

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

March 19, 2008

VIA OVERNIGHT MAIL & ELECTRONIC MAIL

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

RE: National Grid Tariff Advice Filing - R.I.P.U.C. No. 2007,
Standards for Connecting Distributed Generation, Docket No. 3904, Section 2

Dear Ms. Massaro:

On January 15, 2008, National Grid¹ submitted a Tariff Advice filing, R.I.P.U.C. No. 2007, to the Rhode Island Public Utilities Commission (the "Commission") in the above-captioned docket to implement new Standards for Connecting Distributed Generation (the "Standards"). The Standards describe the process and requirements for an Interconnecting Distributed Generation ("DG") Customer to connect a power-generating facility to the Company's Electric Power System.

The Commission established a filing deadline of February 13, 2008, for interested parties to file comments regarding the Standards. No comments were filed by interested parties. In addition, the Commission established a deadline of February 27, 2008, for comments and/or recommendations from the Rhode Island Division of Public Utilities and Carriers (the "Division"). The Division submitted comments on that date (the "Division Comments") and concluded that, overall, the Standards were "fair, reasonable and balanced" (Division Comments at 1).

In addition to the Division's general conclusion regarding the Standards, it included specific recommendations for consideration by the Commission, either in future filings or possibly as the basis for modifications to certain aspects of the Standards as filed (Division Comments at 1). The Company held a conference call with Division staff, Special Assistant Attorney General William K. Lueker and Mr. Gregory Booth on March 11, 2008, to discuss the Division's specific recommendations and determine if some of the recommendations could be

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company").

addressed by the Company in this context of this filing. The Company's comments herein (the "Reply Comments") address the Division Comments and the March 11, 2008, conference call.

As noted in the Division Comments, the Standards are almost verbatim from the Company's Interconnection Standards approved in Massachusetts (M.D.T.E. No. 1116-A). The Company's Massachusetts standards were developed pursuant to a multi-year collaboration with over 30 participants² representing governmental, consumer, utility and distributed generation interests. Ultimately, the Massachusetts interconnection standards approved by the Massachusetts Department of Public Utilities ("MA DPU") reflect a carefully negotiated balance of the interests of multiple parties of significant industry stature, in an effort to facilitate the development of DG. As such, the Company believes that these interconnection standards should be implemented in Rhode Island to the extent practicable.

As also noted in the Division Comments, the Company attempted to draft its Standards for Rhode Island to: (1) conform the Standards to reference appropriate Rhode Island entities; (2) conform the Standards to the state laws and utility regulations of Rhode Island; and (3) address any issues that are unique to Rhode Island. Accordingly, with the exception of modest revisions proposed herein consistent with these goals, the Company believes that its proposed Standards should not be revised further, in order to maintain consistent rules and standards in the Company's Massachusetts and Rhode Island service territories.

The enclosed Appendix A attached to these Reply Comments addresses each of the Division's recommendations, with an explanation regarding the Company's position on each issue. The Company represents that the Division does not object to the Company's position on the issues, and agrees with the Company's proposed revisions to the Standards described below.

Based on the recommendations of the Division and the interests of the Company to maintain consistent Interconnection Standards in Massachusetts and Rhode Island, the Company proposes to make the following revisions to the Standards filed with the Commission on January 15:

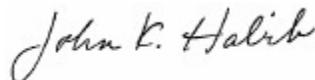
- (1) Section 1.2: spell out the term "DR" as "Distributed Resources" in the definitions and note that the IEEE standard is the same as for Distributed Generation;

² The members and participants in the Massachusetts Distributed Generation Collaborative were: (1) Aegis Energy Services; (2) Associated Industries of Massachusetts; (3) the Attorney General of Massachusetts; (4) Bill Feero; (5) Cape Light Compact; (6) the Massachusetts Division of Energy Resources; (7) The E Cubed Company; (8) Fitchburg Gas & Electric Light Company; (9) ISO New England; (10) Ingersoll-Rand, Inc.; (11) the former KeySpan Energy Delivery New England; (12) Mass Technology Collaborative; (13) National Grid; (14) Massachusetts Energy Consumers Alliance; (15) MeadWestvaco Corporation; (16) National Association of Energy Service Companies; (17) Navigant Consulting; (18) Northeast Energy and Commerce Association; (19) Northeast Combined Heat and Power Initiative; (20) NSTAR; (21) Plug Power, Inc.; (22) Raab Associates; (23) RealEnergy Inc.; (24) Solar Energy Business Association of New England; (25) Solutia; (26) Trigen Energy; (27) Union of Concerned Scientists; (28) Conservation Law Foundation; (29) Massachusetts Public Interest Research Group; (30) United Technologies Corporation; (31) Western Massachusetts Electric Company; and (32) Wyeth BioPharma.

- (2) Section 2.0: add the phrase “at no cost to the Company or its retail customers” to the requirement that the Interconnecting Customer design, procure, install, operate and maintain all necessary equipment;
- (3) Section 8.1: add language to clarify that a meter test is limited to one test per year at the Interconnecting Customer’s expense;
- (4) Section 8.1: clarify its categories of available metering equipment to reference the availability of bi-directional, non-interval meters without remote access for non-net metered units of capacities up to and including 10 kilowatts (“kW”).³
- (5) Section 9.0: include a time schedule flow-chart for dispute resolution;
- (6) Section 10.0: clarify that an Interconnecting Customer may not self-insure; and
- (7) Section 10.0: clarify that the Company and the Interconnecting Customer will endeavor to find a mutually acceptable solution if the Interconnecting Customer is either precluded from or is assessed an additional cost for including the Company as an additional insured.

Thank you for your consideration of the Company’s Reply Comments. If you have any questions regarding this filing, please feel free to contact me at (617) 951-1400.

Very truly yours,



John K. Habib

Enclosure

cc: Service List, Docket No. 3904

³ The Company’s Massachusetts standards reference units of up to 60 kW because Massachusetts currently has a 60 kW net metering limit.

APPENDIX A

Summary of Division Comments and National Grid Reply

DIV-1 Procedures for Company dispatch of DGs under certain conditions such as system emergencies or system reliability enhancement be developed and incorporated within the next 24 months.

Company Reply: The Company may address this policy issue in future proceedings but is not appropriate for inclusion in the Company's Interconnection Standards, which addresses the technical processes and requirements for an Interconnecting Customer to connect a power-generating facility to the Company's Electric Power System.

DIV-2 The following language should be added to Subsection 1.1. "At any time in the future, should the Facility elect to convert its operation to be completely isolated from the Company's EPS, this Interconnection Tariff between the Company and the Interconnecting Customer will no longer be applicable."

Company Reply: The termination of an Interconnecting Customer's obligations to the Company pursuant to the Interconnection Standards is addressed in Section 7.2 (Sheet 40) in the context of a Permanent Disconnection.

DIV-3 The Point of Common Coupling should be identified as early in the process as possible as this may impact the cost to the Interconnecting Customer through the planning and design process.

Company Reply: The identification of the Point of Common Coupling is addressed in the Interconnection Standards at Sheet 73, Attachment 1 "Description of Facilities, including demarcation of Point of Common Coupling" to Exhibit F (Interconnection Service Agreement).

DIV-4 National Grid should be held responsible for consequential damages to the Interconnecting Customer as a result from deviations from Good Utility Practices as may be determined by the Commission.

Company Reply: As a policy matter, the Company believes that a DG customer should be treated consistently with non-DG customers. The Company is currently not liable for consequential damages relating to its service to non-DG customers.

DIV-5 To the extent that National Grid is held to any Facility Connection Standards that may be filed at the FERC, the Interconnecting Customer shall be held, at a minimum, to these same standards.

Company Reply: Any DG facility interconnected under the Interconnection Standards would be a state jurisdictional interconnection. Those DG customers who plan to sell energy in the wholesale market would typically file under Schedule 23 at ISO-New England and would result in a FERC-jurisdictional interconnection. Accordingly, the Company's Rhode Island Interconnection Standards need not reference FERC-jurisdictional interconnection issues.

DIV-6 The Company's schedule of disconnection for routine maintenance, construction and repair should be required to be scheduled so as to minimize the impact on the overall Company's cost so that the Company's retail customers and other interconnecting customers are not impacted. (Sub-section 7.1.b)

Company Reply: The Company's standard practice is to provide its services in a manner that minimizes the cost impact on its customers and need not be addressed specifically in the Interconnection Standards.

DIV-7 Provisions for cost true-ups should be incorporated in the Tariff.

Company Reply: Cost true-ups are addressed in the Interconnection Standards in Exhibit D, Section 7 (Sheet 60), Exhibit E (Sheet 63), and Exhibit F, Section 5.2 (Sheet 66).

DIV-8 DR should be spelled out as "Distributed Resources" in the definitions (Subsection 1.2) and noted that the IEEE standard is the same as for Distributed Generation.

Company Reply: The Company agrees with this recommendation.

DIV-9 Add "at no cost to the Company or its retail customers" for the Interconnecting Customer to design, procure, install, operate and maintain all necessary equipment...(Section 2.0)

Company Reply: The Company agrees with this recommendation.

DIV-10 Provide an additional alternative which allows the Interconnecting Customer to designate a "worst case" option and for the Company to limit additional cost estimates to the incremental cost of performing reviews of other options. (Section 3.0)

Company Reply: Section 3.0 of the Interconnection Standards (Sheet 9) addresses this recommendation.

DIV-11 Specific provisions should be established for the periodic billing and payment of O&M charges. Also, the term "TBD" should be spelled out (Table 2 of Section 3.0).

Company Reply: O&M charges are addressed in the Interconnection Standards at Sheet 73, Attachment 3 “ Costs of System Modifications and Payment Terms” to Exhibit F (Interconnection Service Agreement).

DIV-12 Tariff should allow for waivers of certain IEEE 1547 standards contained within the Tariff upon mutual agreement by the parties. However, requirements additional to IEEE 1547 standards, if not contained within the Tariff, should not be allowed (Section 4.0).

Company Reply: The language in the Interconnection Standards regarding the IEEE 1547 standards represents consensus language from the Company’s participation in the Massachusetts DG Collaborative. IEEE 1547 was created as a result of a large stakeholder process and, therefore, the IEEE 1547 standards are purposefully more generalized. Due to the custom nature of interconnection projects, the Company may require standards beyond IEEE 1547. If this occurs, the Company will discuss any additional requirements with the customer.

DIV-13 Tariff should address the method of allocating costs where system modifications are required by the Company to serve other customers. (Sub-section 5.4)

Company Reply: The language in the Interconnection Standards regarding cost allocation represents consensus language from the Company’s participation in the Massachusetts DG Collaborative.

DIV-14 Interconnecting Customer should have access to Company’s books and records to verify costs.

Company Reply: DG customers, like non-DG customers, have access to the Company’s books and records through the Commission.

DIV-15 Interconnecting Customer should be allowed access to Company’s distribution system to export power to another Electric Power System.

Company Reply: This recommendation is more appropriately addressed in a contract for the delivery of energy, rather than in the Interconnection Standards.

DIV-16 Meter test cost should be limited to one test per year at the Interconnecting Customer’s expense. (Sub-section 8.1)

Company Reply: The Company agrees with this recommendation.

DIV-17 National Grid should provide comments on the differences between its Massachusetts DG Interconnection Tariff and the proposed Rhode Island Interconnection Tariff for non-net metered Interconnection Customers. (Sub-section 8.1) regarding the availability of bi-directional meters using remote technology.

Company Reply: The Company agrees to clarify its categories of available metering equipment to reference the availability of bi-directional, non-interval meters without remote access for non-net metered units of capacities up to and including 10 kilowatts (“kW”). The Company’s Massachusetts standards reference units of up to 60 kW because Massachusetts currently has a 60 kW net metering limit.

DIV-18 National Grid should include a time schedule flow-chart for dispute resolution similar to that in Section 3.0, Table 1.

Company Reply: The Company agrees with this recommendation.

DIV-19 National Grid should include language that exempts disputes between parties from any service quality investigations except where the Interconnecting Customer requests – similar to the National Grid Tariff in Massachusetts. (Section 9.0)

Company Reply: The Company is unaware of any precedent, statute or regulation in Rhode Island addressing service quality investigations relating to customer complaints. In comparison, the MA DPU requires distribution companies to measure service quality, in part, based upon a company’s record responding to MA DPU Consumer Division Cases. The exemption language in the Company’s Massachusetts Interconnection Standards is a specific reference to Massachusetts regulatory policy and is not applicable in Rhode Island.

DIV-20 We recommend that the provision on self-insurance by an Interconnecting Customer be clarified in the standards. We further believe that allowing an Interconnecting Customer to self-insure would not be in the best interest of National Grid or its customers. (Section 10.0)

Company Reply: The Company agrees with this recommendation.

DIV-21 Language should be inserted to require that the Company and the Interconnecting Customer work to find a mutually acceptable solution if the Interconnecting Customer is either precluded from or is assessed an additional cost for including the Company as an additional insured. (Section 10.0)

Company Reply: The Company agrees with this recommendation.