

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: LONG-TERM CONTRACTING FOR :
RENEWABLE ENERGY RECOVERY FACTOR : DOCKET NO. 4587

REPORT AND ORDER

On May 16, 2016, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC) its semi-annual Long-Term Contracting Recovery Factor for the period July 1, 2016 through December 31, 2016.¹ In its filing, National Grid estimated that the six-month contract cost for twenty-five renewable energy contracts, which include twenty-three distributed generation contracts and two non-distributed generation contracts, would be \$20,152,816. The market value for the energy procured under the contracts is projected to be \$11,424,338 for the same period.² The difference between the estimated contract costs and market value is expected to be \$8,728,478. Dividing the above-market value by National Grid's forecasted kilowatt hour (kWh) deliveries for the upcoming six-month period, and adjusted for uncollectibles, results in a proposed Long-Term Contract Recovery Factor of 0.337 cents per kWh. This is an increase of 0.103 cents per kWh from the currently effective factor.³ The bill impact on a residential customer using 500 kWh per month would be an increase of fifty-four cents per month.⁴

On June 17, 2016, following an exchange of discovery with National Grid, the Division of Public Utilities and Carriers (Division) filed with the PUC a memorandum summarizing the filing

¹ National Grid's Semi-Annual LTC Recovery Factor Filing (May 16, 2016);

http://www.ripuc.org/eventsactions/docket/4587-NGrid-LTCRER-Jul2016_5-16-16.pdf.

² None of the energy under the contracts is expected to cost less than the projected market value of the energy for the period. National Grid's Filing at Attachment 1, p. 4.

³ *Id.*

⁴ National Grid's Filing at Attachment 1, p. 1.

and recommending approval of the proposed factor for effect on July 1, 2016.⁵ At an open meeting held on June 27, 2016, the PUC reviewed the filing and approved the proposed Long-Term Contract Recovery Factor to apply to electricity consumed on and after July 1, 2016. The PUC found, based on the Division's analysis, that the increase is largely the result of lower projected market prices for energy in the upcoming six-month period than those projected for the prior six-month period. While the contract prices remain constant in each period, the market price has been changing on a seasonal basis in New England, with winter pricing higher than the summer. Therefore, the renewable energy procured and sold by National Grid during the summer period tends to result in higher above-market costs than during the winter period. Whether this pattern continues in the future will be of interest to the PUC.

Accordingly, it is hereby,

(22461) ORDERED:

The Narragansett Electric Company d/b/a National Grid's Long-Term Contract Recovery Factor of 0.337 cents per kWh is hereby approved. The new rate shall apply to electricity consumed on and after July 1, 2016.

⁵ Memorandum of Alberico Mancini (June 17, 2016); http://www.ripuc.org/eventsactions/docket/4587-DPU-Memo_6-17-16.pdf.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2016 PURSUANT TO AN
OPEN MEETING DECISION ON JUNE 27, 2016. WRITTEN ORDER ISSUED JUNE 30,
2016.

PUBLIC UTILITIES COMMISSION



A handwritten signature in blue ink, appearing to read 'Margaret E. Curran', written over a horizontal line.

Margaret E. Curran, Chairperson

A handwritten signature in blue ink, appearing to read 'Herbert F. DeSimone, Jr.', written over a horizontal line.

Herbert F. DeSimone, Jr., Commissioner

A handwritten signature in blue ink, appearing to read 'Marion S. Gold', written over a horizontal line.

Marion S. Gold, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.