



State of Rhode Island
Division of Public
Utilities & Carriers

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Memo To: Luly Massaro, Commission Clerk

From: John Bell,  Chief Accountant

Date: December 18, 2018

Subject: Docket 4903 - Review to Determine the Adequacy of Renewable-Energy Supplies Pursuant to R.I. Gen. Laws Sec. 39-26-6(d)

The Division has reviewed National Grid's filing and other data available to the Commission from other dockets. Based on that review, the Division believes there is substantial evidence to support a Commission finding that there is an adequacy of renewable-energy supplies to meet the increase in the percentage requirement of energy from renewable-energy resources in 2019, consistent with the standard set forth in R.I.G.L. 39-26-6(d).

First, the Company's filing contains projections that indicate the amount of renewable-energy supply being acquired under the Renewable Energy Growth and Long-Term Contracting programs alone will exceed the total obligation for all Rhode Island customers by 2021. This includes both the obligation of non-regulated power producers and the Company's RES obligation arising out of standard offer service. (See pages 3-4 of the Company's filing) The graphs further indicate that this surplus of RECs will continue through 2043. Second, the graphs also show that even in 2019, National Grid will purchase enough RECs through state renewable energy programs to self-supply its obligation under the standard offer, indicating an adequacy of supply in the near term.

Finally, the Company's market data in recent filings in other dockets is showing a steep reduction in regional REC prices in 2019, reflecting a regional surplus of supply available to non-regulated power producers to meet their RES obligations in 2019. Specifically, the regional market REC proxy identified in the Company filing for the period January 2019 through June 2019 has dropped precipitously compared to the January 2018 through June 2018 estimates and actual experience in 2018. The long-term contracting factor filings of the Company initially projected REC prices would be \$18.40 in 2018.¹ This dropped to \$16.75 in the subsequent six-

¹ Long-Term Contracting for Renewable Energy Recovery Factor, Docket No. 4775 (Nov. 15, 2017); http://www.ripuc.org/eventsactions/docket/4775-NGrid-LTCRER-Jan-June2018_11-15-17.pdf.

month period from July 2018 through December 2018.² Now, the Company is projecting a REC proxy price of only \$7.56 for the first six months of 2019.³ This is approximately 50% less than the prior six months and far below the 2018 Alternative Compliance Payment of \$68.96.⁴ The Division believes the surprisingly low REC market price relative to the ACP price is reflective of a substantial regional market surplus for 2019.

Given all this market information available to the Commission, the Division therefore joins the Office of Energy Resources in recommending the Commission find that the REC market is more than adequate to meet the statutory standard.

² Long-Term Contracting for Renewable Energy Recovery Factor, Docket No. 4775 (May 15, 2018); <http://www.ripuc.org/eventsactions/docket/4775-NGrid-LTCRER-May2018.pdf>.

³ Docket No. 4899 (Nov. 15, 2018); <http://www.ripuc.org/eventsactions/docket/4899page.html>

⁴ Rhode Island PUC Alternative Compliance Payment Rate; <http://www.ripuc.org/utilityinfo/RES-ACPRate.pdf>.