Andrew Marcaccio
Senior Counsel

March 19, 2021

VIA ELECTRONIC MAIL

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

RE: Docket 5096 – 2021 Renewable Energy Standard Procurement Plan
Responses to PUC Data Requests – Set 1

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company"), attached, please find the electronic version[1] of the Company's responses to the Public Utilities Commission's First Set of Data Requests in the above-referenced docket.[2]

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,

Andrew S. Marcaccio

cc: Docket 5076 Service List
Jon Hagopian, Esq.
John Bell, Division

[1] Per Commission counsel's update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing followed by five hard copies filed with the Clerk within 24 hours of the electronic filing.
[2] In addition, the Company will deliver to the Commission six, three-hole punched hard copies of PUC Set with Bates stamp.

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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

March 19, 2021
Date

Docket No. 5096 - National Grid – 2021 Renewable Energy Standard (RES) Procurement Plan
Service List updated 2/10/2020

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PUC 1-1

Request:

Please explain how the Company's proposal to sell RECs on a quarterly basis will take into account the two-year usefulness of banked RECs.

Response:

While the Company recognizes the two-year usefulness of banked RECs, its 2021 Renewable Energy Standard Procurement Plan (RES Plan) proposes selling RECs on a quarterly basis mainly because the Company expects to have a surplus of RECs to meet its future RES obligations. When the Company banks RECs, it proposes to use those banked RECs within the following compliance year.

Banking RECs should be financially advantageous, and it is beneficial if there is a more favorable price today than is expected in the future, or when there an insufficient REC supply to comply with the RES during the following two years. However, as illustrated in the graph entitled, "Estimated New RES Requirements for LRS and Forecast of New RECs Supplied under Long-Term Renewable Contracts and the RE Growth Program," which is found in Schedule 1 of the proposed RES Plan, the Company expects to have an oversupply of RECs for the foreseeable future. Banking RECs when there is a perpetual oversupply will result in either more RECs sold or banked the following year.

Because of its expected REC oversupply, the Company proposes in its RES Plan to bank RECs solely if it is financially advantageous to do so, because the banked RECs are not expected to be needed for future RES obligations. As described in the RES Plan, in each fourth quarter, the Company will decide to bank or sell the remaining RECs by comparing the current year's market price, as determined by the proposed procedure to establish market costs for the reconciliation, to the next year's spot market price.

Prepared by or under the supervision of: James Ruebenacker

PUC 1-2

Request:

When preparing its 2021 RES Procurement Plan, how did the Company contemplate and address potential volatility in its Last Resort Service load associated with the municipal aggregation programs expected to launch in 2021?

Response:

An increase in launched municipal aggregation programs will lower the Company's Last Resort Service (LRS) load, as customers switch to Nonregulated Power Producers. As illustrated in the graph entitled, "Estimated New RES Requirements for LRS and Forecast of New RECs Supplied under Long-Term Renewable Contracts and the RE Growth Program," which is found in Schedule 1 of the proposed 2021 RES Procurement Plan (RES Plan) filing, the Company will have an oversupply of New RECs for the foreseeable future. Therefore, the Company's RES Plan assumes a lower New RES obligation for its lower LRS load.

However, lower LRS load will increase market price risk for LRS customers if the Company does not sell RECs quarterly, as proposed. Currently, most of the RECs used for RES compliance with the current LRS load are valued with market prices from the first and second quarter. Because of municipal aggregation programs, the lower LRS load will decrease the RECs necessary to meet the RES obligations in future year. With New RECs supplied under Long-Term Renewable Contracts and the RE Growth Program increasing, more of the RES obligation will be met by RECs in the first quarter, which results with RES compliance in future years that may be valued with market prices predominantly from the first quarter.

Under the proposed RES Plan, the Company's purchases each quarter will be more levelized and will be valued each quarter, resulting in more price points for RES compliance, which therefore lowers market price risk. Additionally, the Company's proposal to make quarterly sales would not concentrate large quantities of REC sales in a short period. Selling REC throughout the year would also lower market price risk.

Under the proposed RES Plan, the Company would also procure RECs necessary to satisfy the Existing obligations (Existing RECs) through a series of standalone Request for Proposals (RFPs), issued by the Company. Currently, there is an ample supply of Existing RECs, which is not anticipated to change in the future. The Company issues its first RFP after several months of LRS load is known. The Company would also issue a final RFP after final loads for a compliance year are known. Therefore, the Company should not purchase any RECs for load that migrated due to a municipal aggregation program because it limits its purchases to meet its final load obligations.

Prepared by or under the supervision of: James Ruebenacker