

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: RULES AND REGULATIONS GOVERNING :
THE IMPLEMENTATION OF A RENEWABLE : DOCKET NO. 3798
ENERGY STANDARD :

ORDER

On July 25, 2007, the Public Utilities Commission's ("PUC") Rules and Regulations Governing the Implementation of a Renewable Energy Standard ("RES Rules"), pursuant to R.I. Gen. Laws § 39-26-1 et seq. became effective. Rule 6.0 of the RES Rules governs the Certification of Eligible Renewable Energy Resources which, according to Rule 6.1, is completed "by issuing statements of qualification." Rule 6.1 (iv) states: "The [PUC's] statement of qualification will include a unique certification number for each Generation Unit" The RES Rules are silent as to the effective date of eligibility where the PUC's statement of qualification contains conditions that need to be fulfilled before the issuance of a unique certification number. The RES Rules are also silent as to the effective date of eligibility where a facility has achieved commercial operation prior to the PUC's Order.

Since 2007, the PUC's policy has been that Certification of an Eligible Renewable Energy Resource is complete upon notification of the facility's Commercial Operation Date and assignment of a NEPOOL-GIS Asset Identification Number, at which time the PUC issues a unique, Rhode Island-specific certification number. The facility's Renewable Energy Certificates ("RECs") become Rhode Island-eligible effective on the first day of the month in which the Rhode Island certification number is issued. One effect of this policy is that power generated during a unit's testing period (prior to commercial operation) has not been eligible in Rhode Island, even when such unit is ultimately certified as an Eligible Renewable Energy Resource.

At an Open Meeting held on July 11, 2013, the PUC voted to issue a Notice to Solicit Comments regarding a change to this interpretation which would allow units that would otherwise be eligible but for the achievement of commercial operation and assignment of a NEPOOL-GIS number to receive credit for power generated during a unit's testing period, opining that there was no difference between energy generated during the testing period and that generated after commercial operation was achieved.¹ On July 21, 2013, the PUC issued the Notice to Solicit Comments on whether the policy should be changed to the following:

Certification of an Eligible Renewable Energy Resource is complete upon notification of the facility's first date of delivery of eligible energy to the ISO-NE grid, or if a Customer-sited or off-grid facility, first date of production of eligible energy verified by a [PUC]-approved Independent Verifier, and assignment of a NEPOOL-GIS Asset Identification Number, at which time the [PUC] issues a unique, Rhode Island-specific certification number. The facility's Renewable Energy Certificates ("RECs") become Rhode Island-eligible effective on the first day which the Rhode Island certification number is issued. All RECs associated with the production of eligible energy that are minted after the Effective Date are eligible for the RES.

On August 19, 2013, the Division of Public Utilities and Carriers ("Division") filed comments with the PUC supporting the proposed change. In its analysis, the Division agreed that there is "no discernible distinction between RECs generated during renewable generating facilities Test Period and those generated on or after commercial operations."² Furthermore, the Division opined that this change in policy would allow for "market stimulation through greater REC supply, potentially resulting in lower REC prices."³

On August 20, 2013, The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") submitted Comments Regarding Rules and Regulations Governing the

¹ Minutes of Open Meeting held on July 11, 2013. *See also, Order No. 21120* (issued July 25, 2013) In re: Application for Standard Certification as Eligible Renewable Energy Resource Filed by Ridgewood Renewable Power, LLC – Rhode Island LFG, New Generation – Order on Clarification and Request for Change in Effective Date of Eligibility (the case which precipitated the proposed change in the effective date).

² Letter from Jon G. Hagopian, Esq. to Luly Massaro, August 19, 2013 at 2.

³ *Id.*

Implementation of a Renewable Energy Standard, supporting the change in policy. National Grid stated that “if a generation unit is found to be eligible as a Renewable Energy Resource, then there should be no distinction between RECs generated by test energy and RECs generated by energy after commercial operation.”⁴ National Grid noted that the proposed policy change is consistent with the treatment of test energy in Massachusetts.⁵ Like the Division, National Grid believed that allowing test energy to qualify as RES eligible in Rhode Island would further Rhode Island’s renewable energy goals by increasing supply and hopefully reducing costs for customers.⁶ Finally, National Grid opined that the PUC’s reliance on “commercial operation” for eligibility adds some uncertainty for the Company and those entering into power purchase agreements under the Long-Term Contracting for Renewable Energy Standard or the Distributed Generations Standard Contract legislation which has a non-standard definition of commercial operation. It also creates uncertainty for generation units with no power purchase agreement because it could have several different meanings.⁷ Therefore, based on all of these reasons, National Grid reiterated its support of the policy change.⁸

At an Open Meeting held on August 29, 2013, the PUC considered the comments and unanimously approved the policy change as noticed on July 21, 2013. The PUC found that this change will further Rhode Island’s renewable energy policy by recognizing more renewable energy as eligible under the Renewable Energy Standard. Where a generation unit is certified by the PUC as eligible under the Renewable Energy Standard, there is no difference between the energy produced before the commercial operation date and the energy produced after commercial operation has been achieved. This policy change also complements the state’s

⁴ National Grid’s Comments at 2-3.

⁵ *Id.* at 3.

⁶ *Id.*

⁷ *Id.* at 4.

⁸ *Id.*

policy of encouraging distributed generation through the Distributed Generation Standard Contracts which require generation facilities to meet certain deadlines, including receiving certification as an Eligible Renewable Energy Resource, usually prior to commercial operation. Therefore, in light of the current uncertainty in the New England region regarding the state of the Renewable Energy Certificate market in the future, the PUC finds that this policy change is in the best interest of ratepayers. Expanding the pool of Renewable Energy Certificates available to meet the Renewable Energy Standard may result in somewhat lower costs to ratepayers.

Accordingly, it is hereby

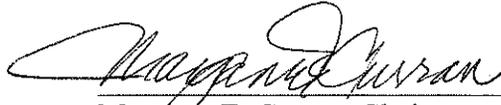
(21165) ORDERED:

Certification of an Eligible Renewable Energy Resource is complete upon notification of the facility's first date of delivery of eligible energy to the ISO-NE grid, or if a Customer-sited or off-grid facility, first date of production of eligible energy verified by a PUC-approved Independent Verifier, and assignment of a NEPOOL-GIS Asset Identification Number, at which time the PUC issues a unique, Rhode Island-specific certification number. The facility's Renewable Energy Certificates ("RECs") become Rhode Island-eligible effective on the first day which the Rhode Island certification number is issued. All RECs associated with the production of eligible energy that are minted on or after the Effective Date are eligible for the RES.

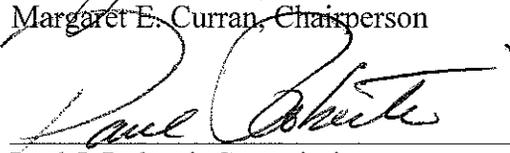
EFFECTIVE AT WARWICK, RHODE ISLAND ON AUGUST 29, 2013 PURSUANT
TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED ON SEPTEMBER 26,
2013.



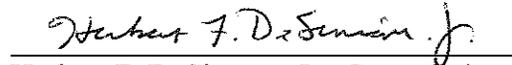
PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson



Paul J. Roberti, Commissioner



Herbert F. DeSimone, Jr., Commissioner