

David M. Marquez
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March 27, 2009

Via First Class and Electronic Mail

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

Re: *In re The Narragansett Electric Company d/b/a National Grid, Docket No. 4041*

Dear Ms. Massaro:

Please find enclosed an original plus nine copies of:

- (1) National Grid's Motion for Clarification of Order No. 19602; and
- (2) Entry of Appearance by Gerald J. Petros.

Please feel free to contact me at (401) 457-5216 if you have any questions concerning this filing.

Very truly yours,



David M. Marquez

Enclosures

cc: Docket 4041 Service List

961952 (57972-132262)

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

In re The Narragansett Electric Company)
d/b/a National Grid)
) **Docket No. 4041**

**THE NARRAGANSETT ELECTRIC COMPANY’S
MOTION FOR CLARIFICATION OF ORDER NO. 19602**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) moves, pursuant to Rule 1.15 of the Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, for clarification of Commission Order No. 19602 (“Order”), requiring National Grid to submit within thirty (30) days revised electric supply procurement plans including a commitment by National Grid to enter into long-term contracts for the direct purchase of renewable energy. National Grid does not know whether this motion is opposed by any party to this proceeding.

On March 2, 2009, in accordance with its obligations under R.I. Gen. Laws § 39-1-27.8 and the Commission’s Rules and Regulations Governing the Implementation of a Renewable Energy Standard (“RES Rules”), see 90 060 CRIR 015, National Grid filed its Standard Offer Service Procurement Plan (“SOS Procurement Plan”) and Renewable Energy Procurement Plan (“RE Procurement Plan”).¹ On March 18, 2009, the Commission issued its written Order rejecting both the SOS Procurement Plan and the RE Procurement Plan. The Order directed National Grid to re-file both plans on or before April 16, 2009 and to include in each plan a

¹ The originally filed Renewable Energy Procurement Plan contained a minor typographical error. A corrected filing was provided to the Commission on March 4, 2009.

proposal to enter into “long term renewable contracts,” i.e. contracts of 10-15 year durations for the direct purchase of electricity derived from renewable resources.

On March 24, 2009, National Grid filed a petition (“Petition”) to the Rhode Island Supreme Court for a writ of certiorari to review the legality and reasonableness of the Order. The Petition was prompted by National Grid’s concern that the Order appears to require National Grid to enter into long term contractual arrangements for the direct purchase of electricity derived from renewable resources, removing any discretion that the Company has to make the decision on its own. While consideration of contracts of varying lengths may be an appropriate means by which to facilitate the General Assembly’s goal of developing renewable energy resources, the Rhode Island Clean Energy Act (“Act”), R.I. Gen. Laws §§ 39-26-1 et seq., expressly allows National Grid to fulfill its renewable energy obligations by purchasing Renewable Energy Certificates (“RECs”) , making alternative compliance payments (“ACPs”) to the Renewable Energy Development Fund (“Fund”), or both. See R.I. Gen. Laws § 39-26-4(d), (e). Because the Order appears to conflict with these express provisions of the Act and remove the Company’s discretion from the process, National Grid files this motion for clarification with the hope that clarification may obviate the need for the Petition.

The Commission’s intent may have been to assure that National Grid considers the use of long term contracts for both the purchase of RECs and the direct purchase of electricity from renewable sources. National Grid is willing and able to issue requests for proposals from renewable generators that could include long term contracts for RECs² and/or the direct purchase of electricity derived from renewable resources, provided that National Grid retains the ultimate discretion to enter into any contract and is not ordered by the Commission to do so. National

Grid is committed to satisfying its renewable energy obligations but, for reasons stated on other occasions, is very concerned that the current regulatory framework is not compatible with long term contracts. Specifically, to the extent long term contracts result in above market pricing for customers who have no obligation to purchase power from the Company over the long term, the regulatory framework creates significant risk. However, the Company is more than willing to issue requests for proposals to determine whether there are any projects that can offer renewable power at pricing that is reasonably likely to bring savings to customers. If it is done in modest amounts for standard offer customers and the economic analysis indicates a reasonable likelihood of savings achieved from that approach, the Company is amenable to considering such a contracting method.³

Clarification of the order would permit National Grid to revise its procurement plans to include provisions to invite renewable generators to make non-binding proposals for long term contracts for RECs and/or the direct purchase of electricity derived from renewable resources. This would give National Grid market information to determine whether entering into a modest amount of long term contracts to meet a portion of its renewable energy obligations for standard offer customers is appropriate. It is imperative that the Company retains final discretion over the decision, however, because otherwise the statutory scheme of the Act would be infringed upon.

For all of these reasons, National Grid respectfully requests that the Commission clarify the Order. To the extent the Order is clarified to make clear that the Commission is essentially requesting National Grid to seek proposals from renewable generation sources, as opposed to issuing a directive at this time to require the Company to enter into such contracts to meet its

² National Grid would also enter into agreements of shorter duration for the purchase of RECs.

³ National Grid, however, reiterates its concern that legislation is needed to put in place a proper and effective framework to advance the renewable policy objectives.

renewable obligations, the Company may be able to withdraw its Petition. A process could then be pursued to give consideration to contracts of varying lengths to meet its renewable obligations, leaving the statutorily-permitted discretion to the Company to make the final decision.

THE NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID

By its attorneys



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DATED: March 27, 2009

CERTIFICATION

I hereby certify that I mailed a copy of the within Motion for Clarification of Order No. 19602 to all parties set forth below on the 27th day of March, 2009.



**Docket No. 4041 National Grid – SOS and RES Procurement Plans
Service List Updated 3/20/09**

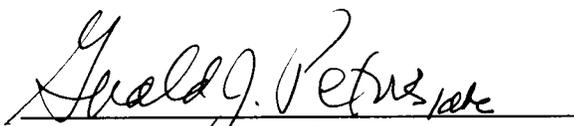
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**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

In re The Narragansett Electric Company)
d/b/a National Grid)
) **Docket No. 4041**

ENTRY OF APPEARANCE

I, Gerald J. Petros, hereby enter my appearance on behalf of The Narragansett Electric Company d/b/a National Grid.



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(401) 277-9600 (FAX)

DATED: March 27, 2009

CERTIFICATION

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