



# **RNS Rates Effective June 1, 2021 and January 1, 2022**

PTO AC – Rates Working Group Presentation

NEPOOL Transmission Committee

July 14, 2021

# Presentation Overview

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- Annual Protocols Process

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- Historical PTF Investment and RNS Rates

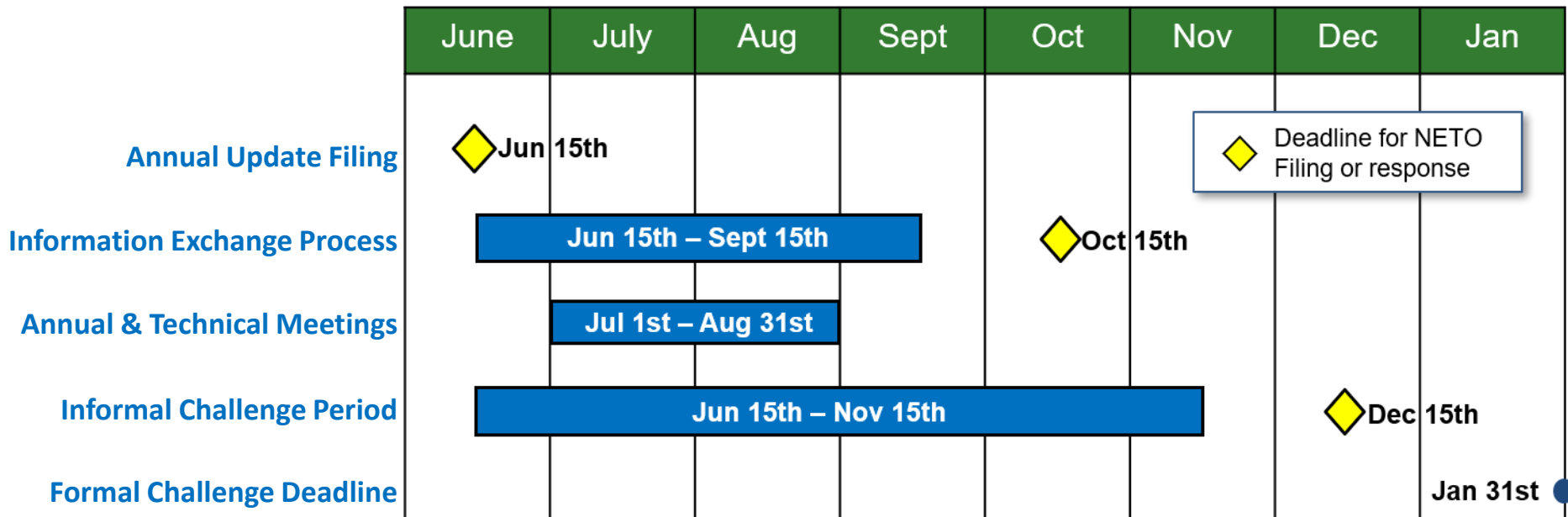
# Settled Formula Rate Overview

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# Settled Formula Rate Background

- ❑ **Settled Formula Rate (“SFR”) – approved Docket No. ER20-2054 on December 28, 2020**
  - Annual Protocols effective June 15, 2021 with Annual Update Filing posted on ISO-NE website
  - SFR effective January 1, 2022 subject to Transition Period
    - Transition Period for setting January 1, 2022 and January 1, 2023 rates using Transition Forecast Templates prior to full implementation of SFR
  - New SFR will be utilized for calculating actual (true-up) 2022 revenue requirements and setting rates effective January 1, 2024
  - Annual Meeting Presentation to take place at NEPOOL summer meeting whereby the PTOs explain the RNS rate change generally and interested parties can seek additional information and clarifications
  
- ❑ **RNS Rates included within this Annual Meeting Presentation**
  - RNS Rate Effective June 1, 2021 to December 31, 2021 (current tariff)
    - Utilizes current Attachment F which covers the formula rate details
    - 2020 RNS true-up will be billed over an accelerated 7 month period
  - RNS Rate Effective January 1, 2022 to December 31, 2022 (settlement tariff)
    - Utilize the Transition Forecast Template based on 2020 actual data (from current Attachment F) plus 2021 and 2022 incremental Forecasted PTF revenue requirements
    - Regional, Local and Schedule 12C costs services to be billed over a calendar year

# Annual Protocols Process



## Key Aspects:

- Annual Update Filing - posted on ISO-NE website (detailed support for rate calculations)
- Data Request Process\*- NETOs have 15 to 20 days to respond to interrogatories
- Informal Challenge - written challenge settled outside of FERC
- Formal Challenge - challenge filed at FERC
- Moratorium - no changes to the new rate structure until 2025, with limited exceptions

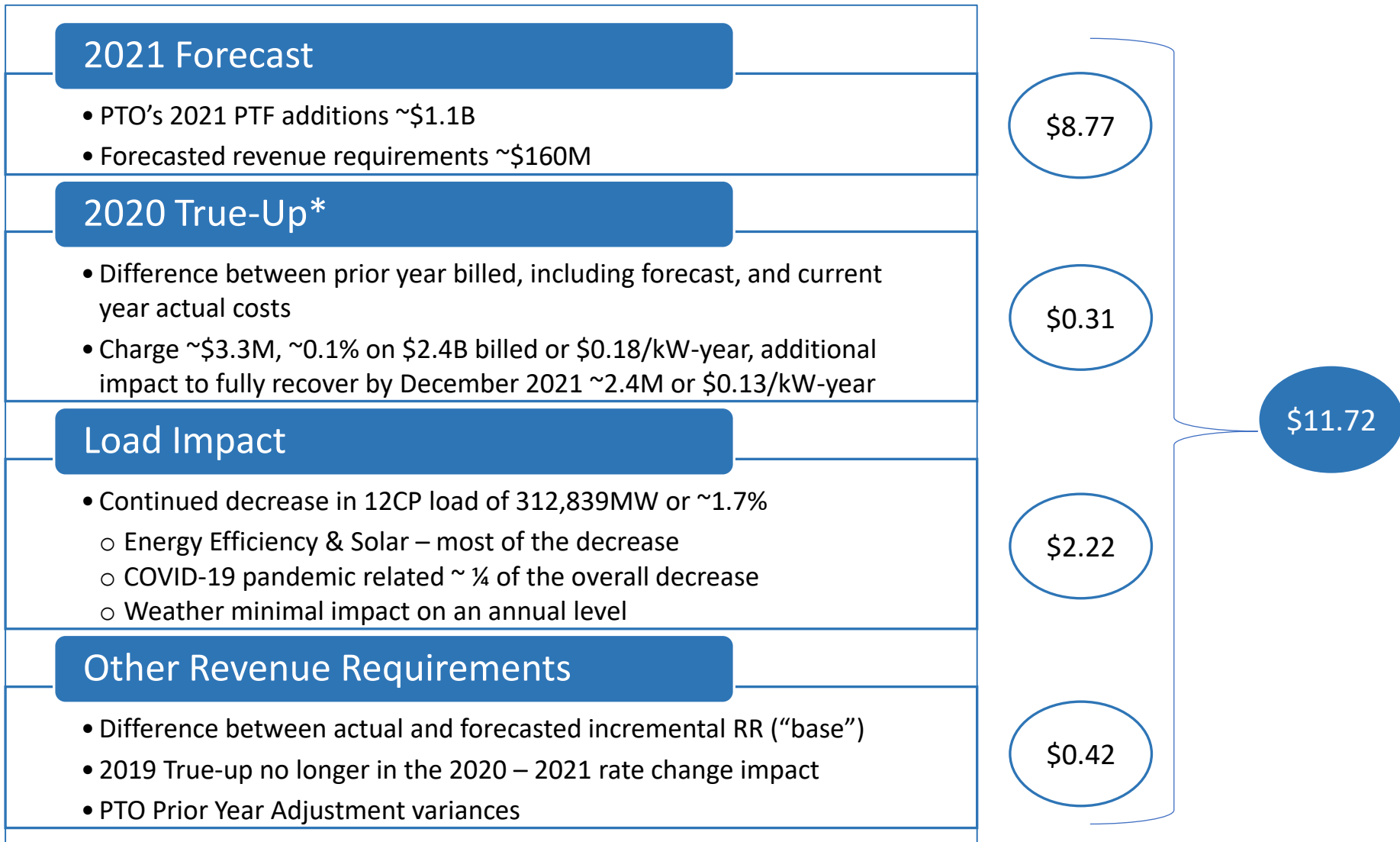
\*Annual Update Filing provides PTO specific email addresses where interested parties can email their information requests

# **General Rate Overview: June 1, 2021 RNS Rate**

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# Summary of 2021 RNS Rate Change

RNS Rate (\$/kW-year) at June 1, 2020 = \$129.26



## 2021 Forecast

- PTO's 2021 PTF additions ~\$1.1B
- Forecasted revenue requirements ~\$160M

## 2020 True-Up\*

- Difference between prior year billed, including forecast, and current year actual costs
- Charge ~\$3.3M, ~0.1% on \$2.4B billed or \$0.18/kW-year, additional impact to fully recover by December 2021 ~2.4M or \$0.13/kW-year

## Load Impact

- Continued decrease in 12CP load of 312,839MW or ~1.7%
  - Energy Efficiency & Solar – most of the decrease
  - COVID-19 pandemic related ~ ¼ of the overall decrease
  - Weather minimal impact on an annual level

## Other Revenue Requirements

- Difference between actual and forecasted incremental RR ("base")
- 2019 True-up no longer in the 2020 – 2021 rate change impact
- PTO Prior Year Adjustment variances

\* Fully recovered by December 2021

RNS Rate (\$/kW-year) at June 1, 2021 = \$140.98

## Summary Annual Transmission Revenue Requirements ("ATRR")

Columns (B), (C) and (D) in Millions of \$

(A)	(B)	(C)	(D) = (C) - (B)	(E)=(C)/(C Ln 15) - (B)/(B Ln 15)
PTO	ATRR 6/1/2020	ATRR 6/1/2021	ATRR Change Incr./(Decr.)	RNS Rate Change Incr./(Decr.) (\$/kW-year)
1 Central Maine Power	\$ 205.8	\$ 233.3	\$ 27.5	\$ 1.70
2 CTMEEC	9.3	9.7	0.4	0.03
3 Eversource (CL&P)	657.3	722.5	65.2	4.18
4 Eversource (PSNH)	204.6	240.0	35.4	2.13
5 Eversource (NSTAR West)	165.2	182.6	17.4	1.11
6 Eversource (NSTAR East)	275.5	311.1	35.6	2.21
7 Maine Electric Power Company	26.3	20.6	(5.7)	(0.29)
8 National Grid	433.5	436.0	2.5	0.54
9 NHT	18.7	15.4	(3.3)	(0.16)
10 United Illuminating	165.9	167.3	1.4	0.23
11 VTransco	179.5	175.7	(3.8)	(0.04)
12 Versant Power	39.5	38.5	(1.0)	(0.02)
13 All Other PTOs	17.6	19.2	1.6	0.10
<b>14 Total</b>	<b>\$ 2,398.7</b>	<b>\$ 2,572.0</b>	<b>\$ 173.3</b>	<b>\$ 11.72</b>
15 2020 Average 12CP RNS Load (kW)	18,556,527	18,243,688	(312,839)	

*Note: The RNS rate above reflects the impact of transmission projects that enabled rate reductions associated with 1) Congestion Charges, 2) Daily Reliability Payments and 3) elimination of Reliability Must Run Agreements*



## 2021 RNS Rate Regional Forecast Summary

Columns (B) and (D) in Millions of \$

	(A) <b>PTO</b>	(B) <b>2021 PTF Projected Adds (Incl CWIP)</b>	(C) <b>Annual Carrying Charge Factor</b>	(D) = (B) x (C) <b>Forecasted PTF Revenue Requirements</b>
1	Central Maine Power	\$ 62.8	13.69%	\$ 8.6
2	CTMEEC	-	-	-
3	Eversource (CL&P)	401.5	14.22%	57.1
4	Eversource (PSNH)	156.8	15.37%	24.1
5	Eversource (NSTAR West)	76.9	14.43%	11.1
6	Eversource (NSTAR East)	241.9	12.57%	30.4
7	Maine Electric Power Company	2.7	14.81%	0.4
8	National Grid	96.4	13.69%	13.2
9	NHT	0.4	11.35%	0.1
10	United Illuminating	41.0	17.32%	7.1
11	VTransco	46.0	15.65%	7.2
12	Versant Power	4.7	8.51%	0.4
13	All Other PTOs	1.3	23.08%	0.3
14	<b>Total</b>	<b>\$ 1,132.4</b>		<b>\$ 160.0</b>
15	2020 Average 12CP RNS Load (kW)			18,243,688
16	<b>6/1/21 RNS Rate Impact (\$/kW-year)</b>			<b>\$ 8.77</b>

## June 1, 2021 RNS Rates Annual True-up Summary

Columns (B) – (F) in Millions of \$											
(A)		(B)		(C)		(D)		(E)=(F)-(D)		(F)=(D)*12/7	
PTO		PTF RR 2019 Actual + 2020 Forecast (As Billed)		PTF RR 2020 Actual		Difference (Over)/Under Collection		Acceleration Impact		Difference (Over)/Under Collection (Accelerated)	
1	Central Maine Power	\$	223.2	\$	226.8	\$	3.6	\$	2.6	\$	6.2
2	CTMEEC		9.5		9.6		0.1		0.1		0.2
3	Eversource (CL&P)		638.4		648.1		9.7		6.9		16.6
4	Eversource (PSNH)		212.2		213.5		1.3		0.9		2.2
5	Eversource (NSTAR West)		164.4		167.0		2.6		1.8		4.4
6	Eversource (NSTAR East)		289.8		286.5		(3.3)		(2.4)		(5.7)
7	Maine Electric Power Company		22.7		21.8		(0.9)		(0.6)		(1.5)
8	National Grid		427.6		425.8		(1.8)		(1.3)		(3.1)
9	NHT		19.9		18.3		(1.6)		(1.1)		(2.7)
10	United Illuminating		171.0		167.1		(3.9)		(2.8)		(6.7)
11	VTransco		176.3		173.5		(2.8)		(2.0)		(4.8)
12	Versant Power		39.4		39.0		(0.4)		(0.3)		(0.7)
13	All Other PTOs		17.5		18.1		0.6		0.5		1.1
14	<b>Total</b>	\$	<b>2,411.9</b>	\$	<b>2,415.1</b>	\$	<b>3.2</b>	\$	<b>2.3</b>	\$	<b>5.5</b>
15	Interest on Difference						0.1		0.1		0.2
16	<b>Total True-up</b>					\$	<b>3.3</b>	\$	<b>2.4</b>	\$	<b>5.7</b>
17	2020 Average 12CP RNS Load (kW)										18,243,688
18	<b>6/1/21 RNS Rate Impact (\$/kW-year)</b>					\$	<b>0.18</b>	\$	<b>0.13</b>	\$	<b>0.31</b>

<b><u>RNS Load Impact</u></b>		<b>PTF Rev Req (\$ in Millions)</b>	<b>6/1/21 RNS Rate (\$/kW-year)</b>
1	RNS ATRR @ 6/1/20	\$ 2,398.7	
2	2019 12CP RNS Load (kW)	18,556,527	\$ 129.26
3	2020 12CP RNS Load (kW)	18,243,688	131.48
4	<b>6/1/21 RNS Rate Impact (\$kW-year) (Line 3 - Line 2)</b>		<b>\$ 2.22</b>

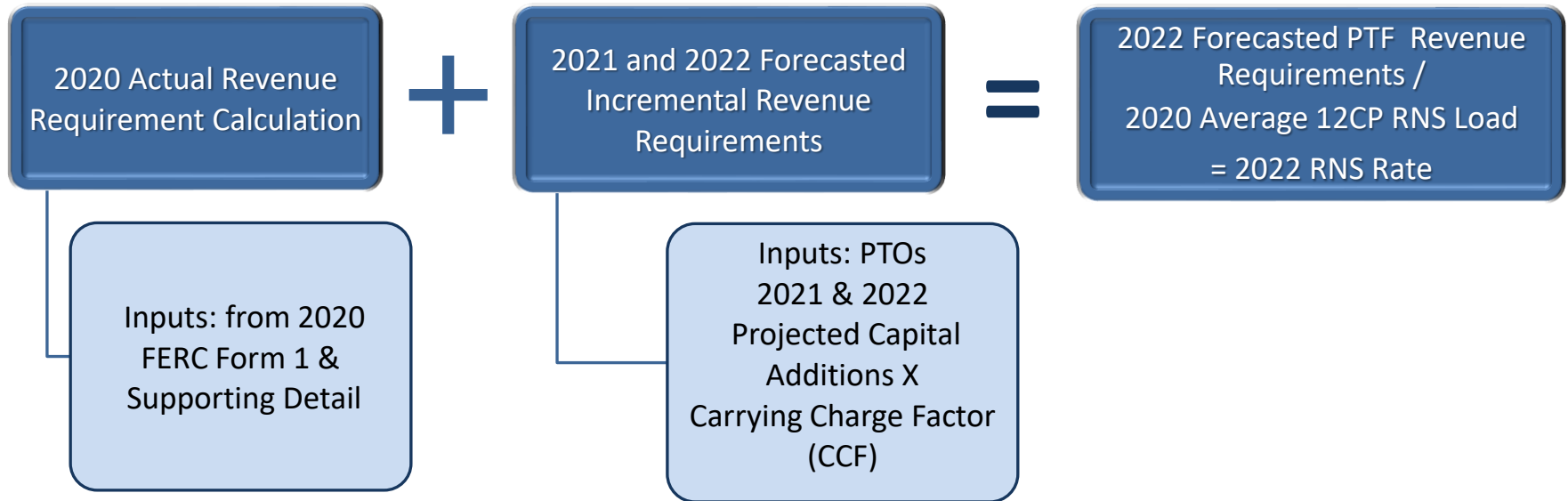
<b><u>Other ATRR Variances</u></b>		<b>PTF Rev Req (\$ in Millions)</b>	<b>6/1/21 RNS Rate (\$/kW-year)</b>
1	2019 True Up - No longer in June 1 2021 RNS Rate	\$ (4.4)	\$ 0.24
2	Actual Incremental Rev Requirements from 2019 to 2020	\$ 151.2	
3	2020 Forecasted RR from Forecasted Cap Adds	<u>148.3</u>	
4	“Base” RR Variance	\$ 2.9	0.16
5	Prior Year Adjustments in June 1 2021 RNS Rate	\$ (8.8)	
6	Prior Year Adjustments in June 1 2020 RNS Rate	<u>(9.1)</u>	
7	Prior Year Adjustments Variance	\$ 0.3	0.02
8	<b>6/1/21 RNS Rate Impact (\$kW-year) (Lines 1 + 4 + 7)</b>		<b>\$ 0.42</b>

# **General Rate Overview: January 1, 2022 RNS Rate**

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# Transition Forecast Template Details

The January 1, 2022 and January 1, 2023 rates to be set utilizing the Transition Forecast Template within Attachment II of the Settlement Agreement



## Actual Revenue Requirement:

- 2020 actual revenue requirement calculated under current rates, excluding 2020 true-up and other PTO adjustments

## Forecasted Incremental Revenue Requirement:

- 2021 Plant In-Service Forecast x Annual CCF
- 2022 Five Quarter Average Plant In-Service Forecast x Annual CCF

# January 1, 2022 RNS Rate Summary

		(A)	(B)	(C)	(D) = (A) + (B) + (C)
	Description	<u>2020</u> Actual Effective RNS Rate (Excluding True-up & Adjusted for Load)	<u>2021</u> Incremental PTF Revenue Requirement (Slide 9)	<u>2022</u> Incremental PTF Revenue Requirements (Slide 15)	RNS Rate Effective January 1, 2022*
1	Total NE Rev Req (\$ in Millions)	\$2,406.3	\$160.0	\$55.8	\$2,622.1
2	2020 Average 12CP RNS Load (kW)	18,243,688	18,243,688	18,243,688	18,243,688
3	Total NE RNS \$/kW-year	\$131.90	\$8.77	\$3.06	<b>\$143.73</b>

\* PTO AC is also presenting a supplemental January 1, 2022 RNS – Order No. 864 rate that reflects one year of estimated excess ADIT amortization (Slide 16).

## 2022 Regional Forecast Summary

Columns (B), (C) and (D) in Millions of \$

(A)	(B)	(C)	(D)	(E) = (C) x (D)
PTO	2022 Projected Year End PTF Adds	2022 Projected Five Quarter Average PTF Adds	2022 Annual Carrying Charge Factor	2022 Forecasted Incremental PTF Revenue Requirements
1 Central Maine Power	\$ 9.7	\$ 1.9	11.69%	\$ 0.2
2 CTMEEC	-	-	0.00%	-
3 Eversource (CL&P)	255.2	93.7	13.93%	13.1
4 Eversource (PSNH)	137.8	57.9	15.21%	8.8
5 Eversource (NSTAR West)	25.5	10.7	12.93%	1.4
6 Eversource (NSTAR East)	335.6	100.3	12.61%	12.6
7 Maine Electric Power Company	-	-	14.78%	-
8 National Grid	126.4	55.8	14.10%	7.9
9 NHT	34.1	20.1	17.90%	3.6
10 United Illuminating	68.4	33.8	17.23%	5.8
11 VTransco	36.5	13.9	14.43%	2.0
12 Versant Power	5.5	1.1	6.95%	0.1
13 All Other PTOs	4.3	2.4	13.28%	0.3
<b>14 Total</b>	<b>\$ 1,039.0</b>	<b>\$ 391.6</b>		<b>\$ 55.8</b>
15 2020 Average 12CP RNS Load (kW)				18,243,688
<b>16 1/1/22 RNS Rate Impact (\$/kW-year)</b>				<b>\$3.06</b>

# Supplemental January 1, 2022 RNS Rate

- ❑ FERC Order 864 addressed rate impacts of the 2017 Tax Cuts and Jobs Act
  - Requires the return of Excess ADIT to customers
  - Utilities were required to file compliance with Order 864 before amortizing Excess ADIT and reflecting amortization in rates
- ❑ Joint NETO Supplemental Order 864 compliance filing committed to include Excess ADIT amortization in the January 1, 2022 RNS rate if FERC approves the compliance filing in 2021, expediting the return of these monies to customers\*
- ❑ Annual Update filing includes adjusted estimate of 2022 PTF revenue requirements and a supplemental January 1, 2022 RNS rate reflecting Excess ADIT amortization
  - The supplemental rate will be in effect January 1, 2022 if FERC approves the NETOs joint supplemental Order 864 Compliance filings submitted February 12, 2021 in Docket No. ER21-1130 in 2021
- ❑ **2022 RNS rate with one year of estimated Excess ADIT amortization (~\$17.3M) = \$142.78**

\* For purposes of the supplemental Order No. 864 compliance filing, the NETOs are Central Maine Power Company; Eversource Energy Service Company as agent for: The Connecticut Light and Power Company, NSTAR Electric Company, and Public Service Company of New Hampshire; Fitchburg Gas and Electric Light Company; Green Mountain Power Corporation; Maine Electric Power Company; New England Power Company, d/b/a National Grid; New Hampshire Transmission, LLC; The United Illuminating Company; Unitil Energy Systems, Inc.; Vermont Transco LLC, acting by and through its Manager, Vermont Electric Power Co., Inc.; and Versant Power (f/k/a Emera Maine).





# THANK YOU!

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ANY QUESTIONS?

# Appendix

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HISTORICAL RNS RATES

PTF INVESTMENT HISTORY

# PTF Investment (\$ in Millions)

## RNS Rates History (\$/kW-year)

	Total	CMP	CTMEEC	EVERSOURCE (CL&P, PSNH, EVERSOURCE NSTAR West) (NSTAR East)		NGRID	NHT	UI	VTransco	Versant Power
<b>12/31/2011</b>	7,037.5	353.9	51.3	2,902.6	1,177.1	1,153.7	54.4	481.5	627.7	235.3
<b>12/31/2012</b>	8,053.8	619.0	51.3	3,324.3	1,237.9	1,239.1	57.4	553.5	659.4	311.9
<b>12/31/2013</b>	9,501.1	948.5	51.3	3,893.5	1,530.6	1,352.6	60.8	611.7	713.9	338.2
<b>12/31/2014</b>	10,412.7	1,278.0	51.3	4,201.8	1,570.5	1,466.6	62.7	634.9	802.5	344.4
<b>12/31/2015</b>	11,762.9	1,657.7	51.3	4,696.7	1,720.6	1,702.5	63.5	677.7	837.3	355.6
<b>12/31/2016</b>	12,294.9	1,673.7	51.3	5,090.8	1,981.1	1,860.4	66.1	756.6	814.9	355.7
<b>12/31/2017</b>	13,187.4	1,685.7	51.3	5,577.0	2,097.7	1,956.6	69.5	788.1	961.5	355.8
<b>12/31/2018</b>	14,321.9	1,791.5	51.3	6,232.5	2,234.1	2,018.6	74.3	884.8	1,034.8	356.0
<b>12/31/2019</b>	15,326.1	1,819.7	51.3	6,767.3	2,404.2	2,202.7	87.5	917.1	1,076.3	360.0
<b>12/31/2020</b>	16,310.9	1,881.8	51.3	7,412.7	2,479.4	2,317.1	104.8	953.9	1,109.9	362.0
	<b>06/01/12</b>	<b>06/01/13</b>	<b>06/01/14</b>	<b>06/01/15</b>	<b>06/01/16</b>	<b>06/01/17</b>	<b>06/01/18</b>	<b>06/01/19</b>	<b>06/01/20</b>	<b>06/01/21</b>
<b>Historical RNS Rates</b>	75.25	85.32	89.80	98.70	104.10	111.96	110.43	111.94	129.26	140.98