



## Union of Concerned Scientists

Citizens and Scientists for Environmental Solutions

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PUBLIC UTILITIES COMMISSION

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

Re: Renewable Energy Standard Procurement Plan  
Docket No. 3765

Dear Ms. Massaro:

This letter provides the comments of the Union of Concerned Scientists (UCS) on the above Docket. UCS is the leading science-based nonprofit working for a healthy environment and a safer world. UCS combines independent scientific research and citizen action to develop innovative, practical solutions and secure responsible changes in government policy, corporate practices, and consumer choices. UCS's Clean Energy Program focuses on encouraging the development of clean and renewable energy resources, such as solar, wind, geothermal, and biomass energy, and on improving energy efficiency. Participating in the design and implementation of state renewable policies is one way UCS actively works toward these ends. UCS is interested in promoting the public interest, which is served by a reliable and efficient regional electricity market broadly defined.

UCS commends the Rhode Island Public Utilities Commission (the Commission) for including a requirement for consideration of long-term contracts in renewable energy standard (RES) procurement planning. Long-term contracts for renewable energy offer many benefits to consumers, and can be expected to yield lower costs than short-term contracts, and lower overall costs of RES compliance. Experience from several New England states shows that relying solely on short-term purchases of renewable energy certificates (RECs) for RES compliance keeps REC prices at or very near the level of alternative compliance payments. That is, consumers are paying the highest possible price for RES compliance. To some extent, as RES compliance costs are paid through the alternative compliance payment mechanism, ratepayer money is also not going directly to renewable energy developers for increasing renewable generation, as it would with long-term contracts.

Docket No. 3765, National Grid's Renewable Energy Standard Procurement Plan (Procurement Plan), is not in keeping with the letter or the intent of the Commission's regulations with respect to long-term contracting ("Rules and Regulations Governing the Implementation of a Renewable Energy Standard"). Section 8.5 of those regulations clearly state that bids will be collected for Periods I, II, and III (covering, respectively, the current calendar year, the remaining Standard Offer period, and the years 2010 and

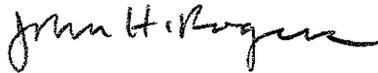
beyond). The same section also requires that such bids “be solicited for periods individually as well as for long term offers spanning Period I, II, and III” (emphasis added).

National Grid’s Procurement Plan, however, makes no provision for complying with the long-term-offer requirement or, in any meaningful way, with the requirement concerning Period III. It proposes only to include in its Request for Proposals (RFP) bids on concerning Period III, even while stating that it does not believe it appropriate to enter into such commitments. Such statements would likely have a strong dampening effect on the interest of potential responders to the RFP for post-2009 REC supply, and such pre-judgment of the results does not give due respect to the Commission’s intent or the wisdom of Section 8.5.

The requirement that electric utility distribution companies include consideration of long-term energy purchases in their procurement planning is worthwhile. We would encourage the Commission to compel National Grid to comply with both the letter and the intent of Section 8.5.

Thank you again for the Commission foresight in including consideration of long-term contracts, and for the opportunity to provide these comments with respect to that issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "John H. Rogers".

John H. Rogers  
Northeast Clean Energy Project Manager