

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: 2016 RENEWABLE ENERGY GROWTH :  
PROGRAM FACTOR FILING AND RECONCILIATION : DOCKET NO. 4707

ORDER

On June 30, 2017, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC or Commission) proposed Renewable Energy Growth Program factors (program factors) and Renewable Energy Growth Program Reconciliation factors (reconciliation factors) for effect October 1, 2017.<sup>1</sup> The proposed program factors are based on an estimate of costs for the 2017 program year, spanning April 1, 2017 through March 31, 2018. The proposed reconciliation factors are based on the actual costs for the third program year, spanning April 1, 2016 through March 31, 2017.<sup>2</sup> The program factors and reconciliation factors are fixed monthly charges that vary by rate class and appear together as a single separate line item on customers' bills.<sup>3</sup>

In his written testimony, Adam Crary, Senior Analyst for Electric Pricing, New England, in the Regulation and Pricing Department of National Grid U.S Service Company, explained how the program factors are calculated. They are (1) the sum of the estimated performance-based incentive payments to enrolled projects, (2) reduced by the value of the market products, (3) plus the estimated administrative expense, (4) plus the cost of additional meters on participating projects, (5) plus the cost for consultants hired by the Rhode Island Office of Energy Resources (OER) or the Company and approved by the PUC to perform ceiling price studies and other reports

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<sup>1</sup> National Grid's 2017 Renewable Energy Growth Factor Filing (June 30, 2017); [http://www.ripuc.org/eventsactions/docket/4707-NGrid-REGrowth-Factor-2017\(6-30-17\).pdf](http://www.ripuc.org/eventsactions/docket/4707-NGrid-REGrowth-Factor-2017(6-30-17).pdf).

<sup>2</sup> National Grid's witnesses explained that the Company began incurring program-related expenses in October of 2014 but the factor was not approved until July 1, 2015. Going forward, the reconciling period will be a twelve-month period spanning April to March to match the program year.

<sup>3</sup> See R.I. Gen. Laws § 39-26.6-25.

or studies, and (6) added to the estimated remuneration to National Grid. The total projected expense the Company is seeking to recover prospectively is \$7,598,773.<sup>4</sup> Approximately \$6.1 million of this total is for the net performance-based incentives after removing the estimated value of renewable energy certificates. Another \$1.4 million is estimated for administrative expenses. That amount includes \$27,051 for meter investment, \$190,000 for consultants,<sup>5</sup> and \$131,364 for Company remuneration.<sup>6</sup> The reconciliation factor is designed to collect from customers an under-recovery of \$281,221 for the period April 1, 2016 through March 31, 2017. The factor is calculated by comparing the billed revenue for the period to the expenses for the same period.<sup>7</sup> Interest is then applied to the balance; in the case of an under-recovery, in favor of the Company.<sup>8</sup>

On September 12, 2017, the Division of Public Utilities and Carriers (Division) filed a memorandum with the PUC recommending approval of the tariff.<sup>9</sup> The Division explained that the recovery of costs through the program factors relate to 8,137.8 kW of aggregate capacity for small- and medium-scale solar projects and 6,000 kW of aggregate capacity for commercial wind projects already enrolled in the program. The filing also forecasted an additional 7,906 kW of aggregate capacity for residential and commercial solar projects and 4,500 kW of aggregate capacity for commercial wind projects during the 2017 program year.<sup>10</sup> The Division calculated a net cost of \$0.28 per kWh for the program year, which represents a 44% decrease compared to the 2016 Program year's net cost of \$0.50/kWh. The Division opined that "the total net cost per kWh

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<sup>4</sup> Adam S. Crary Test. at 10-11, Sched. ASC-2 at 1.

<sup>5</sup> Included in this amount is OER's pending request of \$145,000 to hire consultants to perform a Solar Quality Assurance Study and Report, the purpose of which is to independently evaluate the quality of projects installed through the RE Growth Program. See Docket No. 4604; [http://www.ripuc.org/eventsactions/docket/4604-OER-DGB-BudgetRequest\\_7-25-17.pdf](http://www.ripuc.org/eventsactions/docket/4604-OER-DGB-BudgetRequest_7-25-17.pdf).

<sup>6</sup> Sched. ASC-2 at 4.

<sup>7</sup> Crary Test. at 18-19; Sched. ASC-3 at 1. The billed revenue excludes the adjustment rate of 1.25% for uncollectibles.

<sup>8</sup> *Id.*

<sup>9</sup> Div. Mem. at 5; [http://www.ripuc.org/eventsactions/docket/4707-DPU-Memo\(9-12-17\).pdf](http://www.ripuc.org/eventsactions/docket/4707-DPU-Memo(9-12-17).pdf).

<sup>10</sup> *Id.* at 2.

should continue to decline assuming program year output increases at a faster pace than the total of administrative cost, meter investment, and remuneration cost burden.”<sup>11</sup> Addressing the reconciliation factor, the Division found the calculations to be correct.<sup>12</sup> The Division calculated that the net combined Renewable Energy Growth Factor will be \$0.78 per month on a residential bill for the period October 1, 2017 through September 30, 2018.<sup>13</sup>

At an Open Meeting held on September 22, 2017, after review of the calculations in the filing and the memorandum filed by the Division, the PUC approved the filing, finding the calculations and proposed Renewable Energy Growth Program factor and Renewable Energy Growth Reconciliation factors to be consistent with the approved tariffs.<sup>14</sup> Nevertheless, the PUC also expressed concern that, because the Company uses different methods for calculating its financial remuneration, the Renewable Energy Growth Program tariff is inconsistent with the Long-Term Contracting for Renewable Energy Recovery Factor tariff.<sup>15</sup> Accordingly, the PUC will continue to review both tariffs and the relevant legislation to ensure tariffs are consistent with legislative policy and each other.

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<sup>11</sup> *Id.* at 2-3.

<sup>12</sup> *Id.* at 3-4. The reconciliation reflects a total under-recovery of \$281,221, which includes the period April 2016 through March 2017.

<sup>13</sup> *Id.* at 3.

<sup>14</sup> The Renewable Energy Growth Program Tariff (RIPUC No. 2153) was approved by the PUC at an Open Meeting conducted on March 31, 2015 (Docket No. 4536-A)

<sup>15</sup> *See* PUC Order 2268, Docket No. 4626 (Nov. 21, 2016).

Accordingly, it is hereby

(22927) ORDERED:

The Narragansett Electric Company d/b/a National Grid's Renewable Energy Growth Program Factors and Renewable Energy Growth Program Reconciliation Factors are approved as filed and shall apply to customer usage on and after October 1, 2017.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2017, PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 22, 2017. WRITTEN ORDER ISSUED OCTOBER 17, 2017.

PUBLIC UTILITIES COMMISSION



*Margaret E. Curran*

Margaret E. Curran, Chairperson

*Marion S. Gold*

Marion S. Gold, Commissioner

*Abigail Anthony*

Abigail Anthony, 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 Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.