company also analyzed the results of changing the first two 6-month bid blocks of the 18-month procurement blocks in the LRS laddering strategy to accommodate for a +5% increase in the spot market. Not considering the spot market historical savings, from the period of 2016 to 2024, had LRS procured the FRS contracts with 5% less for the two 6-month bid blocks in the 18-month procurement, an additional cost reduction was present of <del>\$10,618,245</del> \$10,525,851. Furthermore, the change in FRS

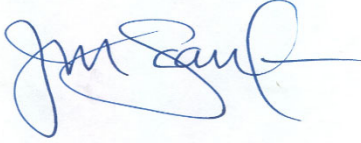


				contract hedges led to poignant savings during the 2022-2023 Ukraine-European LNG market crisis when the spot market savings temporarily decreased, acting as a hedge to the spot market volatility. This savings is attributed to the benefit of a longer lead time between the procurement date and flow start of the contract period. A +5% spot market increase and the FRS contract modifications showed a total cost reduction of <del>\$28,775,116</del> \$24,573,663 in historical markets for LRS customers. Noting that 85% of energy would have still been procured via FRS transactions and quarterly auctions serve as risk mitigation against market volatility.
24	Participant non-energy costs/benefits: Oil, Gas, Water, Waste Water	Applicable/Not Quantifiable		LRS load is settled at the ISO-NE zonal level. The LRS Plan does not specify the generation fuel type.
25	Low-Income Participant Benefits	Applicable/Not Quantifiable		Positive net benefits. Minimal impact. The LRS Plan provides price stability compared to other procurement plans. Seasonal rate impacts may increase energy efficiency or reduce usage for low-income customers.
26	Consumer Empowerment & Choice	Applicable/Not Quantifiable	\$ 226,756,354	The LRS Plan provides an alternative, cost effective rate which allows customers to make well-informed decision when comparing to competitive rates. From 2021 – 2023 had LRS customers been billed at competitive supply rates, they would have paid \$226,756,354 more. This value is comprised of Residential, Commercial and Industrial rate differentials. Specifically, had LRS customers been on supply for each rate class the savings would have been: \$302,001,880 for Residential, (\$44,999,786) for Commercial and (\$30,245,740) for Industrial. The reason for the difference is that Commercial and Industrial customers are more apt to select competitive supply and the supplier options afforded are more diverse. The Company cannot quantify the impact of LRS on the development of a competitive marketplace. The LRS Plan includes market prices which allows LRS to coexist with competitive suppliers.
27	Non-participant (equity) rate and bill impacts	Applicable/Not Quantifiable		Unknown net benefits. Minimal impact. Customers that switch from LRS to competitive suppliers during a rate period may have underpaid or overpaid their commodity costs. A credit or charge will be made to all distribution customers. This mechanism had been established to support switches to competitive suppliers. Additionally, there will be reconciliations for the three LRS groups: residential, commercial, and industrial. The reconciliations are based on various factors including monthly usage patterns. It is possible that individual customers may have different usage patterns from the whole and experience reduced or extra costs.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

August 12, 2024

Date

**Docket No. 24-20-EL – The Narragansett Electric Co. d/b/a Rhode Island Energy – 2025 Last Resort Service Procurement Plan  
Service List updated 8/12/2024**

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