

March 30, 2015

BY HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4536-B – RI Distributed Generation Board Report and Recommendation
Regarding 2015 Renewable Energy Growth Classes, Ceiling Prices and Targets
Response to Record Request**

Dear Ms. Massaro:

On behalf of National Grid¹, I have enclosed the Company's response to the record request issued by the Rhode Island Public Utilities Commission at the evidentiary hearing on March 24, 2015 in the above-referenced docket.

Thank you for your attention to this matter. If you have any questions concerning this filing, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4536-A & B Service List
Steve Scialabba, Division
Leo Wold, Esq., Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Service List

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

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

March ' S, 2015
Date

Docket No. 4536-A National Grid Tariff Advice Filing for Renewable Energy Growth Program (RE Growth Program) and Solicitation & Enrollment Process Rules for 2015

Docket No. 4536-B RI Distributed Generation Board (DG Board) Report and Recommendation Regarding 2015 Renewable Energy Growth Classes, Ceiling Prices and Targets

Service List updated 1/9/15

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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4536-B
In Re: Distributed Generation Board Report and Recommendation
2015 Renewable Energy Growth Classes, Ceiling Prices and Targets
Response to Record Request issued at Commission's Evidentiary Hearing
On March 24, 2015

Record Request No. 1

Request:

What impact will the proposed 2015 Ceiling Prices have on rates?

Response:

The rate impact will not be certain until projects are awarded at a certain price and achieve payment under the tariffs. The Company has prepared an estimate for illustrative purposes only. This estimate assumes full program subscription for the 25 MW target for the 2015 program year at the proposed ceiling prices and standard performance based incentives. Based on those assumptions, and once all systems enrolled in 2015 are operational, it is estimated that customers will pay approximately \$8.75 million in tariff payments to projects participating in this program. The market revenue expected from the products purchased is estimated to be \$4.49 million. Therefore, the above market cost is estimated to be approximately \$4.25 million. Please see Attachment RR 1-1. Any amounts paid below the ceiling prices due to the competitive solicitation results would lower this amount. Likewise, the Company is continuing to review the changing rules for intermittent resources in the Forward Capacity Market, and will retain the option to acquire and sell capacity from facilities enrolled in the RE Growth Program; any realized revenues or losses from such capacity would also affect this estimated net cost. Similarly, changes in the value of energy and RECs will have a corresponding impact on the net above market cost of the program.

The estimated rate impact for all rate classes based on these estimates is provided as Attachment RR 1-2. For a residential customer, the monthly charge would be \$0.43.

Tariff Payments		Estimated Market Revenues		Above Market Cost (Tariff Payments minus Estimated Market Revenues)	
Expected Output - MWh/year	38,829	Estimated Energy Price (\$/MWh)	\$63		
		Estimated REC Price (\$/REC)	\$53		
Tariff Payments (\$Million/year)	\$8.75	Market Revenues (\$Million/year)	\$4.49	Above Market Cost (\$Million/year)	\$4.25

Assumptions:

- Full program subscription for 25 MW at the proposed 2015 MW Allocations and Ceiling Prices
- Energy Price is the average real time LMP for the Rhode Island Load Zone for CY 2014
- REC price is based on most recent market information

Renewable Energy Growth Program Cost Recovery

Illustrative Renewable Energy Growth Program Factors

Line No.	<u>Total</u> (a)	<u>Residential</u> <u>A16 / A60</u> (b)	<u>Small</u> <u>Commercial &</u> <u>Industrial</u> <u>C-06</u> (c)	<u>General</u> <u>Commercial &</u> <u>Industrial</u> <u>G-02</u> (d)	<u>Large Demand</u> <u>B32 / G32</u> (e)	<u>Optional Large</u> <u>Demand</u> <u>B62 / G62</u> (f)	<u>Street Lighting</u> <u>S10 / S14</u> (g)
(1) Projected Renewable Energy Growth Expense	\$4,250,000						
(2) Total Rate Base (\$000s)	\$561,737	\$296,489	\$54,542	\$82,460	\$77,651	\$21,309	\$29,286
(3) Percentage of Total	100.00%	52.78%	9.71%	14.68%	13.82%	3.79%	5.21%
(4) Allocated Expense	\$4,250,000	\$2,243,182	\$412,655	\$623,877	\$587,493	\$161,220	\$221,573
(5) Forecasted Number of Bills	7,162,273	5,243,935	616,196	103,064	13,445	189	1,185,444
(6) Proposed REGP Factor - monthly per bill charge		\$0.42	\$0.66	\$6.05	\$43.69	\$853.01	\$0.18
(7) Uncollectible Percentage	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
(8) Illustrative RE Growth Factors		\$0.43	\$0.67	\$6.13	\$44.24	\$863.81	\$0.18

Line Descriptions:

- (1) Page 1, Line (7)
- (2) per R.I.P.U.C. 4323, Compliance Attachment 3A, (Schedule HSG-1), page 2, line 10
- (3) Line (2) ÷ Line (2) Total Column
- (4) Line (1) Total Column x Line (3)
- (5) per Company forecast for the period April 1, 2015 through March 31, 2016
- (6) Line (4) ÷ Line (5), truncated to 5 decimal places
- (7) Uncollectible Percentage approved in RIPUC Docket No. 4323
- (8) Line (6) ÷ (1- Line (7))