

# BluewaterWind<sup>SM</sup>

A BABCOCK & BROWN COMPANY

May 19, 2008

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

Re: Least Cost Procurement Plan and System Reliability Procurement Plan  
Docket 3931

Dear Ms. Massaro:

At the commission hearing/technical session held on May 14, 2008 the Commission (1) invited the participants to submit a legal analysis of the relevant statutes in this docket, and (2) allowed Bluewater Wind LLC to submit proposed revisions to the draft standards that incorporate Bluewater Wind's position that renewable energy supply needs to be more fully integrated into the proposed Least Cost Procurement standards. Further, Bluewater Wind indicated that, given the tight deadline for this docket, in preparing its response it would meet with other participants in the hopes of presenting to the Commission proposed revisions that would have consensus support.

In so meeting with other parties, including National Grid, it was agreed that whether Least Cost Procurement was required to include renewable supply sources, or if not required might simply be permissible and a matter of good policy, was a question that the Energy Efficiency and Resources Management Council (EERMC) had not fully considered in preparing this draft of the proposed standards.

In addition, it was agreed that there is considerable uncertainty around state policy and law regarding renewable energy supply in the months ahead, for example and in particular legislation has been introduced at the State House on this very question. Therefore to attempt to draft standards that took into consideration all possible contingencies would be challenging, and would require much time and attention, from the Commission and all parties, considering scenarios that may in fact never come into play.

Therefore, Bluewater Wind, National Grid, and Cape Wind are in agreement that the best approach at this time is to include a section in the standards noting the need to reconsider this question at a later date, when more information is available.

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These same parties are also in agreement regarding a related proposed revision to the System Reliability Procurement standard. As currently drafted, these standards assume or pre-judge that only “small” or “medium” renewable energy supply can provide system reliability benefits. As Chairman Germani himself noted in the hearing, system reliability enhancements can also be achieved at the transmission level, and not just the distribution level. Therefore, we are proposing to simply make references to renewable sources in the System Reliability section of the standards neutral as to size.

We are proposing specific edits to the standards, reflecting our agreement on the two issues above; these edits are noted as “redlines” in the attached draft proposed standards.

We thank the Commission for taking these proposed edits into consideration at this late date; we appreciate the very tight deadlines that the Commission is working under. In the future, if invited, we would certainly welcome the opportunity to provide comments and input to the Council’s draft documents before they go before the Commission, so as to minimize the need for providing such input under tight legislatively mandated deadlines.

Respectfully submitted,

Erich Stephens  
Rhode Island Project Director



cc: Service List