



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of  
Public Utilities and Carriers  
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Warwick RI 02888  
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August 28, 2019

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

**Docket No. 4954– National Grid’s 2019 Renewable Energy (RE) Growth Program Factor**

Dear Luly,

Please find the State of Rhode Island Division of Public Utilities and Carriers, (the “Division”) Comments relating to National Grid’s filing with the Public Utilities Commission in the above captioned docket.

I appreciate your anticipated cooperation in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jon G. Hagopian".

Jon G. Hagopian  
Deputy Chief Legal Counsel




State of Rhode Island  
Division of Public  
Utilities & Carriers

Accounting Section  
89 Jefferson Blvd.  
Warwick, R.I. 02888

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**To:** Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission

**From:** Joel A. Munoz, Rate Analyst   
Rhode Island Division of Public Utilities & Carriers

**Date:** August 28, 2019

**Subject:** Docket No. 4954 – The Narragansett Electric Co. d/b/a National Grid’s 2019 Renewable Energy Growth Program Factor Filing

On June 28, 2019, Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Public Utilities Commission (“Commission”) its annual Renewable Energy (“RE”) Growth Program Factor filing proposing RE Growth Factors and RE Growth Reconciliation Factors effective October 1, 2019. The filing was in accordance with R.I. Gen. Laws § 39-26.6-25 and National Grid tariff R.I.P.U.C. No. 2208, the *Renewable Energy Growth Program Cost Recovery Provision*. This memo is prepared to document the Division of Public Utilities & Carriers’ (“Division”) review of the proposed RE Growth Factors, the proposed RE Growth Reconciliation Factors, the accuracy of the underlying calculations, and to opine on the Company’s compliance with state law and the Commission approved tariff.

National Grid’s tariff R.I.P.U.C No. 2208 was approved by the Commission at its February 9, 2018 Open Meeting in Docket 4774, cancelling the preceding tariff, R.I.P.U.C No. 2176. The applicable state law, Title 39, Chapter 26.6 of the Rhode Island General Laws, pertains to the RE Growth Program. Sections 4,12,13,18, and 25, of Chapter 26.6, all provide components for National Grid to recover costs incurred from its involvement in the RE Growth Program. Costs recoverable from all distribution ratepayers include: Office of Energy Resources and the Company’s consultants, National Grid’s 1.75% remuneration in addition to actual performance-based incentive payments to RE developers, the Company’s installation and capital costs associated with meter installations for small-scale solar projects, its billing system improvements necessary to facilitate performance-based incentive payments and administering net metering, National Grid’s administrative costs incurred in the process of the Company’s bidding eligible projects and administering its participation in ISO New England’s Forward Capacity Market (“FCM”).

The Company is proposing RE Growth Factors which are based upon an estimate of the incremental cost subject to recovery for the 2019 Program Year (April 1, 2019 to March 31, 2020). The filing also includes the fourth annual RE Growth Program reconciliation of actual RE Growth revenue and costs. The reconciliation period includes: 1) a “true up” between actual revenue billed through the current RE Growth Factor for the period June 2018 through September 2018 and the revenue estimated for the same period filed in the previous RE Growth Reconciliation filing, Docket No. 4847; 2) actual revenue billed from the period October 2018 through May 2019; 3) estimated revenue for the period June 2019 through September 2019, and 4) actual costs incurred to administer the RE Growth Program during the 2018 Program Year (April 1, 2018 to March 31, 2019). The RE Growth Factors and the RE Growth Reconciliation Factors are combined and presented as a single monthly charge on customers’ bills to take effect on October 1, 2019.

**RE Growth Program Estimated Cost for the 2019 Program Year**

National Grid Schedule NG-2 (Page 2 of 6) summarizes the forecasted expense for the 2019 Program Year as follows:

(1) Estimated Performance-Based Incentive Payments	\$23,704,544
(2) Less: Estimated Value of Market Products (“PRDCTS”)	(\$ 5,018,591)
(3) Less: Estimated Customer Share of FCM Proceeds (“NFCMP”)	<u>(\$ 37,291)</u>
(4) Equals: Estimated Net Cost	\$18,648,662
(5) Plus: Estimated Administrative Cost	<u>\$ 1,740,978</u>
(6) Equals: Total Estimated RE Growth Cost	\$20,389,640

Additional detailed data was supplied by National Grid to demonstrate how the above numbers were developed. I reviewed the supporting information and found that the above amounts were accurately developed in accordance with R.I.P.U.C No. 2208.

The filing includes 43.34 MW of aggregate capacity for residential and commercial solar projects and 18 MW of aggregate capacity of commercial wind projects for existing Program enrollees. The filing also forecasts an additional 21.82 MW of aggregate capacity for residential and commercial solar projects and 1.5 MW of aggregate capacity for commercial wind projects. The RE Growth Program now forecasts a total of 84.66 MW of aggregate capacity which has an estimate of 12-month output of 103,280,427 kWh.

The net per kWh cost (for produced energy) for the performance-based incentive payments for the RE 2019 Program after sale of PRDCTS and NFCMP is \$0.18/kWh (\$18,648,662/103,280,427 kWh). The net per kWh cost after credit for PRDCTS and NFCMP sales including administrative expenses is approximately \$0.20/kWh (\$20,389,640/103,280,427 kWh). The \$0.20/kWh cost is the same as the RE 2018 Program net cost, a 29% decrease compared to the RE 2017 Program total net cost, and a 60% decrease from the RE 2016 Program total net cost.

The RE Growth factors are calculated by allocating the estimated expense from the program year to each class based on a rate base allocator developed from the cost of service study plus a 1.30% allowance for uncollectable amounts, both of which were approved by the Commission in Docket 4770. National Grid Schedule NG-2 (Page 1 of 6) provides the calculation of RE Growth Factors for each rate class. The proposed monthly RE Growth Factors for each rate class are as follows:

<b>Rate Class</b>	<b>Proposed Factors</b>
A-16/A-60	\$ 2.16
C-06	\$ 3.36
G-02	\$ 32.02
B-32/G-32	\$ 266.01
S-10/S-14	\$ 0.19
X-01	\$ 490.12

**RE Growth 2018 Program Year Reconciliation**

The proposed reconciliation reflects a total over-recovery of approximately \$2.6 million. National Grid Schedule NG-3 (Page 1 of 5) summarizes actual expenses for the period of June 2018 to May of 2019.

(1) Total Net RE Growth Factor Revenue	\$15,275,446
(2) Total RE Growth Expense	\$12,930,003
(3) Forfeited Performance Guarantee Deposits	(\$270,250)
(4) RE Growth Reconciliation - Over-Recovery	(\$2,615,692)
(5) Interest during the Reconciliation Period	(\$31,448)
(6) Total Amount to be Credited to Customers	(\$2,598,611)

National Grid supplied additional detailed data to demonstrate how the above numbers were developed. The detailed data was reviewed by the Division.

The RE Growth Reconciliation Factors are calculated in the same manner as the proposed RE Growth Factors listed above, from the allocation to rate classes based on a rate base allocator. National Grid schedule NG-3 (Page 1 of 5) provides the calculation of RE Growth Reconciliation Factors for each rate class. The proposed monthly RE Growth Reconciliation Factors for each rate class are as follows:

<b>Rate Class</b>	<b>Proposed Factors</b>
A-16/A-60	(\$0.26)
C-06	(\$0.41)
G-02	(\$4.07)

B-32/G-32	(\$33.90)
S-10/S-14	(\$0.02)
X-01	(\$66.74)

The Company has combined the proposed RE Growth Factors and RE Growth Reconciliation Factors which will be presented as a single monthly charge on customer's bills to become effective October 1, 2019. The proposed combined monthly RE Growth Cost Recovery Factors for each rate class for the Period October 1, 2019 through September 30, 2020 are as follows:

<b>Rate Class</b>	<b>RE Growth Factor</b>	<b>RE Reconciliation Factor</b>	<b>Combined RE Growth Factor</b>
A-16/A-60	\$ 2.16	(\$0.26)	\$ 1.90
C-06	\$ 3.36	(\$0.41)	\$ 2.95
G-02	\$ 32.02	(\$4.07)	\$ 27.95
B-32/G-32	\$266.01	(\$33.90)	\$ 232.11
S-10/S-14	\$ 0.19	(\$0.02)	\$ 0.17
X-01	\$490.12	(\$66.74)	\$ 423.38

The Division has reviewed National Grid's June 28, 2019 filing and believes that the proposed RE Growth Program cost recovery factors are correctly calculated and are in accordance with the statute and the approved tariff. The Division recommends that the Commission approve National Grid's proposed RE Growth Factors to go into effect on October 1, 2019.