



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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Memorandum

DATE: December 17, 2025

TO: Stephanie De La Rosa
Clerk, Public Utilities Commission

FROM: Donna Daigle
Rate Analyst, Division of Public Utilities and Carriers

SUBJECT: R.I.P.U.C. Docket No. 25-51-EL - The Narragansett Electric Co. d/b/a Rhode Island Energy's Long-Term Contracting for Renewable Energy Recovery Factor Filing

On November 14, 2025, The Narragansett Electric Company d/b/a Rhode Island Energy ("RIE" or the "Company") filed its Long-Term Contracting for Renewable Energy Recovery ("LTCRER") factor filing for the period January 2026 through December 2026 (the "Pricing Period") with the Public Utilities Commission ("Commission").

This filing was made in accordance with R.I.P.U.C. Tariff No. 2272, the Long-Term Contracting for Renewable Energy Recovery Provision. The tariff states, in part, that "[t]he Company's rates for Retail Delivery Service are subject to adjustment to reflect recovery of costs incurred in accordance with the provisions of R.I.G.L. Chapter 39-26.1, Long-Term Contracting Standard for Renewable Energy, and R.I.G.L. Chapter 39-26.2, Distributed Generation Standard Contracts." The tariff further provides that "[t]he Long-Term Contracting for Renewable Energy Recovery ("LTCRER") factor shall be established annually based on the costs expected to be incurred during the subsequent twelve-month period, including an adjustment for uncollectible amounts at the Company's currently approved uncollectible allowance rate."

On November 26, 2025, RIE submitted a corrected filing to properly reflect the contract prices for RI LFG Genco and Deepwater Wind. The original filing did not include the impact of contract price escalators. The remainder of this memorandum addresses the corrected filing.

RIE’s filing proposes recovery, through the LTCRER, of \$30,211,492¹ in forecasted costs for the period from January 1, 2026, through December 31, 2026, resulting in a proposed LTCRER factor of \$0.00409 per kWh.² The estimated costs included in the filing will be reconciled to actual costs under the Company’s Long-Term Contracting for Renewable Energy Recovery Reconciliation Provision (Tariff No. 2267) as part of its 2027 Retail Rate Filing.

When combined with the current LTCRER reconciliation factor of \$0.00119³ per kWh, the total proposed LTCRER factor is \$0.00528 per kWh.⁴ This represents a decrease of \$0.00128⁵ per kWh from the current factor of \$0.00656⁶ per kWh. The proposed factor would reduce a residential customer’s monthly bill, based on 500 kWh of usage, by \$0.66, or 0.41 percent.⁷

The decrease in the proposed LTCRER factor for 2026 is driven by a reduction in above-market costs, as shown in Table 1 below.

Table 1: Above Mark Cost Comparison 2025 vs. 2026 Estimates

Line No.	Description	2025 (1)	2026 (2)	Difference
1	Annual MWH	\$ 641,775	\$ 574,776	\$ (66,999)
2	Contract Costs	\$ 100,633,863	\$ 91,394,788	\$ (9,239,266)
3	Energy Market Value	\$ 34,359,686	\$ 38,044,702	\$ 3,685,317
4	REC Market Value	\$ 25,511,642	\$ 21,830,000	\$ (3,681,582)
5	Capacity	\$ 1,623,364	\$ 1,247,254	\$ (376,111)
6	Total Market Value (sum of Lns 3, 4 & 5)	\$ 61,494,692	\$ 61,121,956	\$ (372,376)
7	Above (Below) Market Cost (Ln 2 - 6)	\$ 39,139,171	\$ 30,272,832	\$ (8,866,890)

(1) Dkt. No. 24-46-EL, RIE 11-15-24 Filing, pages 2 and 3.

(2) Dkt. No. 25-51-EL, RIE 11-26-25 Corrections Filing, pages 3 and 4.

Projected above-market costs declined from \$39.1 million in 2025 to \$30.3 million in 2026, a decrease of approximately \$8.9 million. The primary driver of this decline is lower forecasted output for 2026 (Line 1), which results in a \$9.2 million reduction in estimated contract costs. According to RIE’s filing, projected output is calculated by applying a unit availability factor to unit capacity, with the availability factor based on historical performance from the prior year. This forecasting methodology is consistent with prior LTCRER filings and appears reasonable.

Additional differences between the 2025 and 2026 figures include a \$3.7 million decrease in REC market value amounts, which is attributable to a decline in the number of Renewable Energy Credits because of the lower output forecast, and a \$3.7 million increase in energy market value amounts due to a higher energy market proxy. The higher energy market proxy more than offsets the impact of the lower forecasted output.

¹ Attachment 1 (Corrected) Page 1 of 6, Line (4).

² Attachment 1 (Corrected) Page 1 of 6, Line (8).

³ Attachment 1 (Corrected) Page 1 of 6, Line (9).

⁴ Attachment 1 (Corrected) Page 1 of 6, Line (10).

⁵ Attachment 1 (Corrected) Page 1 of 6, Line (12).

⁶ Attachment 1 (Corrected) Page 1 of 6, Line (11).

⁷ RIE filing dated November 26, 2025, page 1, second paragraph.

Based on its review, the Division finds that the Company's assumptions and estimates are reasonable and that the proposed LTCRER factor has been calculated accurately. Accordingly, the Division recommends approval of the proposed LTCRER factor as presented in RIE's corrected filing submitted on November 26, 2025.