

March 1, 2019

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: 2020 Renewable Energy Standard Procurement Plan
Docket No. 4935**

Dear Ms. Massaro:

Pursuant to R.I. Gen. Laws § 39-26-4 and the Rhode Island Public Utilities Commission's (PUC) Rules and Regulations Governing the Implementation of a Renewable Energy Standard, 810-RICR-40-05-2, I have enclosed ten (10) copies of National Grid's¹ Renewable Energy Standard (RES) Procurement Plan for 2020.

In Docket No. 4809, the PUC approved the Company's 2019 RES Procurement Plan, the standard RES Certificate Purchase Agreement (CPA), the standard RES request for proposal (RFP) Notice template, and the standard RES RFP Summary template. The Company is not changing these documents in this 2020 RES Procurement Plan filing, and will continue to use the previously approved CPA, RES RFP Notice, and RES RFP Summary.

For the 2020 RES Procurement Plan, the Company proposes to use New Renewable Energy Certificates (RECs) obtained through Long-Term Renewable Contracts and the RE Growth Program to fulfill the Company's RES obligations in 2020 in accordance with R.I. Gen. Laws §§ 39-26.1-5(d) and 39-26.6-21(3). Once the New RECs exceed the RES obligation and the banking allowance, the Company will sell the excess RECs in the market to monetize the RECs' value for customers.

The enclosed proposed 2020 RES Procurement Plan does not include any adjustments to the current 2019 RES Procurement Plan that the PUC approved on September 6, 2018.

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

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

Very truly yours,



Raquel J. Webster

Enclosure

cc: John Bell, Division
Christy Hetherington, Esq.

2020 Renewable Energy Standard Procurement Plan

I. Objectives

- A. This plan satisfies Section 8.2 of the Rhode Island Public Utilities Commission’s (PUC) Rules and Regulations Governing the Implementation of a Renewable Energy Standard (RES Regulations), 810, RICR-40-05-2. Under the RES Regulations, the Company is required to submit annually a Renewable Energy Standard Procurement Plan that details the Company’s procedures for obtaining resources that satisfy its obligations under the Rhode Island Renewable Energy Standard (RES), R.I. Gen. Laws § 39-26-1 et seq.

- B. The plan is for the procurement of the RES renewable energy certificates (RECs) to meet the obligations associated with provision of Standard Offer Service (SOS) for 2020. The Company will use a competitive procurement process for all 2020 requirements for Existing RECs. The Company expects to use New RECs obtained through the Distributed Generation Standard Contracts Act and the Long-Term Contracting Standard for Renewable Energy (collectively, Long-Term Renewable Contracts) and the Renewable Energy Growth (RE Growth) Program for all 2020 requirements for New RECs.

- C. This plan includes the sale of the RES RECs in the event that the Company acquires RECs in excess of its RES obligation for its SOS customers.

II. Requirements

The following table details the anticipated number of RECs that will be necessary to satisfy RES Regulations in 2020.

Year	Percentage from New Renewable Energy Resources	Percentage from <i>either</i> New <i>or</i> Existing Renewable Energy Resources	Total RES Target Percentage	Estimated Standard Offer Load (MWhs)	Standard Offer Existing RES Obligation (RECs)	Standard Offer New RES Obligation (RECs)
2020	14.0	2.0	16.0	4,065,102	81,303	569,115

III. REC Procurement

- A. To comply with the Long-Term Renewable Contracts, the Company enters into transactions with renewable energy resources that include New RECs. As first approved in PUC Docket No. 4315, the Company proposes to continue using these RECs to satisfy its New RES requirements for the SOS load. The Company believes that SOS customers will benefit from this approach because it minimizes transaction expenses.

To comply with the RE Growth Program, codified at R.I. Gen. Laws § 39-26.6-1 et seq., the Company enrolls eligible renewable energy resources and pays them a fixed price for their generation. Under the RE Growth Law, the Company receives title to the RECs for all projects that participate in the RE Growth Program. Effective June 27, 2016, pursuant to Rhode Island law, the Company has the option of selling these RECs or using them to comply with the RES.¹ As first approved in PUC Docket No. 4556, the Company proposes to continue using these RECs to satisfy its New RES requirements for the SOS load to further minimize transaction expenses.

The Company proposes several procedures to determine the market costs for reconciliation of the New RECs from Long-Term Renewable Contracts and the RE Growth Program. If there are no sales of excess New RECs in a quarter, the Company proposes a procedure to determine the market costs for reconciliation of the RECs from Long-Term Renewable Contracts and the RE Growth Program by using the most representative data sources, such as recent solicitation results, broker sheets, and market indices. This procedure is described in Docket No. 4338. If there are sales of excess New RECs in a quarter, the Company will use the average sales price of excess New RECs transacted in the market during a quarter provided that the average sales price does not differ from the average market price procedure by more than 20%. If the difference in prices exceeds 20%, the Company will average the market price procedure and the average sales price to determine the market costs for the reconciliation. In the event that the difference between the average sales price and the established market price procedure is significant, the Company will consult with the Division to decide whether it should use only one pricing method. REC Sales are further described in Section V.

This market cost will be charged to SOS customers for their RES obligation, and the same amount will be credited to delivery customers.

- B. The Company will issue standalone REC Requests for Proposals (RFPs) to procure the remaining REC amounts for each REC class necessary to satisfy the RES Regulations. The Company intends to issue one or more REC RFPs in 2020 for

¹ See R.I. Gen. Laws § 39-26.6-21(3).

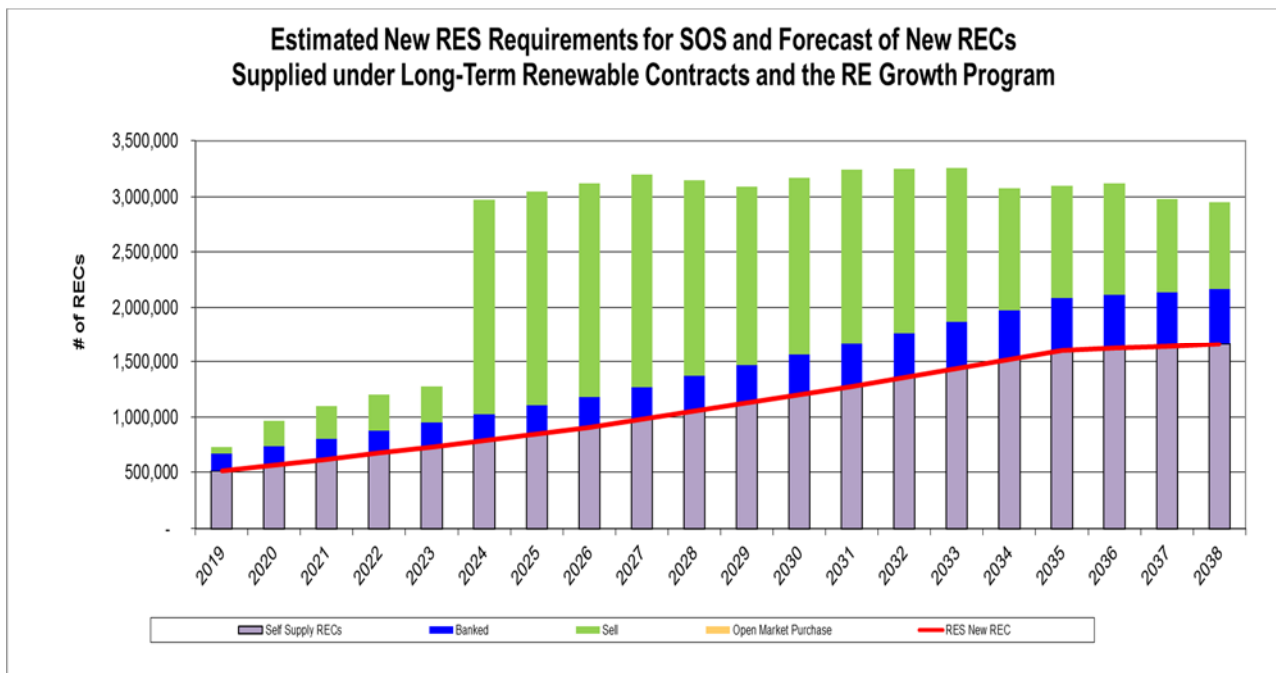
Existing RECs because it expects that the New RECs from the Long-Term Renewable Contracts and RE Growth Program will meet its New RES requirement.

The principal criteria to be used in evaluating REC RFP proposals will be the lowest evaluated bid price. In the event of identical low bids, the Company will allocate the offered RECs to all bidders with identical prices based on the quantities bid and the quantities solicited. For example, the Company solicits 5,000 RECs and receives two identical low bid prices. Bidder A offers 5,000 RECs and Bidder B offers 2,500 RECs. Bidder A will receive 3,333 RECs ($5,000 / 7,500 * 5,000$) and Bidder B will receive 1,667 RECs ($2,500 / 7,500 * 5,000$).

- C. The Company may also evaluate unsolicited offers from brokers or other parties.
- D. If the Company still has an obligation shortfall in a calendar year, the Company will make an Alternative Compliance Payment to the Rhode Island Commerce Corporation for the unmet obligation.

IV. Forecast of RECs from Long-Term Renewable Contracts and the RE Growth Program and RES Requirements

The chart below shows a projection of the New RES requirement for SOS customers compared to the estimated output of RECs obtained through the Long-Term Renewable Contracts and the RE Growth Program.



V. REC Sales

The Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will likely exceed the RES obligation in 2019. Under the RES Regulations, the Company may bank 30% of the New RES Obligation for a compliance year to satisfy the RES requirement over the following two years. Once the excess RECs from Long-Term Renewable Contracts and RE Growth Program exceed the RES obligation as well as the allowable banking limit, the Company must sell these RECs or they will expire with no value. Based on generation and load data estimates, the Company anticipates that the New RECs obtained from the Long-Term Renewable Contracts and RE Growth RECs will exceed the allowable banking limit in 2019.

The Company must sell the RECs in a timely manner to monetize the value of the RECs on behalf of customers. The revenue from the REC sales will offset the costs of the Long-Term Renewable Contracts and the RE Growth Program. The Company will sell the RECs using methods that are similar to the methods the Company uses to procure RECs. These methods include:

- A. The Company may issue a Request for Bids (RFB) or auction for RECs to solicit bids for the sale of the RECs. The RFB would allow multiple participants to bid for various volumes up to the quantity offered.
- B. The Company may participate in REC RFPs or auctions in the market place conducted by utilities, brokers, or other market participants.
- C. The Company may engage a third party to broker the sale.