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Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

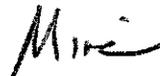
Re: National Grid – Renewable Energy Standard – Docket No. 3765

Dear Luly:

As you know, this office represents Bluewater Wind. Enclosed for filing in this matter are an original and nine copies of the surrebuttal testimony of Erich Stephens on behalf of Bluewater Wind.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg
BW:Massaro3
cc: Service List

1 exactly that you hedge against the risk of any one forecast being wrong. If long-term
2 contracts are essentially “betting” market prices will go up over the duration of the
3 contract, as National Grid suggests, then a short-term contract is a bet that market prices
4 will come down. With a thoughtful portfolio, you can best manage rate-payer costs
5 without having to really bet either way. To give examples, National Grid suggests that
6 the experience in New York is an example of why long-term contracts are a bad idea for
7 rate-payers. But in California, during their energy crisis, many of the long-term contracts
8 with renewable generators turned out to be good deals for rate-payers. And in Delaware,
9 rate-payers recently saw large rate increases over a matter of months because the utility
10 there was very dependent on short-term contracts. So the point isn’t that National Grid
11 should be doing all one type or the other, but rather that a portfolio approach is prudent.
12 In summary, between the benefits of such a portfolio approach, and the direction given to
13 it by the General Assembly to use long-term contracts to foster renewables, we can not
14 agree with National Grid’s position on long-term contracts.

15
16 At the same time, we do appreciate that National Grid has offered to make a good faith
17 effort to help achieve the policy of the state regarding renewables through some means,
18 namely by forming a working group to explore an approach in which the Economic
19 Development Commission would play a role similar to that used successfully by the New
20 York State Energy Research and Development Authority. We agree with National Grid
21 that it could be productive for all parties to together explore this model further as a means
22 for advancing the state’s renewable energy policy. Bluewater Wind would rather
23 concentrate on areas where we have agreement and can make progress together, and

1 spend less time debating our differences. Therefore, while we do not agree with National
2 Grid's position on long-term contracts, we are open to setting aside these differences for
3 now and working with all of the parties in a working group setting to see if we can't
4 achieve a mutually satisfactory outcome. We would welcome such an opportunity should
5 the Commission make it available to the parties.

6

7 **Q. Do you have any concerns about the idea of forming such a working group?**

8 A. Yes, which is that I think it would need all parties to be fully engaged in order to be
9 effective. It seems that National Grid and most, if not all, the other parties to this docket
10 are prepared to take the time and effort to make such a working group a productive
11 process. But if other key agencies are not fully engaged, in particular the Economic
12 Development Corporation, and perhaps the Office of Energy Resources, than the working
13 group will not be very effective in moving this forward. I'm hopeful the Economic
14 Development Corporation will appreciate this opportunity, as others have. Perhaps the
15 Commission or Division, as somewhat sister agencies to the EDC and OER, could help
16 address this concern in some manner.

17

18 **Q. Does this conclude your testimony?**

19 A. It does, thank you.