

December 6, 2018

BY HAND DELIVERY AND ELECTRONIC MAIL

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

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

Dear Ms. Massaro:

On behalf of National Grid,¹ I have enclosed the following documents for filing in the above-referenced matter:

- Attachment 1: This document is titled, “The Interplay of Rhode Island’s Renewable Energy Standard Obligations and Legislative Contracts & Programs.” The purpose of this document is to explain the interplay between National Grid’s Renewable Energy Certificate (REC) portfolio and the demand for RECs by the Company’s Standard Offer Service customers and total distribution customers.
- Attachment 2: This document is an Excel spreadsheet that includes the underlying data used to create Attachment 1.

Attachments 1 and 2 may assist the PUC with determining whether there are sufficient renewable resources available to allow retail suppliers to meet the Renewable Energy Standard.

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

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4903 Service List
Jon Hagopian, Esq.
John Bell
Jonathan Schrag

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

The Interplay of Rhode Island’s Renewable Energy Standard Obligations and Legislative Contracts & Programs

National Grid¹ has created this summary to explain the interplay between the supply of its Renewable Energy Certificate (REC) portfolio and the demand for RECs by its Standard Offer Service (SOS) customers and total distribution customers. The summary encompasses forecasts of supply and demand of RECs through 2050, but the specific focus is on the year 2020. The additional purpose of this summary is to provide additional context, which may assist the Rhode Island Public Utilities Commission (PUC) with determining whether there are sufficient renewable resources available to allow retail suppliers to meet the Renewable Energy Standard (RES).

Background:

On June 29, 2004, Rhode Island enacted a RES, which requires a retail supplier of electricity to obtain a minimum portion of its supply from certain new and existing renewable energy resources. The Company, in its role of providing SOS to its electric customers, must meet the retail electric supplier’s requirements associated with this load. Customers may also select Non-regulated Power Producers (NPPs), also known as Competitive Suppliers, to provide retail electric supply. The NPPs are also required obtain a minimum portion of its supply from certain new and existing renewable energy resources. A retail supplier may satisfy these requirements through a REC or by making an Alternative Compliance Payment at the end of a compliance year. The RES creates demand for RECs that are qualified by the PUC as New and Existing. This summary focuses specifically on the supply and demand of New RECs.

Separate from the RES, the Company is legislatively required to purchase energy, RECs, and/or capacity through Power Purchase Agreements (PPAs) and programs. The Company’s compliance with these requirements results in a supply portfolio of New RECs. The Company is required to execute contracts with renewable generation projects to comply with Long-Term Contracting Standard for Renewable Energy and Distributed Generation Standards Contracts Act, and through the Renewable Energy Growth (RE Growth) Program.² The PUC has approved the Company’s use of RECs obtained through these legislations to comply with the RES compliance for SOS customers. The Company may also execute PPAs pursuant to the Affordable Clean Energy Security Act (ACES).³ The Company anticipates that it will be able to use RECs associated with PPAs filed under ACES for its SOS customers’ compliance with the RES. The RECs from all these PPAs and program will be referred to as Long-Term Renewable Contracts/Program RECs.

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

² See R.I. Gen. Laws § 39-26.1-1 *et seq.*, (Long Term Contracting Standard for Renewable Energy), the PUC’s implementing Rules and Regulations Governing Long Term Contracting Standards for Renewable Energy, R.I. Gen. Laws § 39-26.2-1 *et seq.*, (Distributed Generation Standard Contracts Act), and RI Gen. Laws § 39-26.6-21 *et seq.*, (R.I. Renewable Energy Growth Program), the PUC’s implementing Rules and Regulations Governing the REGrowth Program.

³ Affordable Clean Energy Security Act, RI Gen. Laws § 39-31 *et seq.*

Results:

In 2020, the Long-Term Renewable Contracts/Program RECs will satisfy the Company's SOS customers' RES obligations, but the number of RECs from these resources are less than Rhode Island's total RES obligations. The RECs not used for SOS customers do not fully meet the NPPs' expected RES obligations. Based on forecasts, the difference between the NPPs' RES obligations and the excess RECs that the Company anticipates selling is less than 250,000 RECs in 2020. In 2021 the Long-Term Renewable Contracts/Program RECs could satisfy the RES obligations for all the Company's distribution customers and is forecasted to continue to do so through 2040.

Additional Information:

NPPs may purchase RECs from the Company, other REC providers, and may use banked RECs from prior years to meet their 2020 RES obligations. The Company provides GIS Certificate Statistics in its RES Request for Proposals (RFP) Summaries that it files to the PUC. In its most recent filing, the Company indicated that there were 4,112,480 RECs that could comply with the Rhode Island New RES requirement in 2017. Of that total, 393,059 were Long-Term Renewable Contracts/Program RECs. This means that, theoretically, there were 3,719,421 RECs available to be used for the NPP's 2017 RES compliance. It should be noted, however, that many of these RECs are likely qualified in other states for use to comply with those states' renewable energy portfolio standards.

After utilizing the Long-Term Renewable Contracts/Program RECs for its SOS customers' RES obligations, the Company has several options for the RECs that exceed its SOS customers' RES obligations. The Company may bank a certain number of RECs for the following two years' RES compliance, it can sell all the excess RECs to other retail suppliers to use in Rhode Island or other states, or it can do both. This summary contemplates both the Company fully banking the maximum number of RECs and also the Company not banking any RECs and selling all excess RECs in the market.

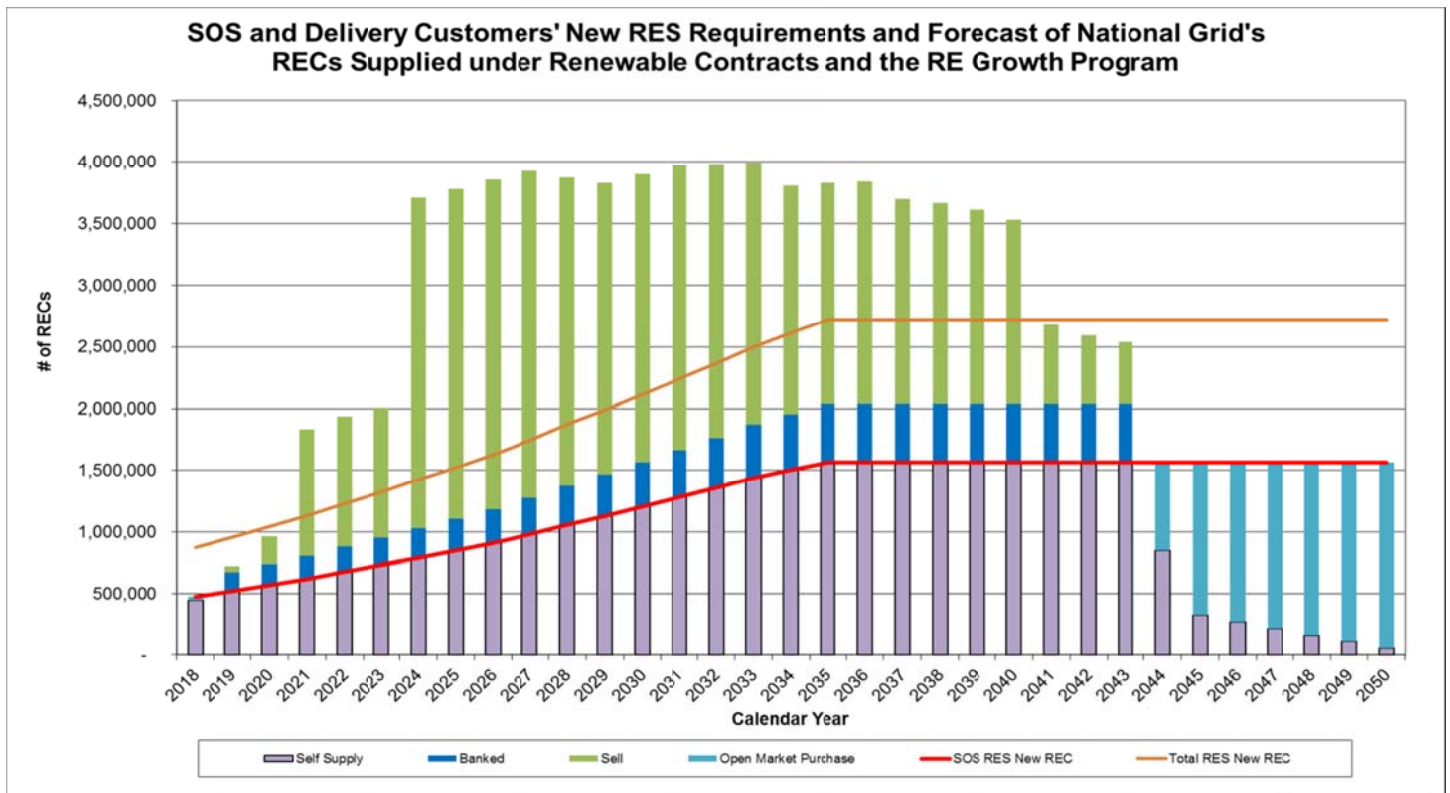
The Company Banks Full Amount:

The Company may bank RECs equal to 30% of its New obligation for use in the next two years. By banking RECs, the Company lowers the number of RECs it will sell in the market that could possibly be used by NPPs to satisfy their RES obligations. The following table assumes that NPPs purchase all the Company's excess RECs and purchases its remaining obligation from other REC providers. The last column are the forecasted REC quantities to be purchased by NPPs from REC providers other than National Grid.

Year	New Obligation	Total Load	Total SOS Load	Total New REC Requirement	SOS New REC Requirement	REC Supply Incl. Banked	RECs Banked	RECs NGRID to Purchase from Other Providers	NPP New REC Requirement	RECs Available to NPPs	RECs NPPs to Purchase from Other Providers
*2018	11.00%	7,910,284	4,342,082	870,132	477,630	450,243	-	27,387	392,502	-	392,502
2019	12.50%	7,644,712	4,147,885	955,590	518,486	719,979	155,546	-	437,104	45,947	391,157
2020	14.00%	7,438,091	4,065,102	1,041,333	569,115	964,663	170,735	-	472,218	224,813	247,405
2021	15.50%	7,271,905	3,991,338	1,127,146	618,658	1,830,044	185,597	-	508,488	1,025,788	-

* In 2018 RECs from Renewable Contracts and RE Growth Program are not expected to meet SOS customers' RES obligations.

Below is a graph of forecasted supply of Long-Term Renewable Contracts/Program RECs and demand for RECs for both SOS and total Rhode Island RES requirements through 2050.



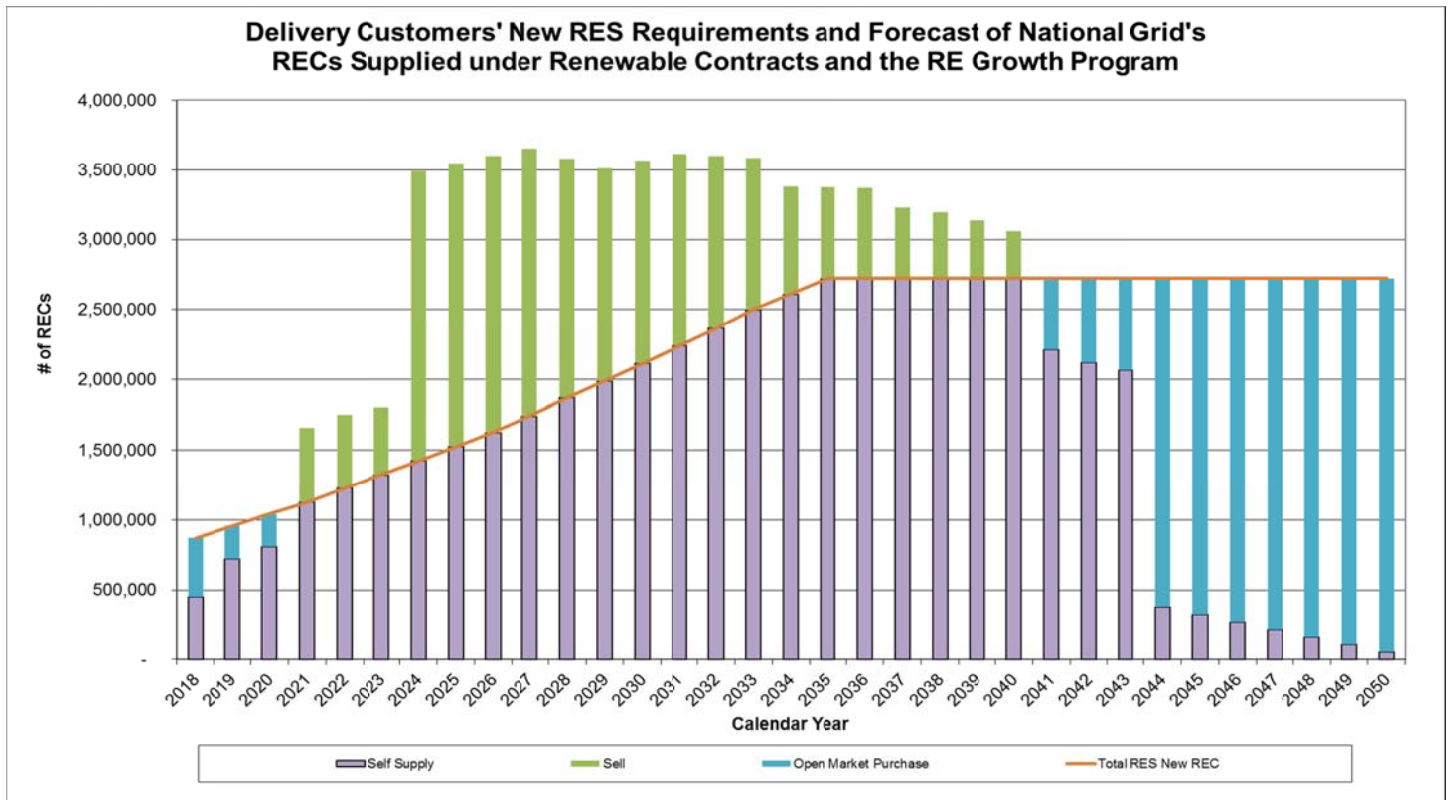
The Company does not Bank:

The Company may decide not to bank the RECs above the SOS customers' RES obligation. By not banking RECs, more RECs will be sold in the market, thereby increasing the number of RECs available to NPPs to meet their RES obligations. Therefore, NPPs may purchase less RECs from other REC providers.

Year	New Obligation	Total Load	Total New REC Requirement	REC Supply	Total RECs to Purchase from Other Providers
*2018	11.00%	7,910,284	870,132	450,243	419,889
2019	12.50%	7,644,712	955,590	719,979	235,611
2020	14.00%	7,438,091	1,041,333	809,117	232,216
2021	15.50%	7,271,905	1,127,146	1,659,309	-

* In 2018 RECs from Renewable Contracts and RE Growth Program are not expected to meet SOS customers' RES obligations.

Below is a graph of forecasted supply of Long-Term Renewable Contracts/Program RECs and demand for RECs for the Rhode Island RES requirements through 2050. This assumes that the Company does not bank RECs.



Differences from RES Procurement Plan:

The Company provides long-term supply and demand REC forecasts in its Renewable Energy Standard Procurement Plans (RES Plans), the most recent was included in Docket No. 4809. The forecasts included in this summary differ from that illustrated in the most recently RES Plan. First, load and generation forecasts have been updated. Second, the RES Plan included only PPAs that were executed at that time. The forecasts in this summary include PPAs that have not yet been executed, such as a PPA for Revolution Wind and any PPAs resulting from the recently issued Request for Proposals for Long-Term Contracts for Renewable Energy.⁴ Finally, this summary includes the RES obligation for all the Company's distribution customers. The RES Plans focus only on the RES obligations of the SOS customers.

⁴ This RFP was issued September 12, 2018 and is soliciting up to 400 MW.

Supporting Information:

The Company is providing the spreadsheet that is the source of the tables and graphs included in this summary. The spreadsheet is labeled Attachment 2. There are several tabs in the spreadsheet and below are descriptions of each:

- 2018 Commercial Projects' RECs – This tab lists the Long-Term Renewable Contracts/Program RECs that were delivered each month in 2018 from operational units. The RECs listed for January through June were actual RECs delivered. The RECs listed for July through September are expected RECs based on NEPOOL-GIS generation or RECs included on certain counterparties' invoices. The RECs listed for October through December are forecasted RECs based on historical data or forecasts provided by counterparties. The 2018 REC production is used to forecast future years' production for these operational units.
- REC Forecast - NGRID Bank – This tab calculates the supply and demand if the Company banks the maximum number of RECs. Columns A:AI forecast the annual REC production from operational units. Columns AM:AX forecast the annual REC production from units not yet operational. Column AZ is a forecast of annual REC production from the RE Growth Program. The columns starting with BE calculate the REC demand due to RES obligations and the utilization of the RECs from the Renewable Contracts and RE Growth Program.
- REC Forecast - No Bank – Similar to the prior tab except it assumes the Company does not bank any RECs.
- Tables – This tab compiles data from the prior two tabs into a table format for the years 2018 through 2021.
- RE Growth Forecast – This tab estimates annual RECs from RE Growth based on annual awards, capacity factors for wind and solar, and a lag from award date and actual generation.
- Forecast Loads – These forecasted loads have been calculated by National Grid's Advanced Data & Analytics group.
- 2018 Loads – The 2018 loads are a compilation of reconciled load data and initial load data reported to ISO-NE. The final two months are forecasted by National Grid's Advanced Data & Analytics group.

Attachment 2

The Company is providing Attachment 2, which is an Excel document, on a USB Flash Drive

Certificate of Service

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

The paper 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

December 6, 2018
Date

**Docket No. 4903 – Review to Determine the Adequacy of Renewable-Energy Supplies
Pursuant to R.I. Gen. Laws Sec. 39-26-6(d)
Service List updated 11/21/18**

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