

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S 2018 STANDARD OFFER :
SERVICE PROCUREMENT PLAN AND 2018 : DOCKET NO. 4692
RENEWABLE ENERGY STANDARD PROCUREMENT PLAN :

REPORT AND ORDER

Electric distribution companies are required to file annual plans to guide the purchase of energy supply, billed as Standard Offer Service (SOS), for customers who are not purchasing energy from a nonregulated power producer (competitive supplier). On March 1, 2017, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC) a letter proposing that its 2018 SOS Procurement Plan continue to follow the most recently approved standard offer procurement plan (2016 SOS Procurement Plan).¹ On March 30, 2017, the PUC approved the request.

National Grid had been required to continue following the 2016 SOS Procurement Plan in 2017, with the exception of the notice requirements for rate changes. The 2016 SOS Procurement Plan was designed to allow the Company to contract for energy for the Residential and Commercial Groups in small percentages at different points in time at different prices and to employ a dollar cost-averaging approach to setting the retail rate.² Industrial Group contracts are entered into at a time much closer to the delivery period and retail rates change with each month of the contract.

National Grid noted that the approved 2016 SOS Procurement Plan included significant modifications to the procurement and billing periods as compared to the 2015 SOS Procurement Plan. The intention driving the modifications was to better meet various state policy goals.

¹ Letter from Raquel Webster to Luly E. Massaro, 2018 Standard Offer Service Procurement Plan (Mar. 1, 2017); [http://www.ripuc.org/eventsactions/docket/4692-NGrid-2018-SOS-ProcurementPlan\(3-1-17\).pdf](http://www.ripuc.org/eventsactions/docket/4692-NGrid-2018-SOS-ProcurementPlan(3-1-17).pdf).

² *Id.* at 1.

Specifically, the goals of the 2016 SOS Procurement Plan were to: (1) mitigate volatility for smaller customers; (2) diminish risks associated with wholesale procurement and the price shock associated with those risks; and (3) reflect market price signals through seasonal rates, to some extent, for all customer groups; as well as encourage conservation and energy efficiency measures.³ Definitive results are not yet available from those changes.⁴

In the Order requiring the continuation of the 2016 SOS Procurement Plan, the PUC found “insufficient evidence to conclude that the proposed 2017 SOS Procurement Plan would meet the Company’s stated goals any more effectively or efficiently than the approved 2016 SOS Procurement Plan.”⁵ The PUC further stated: “[i]f in March 2017, the Company determines that there is no reason to file changes to the 2016 SOS Procurement Plan, the Company could achieve compliance with R.I. Gen. Laws § 39-1-27.8 by filing a proposal to continue with the 2016 SOS Procurement Plan with no changes.”⁶ According to National Grid’s letter, the Company was requesting approval of a 2018 SOS Procurement Plan that continued the laddered and layered procurement schedule in accordance with the 2016 SOS Procurement Plan because such a procurement strategy would continue to meet the Company’s goals and will allow the PUC to observe how changes approved in the 2016 SOS Procurement Plan affect the SOS customers.⁷

Also on March 1, 2017, National Grid filed its proposed 2018 Renewable Energy Standard (RES) Procurement Plan. The RES Procurement Plan guides the Company in its procurement of renewable energy certificates to meet the State of Rhode Island’s Renewable Energy Standard. In its filing, National Grid proposed to use renewable energy certificates obtained from its Long-

³ Order No. 22677 at 7 (Feb. 22, 2017); http://www.ripuc.org/eventsactions/docket/4605-NGrid-Ord22677_2-22-17.pdf.

⁴ *Id.* at 1-2.

⁵ Order No. 22677 at 7.

⁶ *Id.* at 10-11.

⁷ Letter from Raquel Webster to Luly E. Massaro, 2018 Standard Offer Service Procurement Plan, 1-2.

Term Renewable Energy Contracts (including Distributed Generation Standard Contracts) and the Renewable Energy Growth Program. Once the New renewable energy certificates obtained from these sources exceed the RES obligation and banking allowance, the Company will sell the excess renewable energy certificates into the market to monetize the value for its customers. The result of this proposal is to modify the previously approved RES Procurement Plan to decrease the issuance of standalone requests for proposals compared to prior years and to include various sales options to monetize the value of excess renewable energy certificates.⁸

On March 23, 2017, the Division of Public Utilities and Carriers (Division) submitted a memorandum from Stephen Scialabba, Chief Accountant. Mr. Scialabba summarized the filings and recommended the PUC approve both filings without modification.⁹

At an Open Meeting held on March 30, 2017, the PUC reviewed the filings and approved the 2018 SOS Procurement Plan and 2018 RES Procurement Plan. The 2018 SOS Procurement Plan, a continuation of the 2016 Procurement Plan as modified in Order No. 22677, will continue to meet the goals of procurement as set forth in that order. The 2018 SOS Procurement Plan will also allow the PUC to continue to observe and analyze the effect of changes to the procurement and billing periods approved in the 2016 SOS Procurement Plan. Finally, the changes to the 2018 RES Procurement Plan reflect recent statutory changes allowing customers greater benefit from the various renewable energy programs mandated by the General Assembly. The PUC finds that both proposals are in the best interest of ratepayers.

⁸ Letter from Raquel Webster to Luly E. Massaro, 2018 Renewable Energy Standard Procurement Plan, at 1-2.

⁹ Scialabba Mem. (Mar. 23, 2017); http://www.ripuc.org/eventsactions/docket/4692-DPU-Memo_3_23_17.pdf.

Accordingly, it is hereby

(22774) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's 2018 SOS Procurement Plan is approved as filed.
2. The Narragansett Electric Company d/b/a National Grid's 2018 RES Procurement Plan is approved as filed.

EFFECTIVE AT WARWICK, RHODE ISLAND ON MARCH 30, 2017 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED MAY 12, 2017.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson

Herbert DeSimone, Commissioner

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 (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.