
Memorandum

TO: JOHN BELL, CHIEF ACCOUNTANT, RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS
FROM: JENNIFER KALLAY, PRINCIPAL ASSOCIATE, SYNAPSE ENERGY ECONOMICS
DATE: DECEMBER 18, 2024
RE: DOCKET 24-47-EL: 2025 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN COMMENTS

On November 8, 2024, the Narragansett Electric Company d/b/a Rhode Island Energy's ("Company") filed its Docket 24-47-EL 2025 Renewable Energy Standard Procurement Plan ("2025 RES Plan"). I reviewed the 2025 RES Plan and the Company's responses to discovery questions. The Renewable Energy Standard ("RES") Regulations identify the specified percentage of the Company's energy supply that it is required to obtain from a mix of new and existing renewable energy resources. The 2025 RES Plan is the third RES Plan subject to higher RE requirements under new legislation (2022-H 7277A, 2022-S 2274A) which increases the RE requirements to achieve a 100 percent RES by 2033. Per the table at the bottom of Page 1 of the 2025 RES Plan, the Company is required to procure RECs for sales equivalent to 34 percent of its load or 1,089,923 RECs in 2025. Thirty-two percent or 1,025,809 RECs will come from new renewable energy resources and the additional 2 percent or 64,114 RECs will come from new or existing renewable energy resources. The Company projects a small decline in the estimated LRS load as compared to the previous year. The estimated LRS load in the 2024 RES Plan was 3,259,413 MWhs. In its 2025 RES Plan, the Company projects an LRS load of 3,205,651 MWhs.

In 2024, the Company anticipated that new REC supply would exceed the RES obligation, but not exceed the RES obligation plus the allowable banking. The cover letter of the Company's 2025 RES Plan filing states, "The 2025 RES Plan does not include significant adjustments to the 2024 RES Plan, which was approved by the Commission at an Open Meeting on December 19, 2023 in Docket No. 23-29-EL; provided, however, that for 2025, the Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will be short of the RES obligation and will not exceed the allowable banking limit, as further described in the 2025 RES Plan. Accordingly, the Company has included the ability to issue an RFP in the fourth quarter to procure the required amount of New RECs in order to remain in compliance with the RES requirement." The Company includes the following additional detail on page 3 of its 2025 RES Plan, "In 2025 the Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will be short of the RES obligation and will not exceed the allowable banking limit. As a result, the Company does not anticipate banking any New RECs, with the assumption that the Revolution Wind Farm is not operational in 2025. The Company expects the New RECs will be less than the allowable banking limit until the Revolution Wind Farm becomes operational."

The Division asked whether there was any possibility that the Company would make an Alternative Compliance Payment (ACP) to cover a REC obligation shortfall in 2025. The Company stated that it would be very unlikely for the Company to pay an ACP given the availability of Rhode Island RECs in the voluntary REC market (Division 1-2) and the high cost of the ACP relative to the cost of RECs (Division 1-3 and Division 1-4). Given that the Company proposes no material changes to the procurement activities, sales activities, and the banking strategy in the 2025 RES Plan, I recommend approval of the 2025 RES Plan as filed.

