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**To:** RHODE ISLAND PUBLIC UTILITIES COMMISSION

**From:** Carrie Gilbert and Aliea Afnan  
DAYMARK ENERGY ADVISORS

**Date:** March 18, 2021

**Subject:** 2021 Renewable Energy Standard Charge and Reconciliation Filing  
Docket No. 5096

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## INTRODUCTION

On February 25, 2021, National Grid (“NGrid” or the “Company”) filed its proposed 2021 Renewable Energy Standard (“RES”) Charge and Reconciliation Filing with the Public Utilities Commission. In its filing, the Company seeks approval for a proposed 2021 RES Charge of \$0.00665 per kWh. The charge consists of two components. The first component is the estimated cost of complying with the RES for 2021, estimated by NGrid to be \$0.00678 per kWh. The second component is the adjustment charge to reconcile previous estimates of the cost of complying with prior years’ RES with actual costs, which was calculated at (\$0.00013 per kWh). The proposed 2021 RES Charge represents a decrease on a 500 kWh/month Last Resort Service residential customer’s bill of 0.9% (a decrease of \$1.04 per month).

The Rhode Island Division of Public Utilities and Carriers retained Daymark Energy Advisors (“Daymark”) to review the filing along with all the attachments to ensure that the two components that make up the 2021 RES Charge were accurately calculated and are in accordance with the relevant tariffs. This memorandum presents the full results of our review. In summary, Daymark finds that NGrid calculated all the charges appropriately based on the underlying data the Company presented and the relevant tariff. Therefore, Daymark recommends approval.

## RENEWABLE ENERGY STANDARD CHARGE AND RECONCILIATION

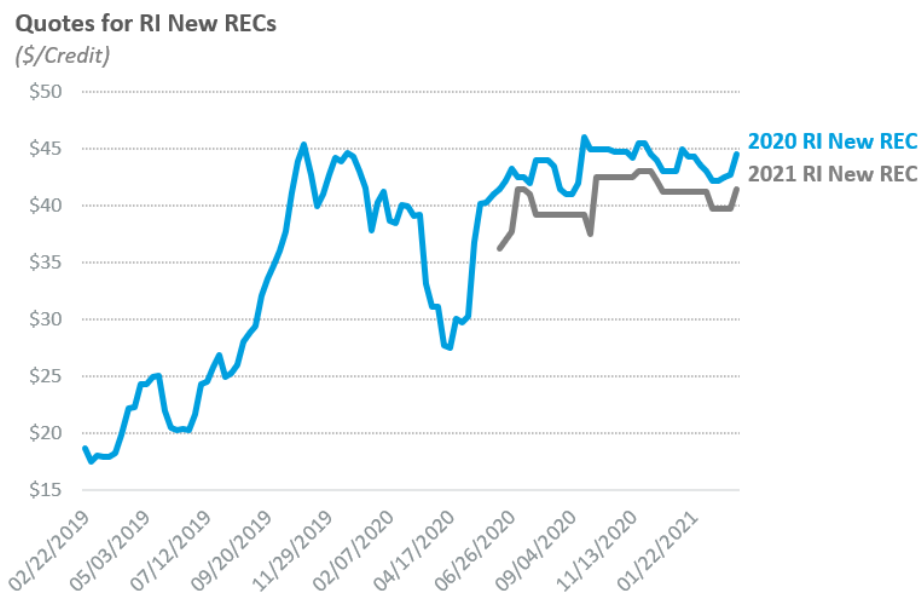
### COMPONENT #1: ESTIMATED COST FOR 2021 RES COMPLIANCE

The first component of the proposed 2021 RES Charge, calculated at \$0.00678 per kWh, is based upon estimated Renewable Energy Credit (“REC”) prices of \$40.38 for new RECs and \$1.45 for existing RECs. The estimated prices for both the new and existing RECs were based on broker quotes as of February 11, 2021. The estimated prices for new RECs are consistent with Daymark’s outlook of the current REC market. The estimated price for existing RECs is higher than actual prices for RECs procured during 2020 and is based on more limited broker quotes. This is likely due to more limited transaction volume in the marketplace. The more limited broker quotes provide less confidence in the existing REC price assumption but given that the existing RECs account for less than 0.5% of the estimated cost of 2021 compliance, we are comfortable with the assumption. The proposed charge is based upon the 2021 RES values that require

new RECs to be 15.5% of supply obligation and existing RECs to be 2.0%. Using the above assumptions, Daymark concurs with the Company’s calculation of the \$0.00678 per kWh figure.

**COMPONENT #2: RECONCILIATION CHARGE FOR PREVIOUS RES COMPLIANCE**

The second component of the proposed 2021 RES Charge, the proposed reconciliation charge, was calculated at (\$0.00013) per kWh in order to adjust for the estimated over-recovery through the 2020 Compliance Year. The Company estimates an under-recovered amount of \$167,635 for the expense incurred for Compliance Year 2020. For Compliance Year 2019, the Company estimated an over-collection of \$689,779. This brings the total estimated over-recovery through Compliance year 2020 to \$522,145. Unlike in 2020, where the REC price increased significantly from 2019, the REC price remained very stable from 2020 to 2021. Figure 1 displays the increase in REC prices over the last 2 years.



**Figure 1: Broker Quotes for RI “New” RECs<sup>1</sup>**

Based upon the above discussion, we find the proposed 2021 Renewable Energy Standard (RES) Charge of \$0.00665 per kWh to be reasonable and recommend that it be approved.

<sup>1</sup> Spectrometer: US Environmental Broker Quotes, based on 1<sup>st</sup> of the month prices.