



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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

From: Alberico Mancini, Chief Regulatory Analyst
Rhode Island Division of Public Utilities & Carriers

Date: December 18, 2020

Subject: Docket No. 5085 – Narragansett Electric – Long Term Contracting
for Renewable Energy Recovery Factor – Year 2021

On November 13, 2020 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission its Long-Term Contracting for Renewable Energy Recovery (“LTCRER”) factor filing for the period January 1 through June 30, 2021 (“Pricing period”).

The LTCRER provision, R.I.P.U.C. No. 2174, was approved by the Commission in Docket No. 4676, and allows for the recovery of payments made to projects under long-term contracts and distributed generation (“DG”) standard contracts executed pursuant to R.I.G.L. §39-26-1 and R.I.G.L. §39-26-2, respectively.

The Company’s calculation, intended to recover estimated renewable contract costs associated with National Grid’s power purchase agreements (“PPA”) less the proceeds from the sale of energy, capacity, Renewable Energy Certificates (REC’s) and customer share of net forward capacity, results in a recovery factor of \$0.00673 per kWh, effective for consumption on or after January 1, 2021. The currently effective LTCRER Reconciliation Factor is a charge of \$0.00198 per kWh. Combining the proposed forward-looking LTCRER factor and the currently approved Reconciliation Factor results in a proposed combined recovery factor of \$0.00871 per kWh. The proposed recovery factor is a rate decrease of \$0.00060 per kWh compared with the current billed charge of \$0.00931 per kWh. The effect on a typical 500 kWh monthly residential bill is a decrease of \$0.31 per month or 0.3%.

The Company's estimate of payments to operating Renewable and DG units over the six-month period is \$48,970,718. Estimated revenues from sale of REC's, energy, and capacity is \$28,009,848 leaving a net above-market cost of \$20,960,870. The Company also estimates that it will receive \$39,756 in capacity revenue from customer-owned DG facilities bidding into the Forward Capacity Market as part of the Company's approved program. The customer's share of the net forward capacity is 90% or \$35,779. The total estimated costs to be recovered including \$9,799 in Company administrative costs is \$20,934,890.

The proposed factor results in a small decrease from the current LTCRER factor. The attached Table (AM-1) compares the proposed January through June 2021 estimated revenues, sales and calculated LTCRER factors with the current and two prior LTCRER factors. The Company's estimated generator output has increased by 4,696 MWhs from the previous filing and 28,142 MWhs from the same pricing period last year. The increase was due to the addition of the Sanford Airport Solar contract and also to increased unit factors for some projects. The unit factors are based on prior average annual generation. The estimated revenue from the sale of energy, REC's, and capacity have all increased. The Division reviewed the basis for the estimates and concluded they were reasonable.

The Division has reviewed the LTCRER factor filing and concluded that the Company's LTCRER calculations are correct and that the filing is in accordance with the Commission's order in Docket No. 4676, whereby the Commission approved the LTCRER Provision. The Division recommends approval of the proposed total LTCRER recovery factor of \$0.00871/kWh, effective January 1, 2021.

Recent History of the Long-Term Contracting for Renewable Energy Recovery Factor

	(July '19)	(Jan '20)	(July '20)	(Jan '21)
Estimated Generator Output - MWH	291,602	300,925	324,371	329,067
Estimated Contract Costs	\$42,605,396	\$44,524,915	\$47,358,677	\$48,970,718
Estimated Market Value				
Energy	\$10,934,490	\$13,630,902	\$9,719,281	\$12,651,062
REC's	\$ 6,444,415	\$12,849,516	\$9,690,589	\$13,933,930
Capacity	\$ 1,245,554	\$1,715,426	\$1,258,440	\$1,424,856
Subtotal	\$18,624,459	\$28,195,844	\$20,668,310	\$28,009,848
Estimated Admin. Cost	\$20,787	\$9,424	\$9,796	\$9,799
Estimated Customer Share -- Net FCM	\$72,531	\$16,608	\$33,765	\$35,779
Net Amount to be Recovered	\$23,929,193	\$16,621,887	\$26,666,398	\$20,934,890
Forecasted KWH Sales	3,698,241,264	3,433,885,995	3,679,413,312	3,147,647,287
Adjustment for Uncollectibles	1.30%	1.30%	1.30%	1.30%
LTCRER Factor	\$0.00655	\$0.00481	\$0.00733	\$0.00673
Current Reconciliation Factor	\$0.00062	\$0.00711	\$0.00198	\$0.00198
Total LTC Recovery Factor	\$0.00717	\$0.00543	\$0.00931	\$0.00871