

April 29, 2009

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Revised Renewable Energy Procurement Plan
Docket No. _____**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's Revised Renewable Energy Procurement Plan filing in the above-captioned proceeding. This procurement plan consists of the pre-filed testimony and attachments of Madison Milhous.

Thank you for your attention to this filing. Please feel free to contact me at (401) 784-7667 if you have any questions concerning this filing.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Paul Roberti, Esq.
Steve Scialabba, Division

DIRECT TESTIMONY

OF

MADISON N. MILHOUS

TABLE OF CONTENTS

I. Introduction..... 1

II. Purpose of Testimony 3

III. Background..... 3

IV. RES Obligation 5

V. Proposed Procurement Process and Schedule 6

VI. Proposed Renewable Energy Procurement Plan..... 7

VII. Evaluation Criteria..... 9

IX. Long Term Procurement Schedule 11

X. Conclusion 12

1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Madison N. Milhous, Jr., and my business address is 100 East Old Country
4 Rd. Hicksville, New York 11801.

5 **Q. Please state your position.**

6 A. I am Director of Wholesale Market Relations for the Energy Portfolio Management
7 organization at National Grid. In this capacity, I am responsible for monitoring and
8 engaging in developments in market structure and operations in the New York
9 Independent System Operator (“NYISO”) and ISO-New England (“ISONE”), and in
10 other regulatory and policy developments which directly effect electric power
11 procurement. I represent National Grid on the NYISO Business Issues Committee and
12 its working groups. Recently, I served as acting director of Electric Load and Distributed
13 Generation, which is responsible for electric supply procurement for National Grid’s four
14 distribution companies. I continue to work with that department on electric power
15 market policy issues.

16 **Q. Will you describe your educational background?**

17 A. I have Bachelor of Engineering and Master of Science degrees in Aerospace Engineering
18 from Georgia Institute of Technology and a Master of Science Degree in Marine Science
19 from New York’s Stony Brook University.

20 **Q. What is your professional background?**

1 A. In my prior assignment, I handled the market relations function for KeySpan Energy
2 Supply, which was responsible for fuel supply and electric energy trading for the
3 generating units owned by KeySpan-Ravenswood, LLC (“Ravenswood”). I represented
4 Ravenswood on various committees and working groups of the NYISO, and provided
5 direct technical support to the electric trading operation. In 2006, I served as chair of the
6 NYISO Operating Committee. Previously, I was Director of the Power Engineering
7 Department, which provided engineering services for Ravenswood, and other KeySpan
8 generating units. Prior to that position, I was Director of the Electric Planning and
9 Forecasting Department, which provided resource and T&D system planning services to
10 the Long Island Power Authority. Preceding this assignment, I was the Manager of
11 Environmental Engineering at the Long Island Lighting Company, a predecessor
12 company to KeySpan. I am registered as a Professional Engineer in New York and South
13 Carolina. I am familiar with power generation equipment, environmental regulations
14 and permitting, electric transmission and distribution, load forecasting, and ISO market
15 structures and operations.

16 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**
17 **(“Commission”)?**

18 A. No.

19 **Q. Have you testified before any other state regulatory agencies?**

20 A. Yes. I have testified before the New York Public Service Commission regarding electric
21 system planning and wholesale electric market activities, and before the New York State
22 Department of Environmental Conservation regarding environmental matters.

1 **II. Purpose of Testimony**

2 **Q. What is the purpose of your testimony?**

3 A. The purpose of my testimony is to present National Grid’s Renewable Energy Standard
4 (“RES”) Procurement Plan in accordance with Section 8.2 of the Commission’s Rules
5 and Regulations Governing the Implementation of a Renewable Energy Standard (“RES
6 Regulations”) and Order No. 19108. The following topics will be covered in my
7 testimony:

- 8 • National Grid’s Proposed Procurement Schedule for 2010 RES
- 9 • Estimated RES Requirements
- 10 • National Grid’s Proposed Procurement Plan
- 11 • Criteria for Consideration of Long Term Contracts
- 12 • Integration of the RES Plan with SOS procurement

13 **III. Background**

14 **Q. Why does National Grid need to submit a Renewable Energy Procurement Plan?**

15 A. On June 29, 2004, the Rhode Island legislature enacted into law a Renewable Energy
16 Standard (R.I. Gen. Laws § 39-26-1 et seq.). On December 8, 2005, the Commission
17 issued final regulations implementing the RES effective January 1, 2006. Pursuant to the
18 RES law and Commission regulations, beginning on January 1, 2007, National Grid and
19 all other obligated entities (as specified in Definition 3.24 of the RES Regulations) are
20 required to obtain a percentage of their energy supply from a mix of new and existing
21 renewable energy resources. Section 8.2 of the RES Regulations requires National Grid,

1 and all obligated electric utility distribution companies, to annually submit a Renewable
2 Energy Procurement Plan to the Commission that demonstrates its procedures for
3 obtaining resources that satisfy National Grid's RES obligations.

4 **Q. Did National Grid submit a Renewable Energy Procurement Plan for 2009?**

5 A. Yes. On November 14, 2008, National Grid filed its second Renewable Energy
6 Procurement Plan with the Commission (the "2009 RES Plan") which provided for the
7 procurement of a portion of National Grid's 2008 and 2009 RES obligations. The 2009
8 RES Plan was approved by the Commission at its December 23, 2008 Open Meeting and
9 in written Order No. 4012 (the "2009 RES Order"). In the 2009 RES Order, the
10 Commission required National Grid to file a 2010 Renewable Energy Procurement Plan
11 ("2010 RES Plan") no later than March 2, 2009.

12 **Q. Did National Grid submit a Renewable Energy Procurement Plan for 2010?**

13 A. Yes. On March 4, 2009, National Grid filed a Renewable Energy Procurement Plan with
14 the Commission (the "2010 RES Plan") which provided for the procurement of National
15 Grid's 2010 RES obligations. In its Open Meeting of March 16, 2009 and its written
16 Order No. 19602 issued on March 18, 2009 (the "Order"), the Commission rejected
17 National Grid's 2010 RES Plan and directed National Grid to file a new plan "which
18 includes long term renewable contracts."

19 **Q. Is National Grid now submitting a Renewable Energy Procurement Plan that**
20 **includes long term renewable contracts?**

21 A. Yes. This filing is intended to comply with the Commission's Order 19602, as clarified

1 in Order 19610. The plan includes an alternative long-term procurement process, which
2 could meet a portion of the RES obligation for Standard Offer Service, if it proves cost
3 effective.

4 Q. Is the Company making a commitment to enter into long-term contracts to meet its RES
5 obligations?

6 A. Although the Company is submitting an alternative long-term procurement process, it is
7 not at this time committing to entering into any long-term contracts. The Company
8 believes, as has also been expressed by the Commission, that before committing to any
9 long-term contracting it will be necessary to review any proposals received to consider
10 the competitiveness, pricing, and viability of those proposals along with the possible risks
11 to the Company and its Standard Offer customers that may accompany long-term
12 contracting.

13 **IV. RES Obligation**

14 **Q. Has National Grid estimated its RES obligations for 2010 and beyond?**

15 A. Yes. National Grid has developed an estimate of its RES obligations for Standard Offer
16 Service in 2010 and beyond. Schedule MNM-1 is a summary of the estimate of Standard
17 Offer load in 2010. The following table is based on this estimate, assuming no
18 immediate large migration shifts to Competitive Power Suppliers (“CPS”) during the
19 transition from the existing SOS to the proposed SOS:

Compliance Year	RES Target Percentage New	RES Target Percentage Existing and New	Standard Offer Load (MWhs)	Standard Offer Existing RES Obligation (RECs)	Standard Offer New RES Obligation (RECs)
2010	2.5%	2.0%	7,180,000	143,600	179,500

1

2

Since National Grid is unable to predict customer migration behavior once the existing SOS ends, National Grid is using this load as a proxy for the entire ten year period of 2010 through 2019. National Grid will revise this estimate as necessary in the annual procurement plan filing.

3

4

5

6

V. Proposed Procurement Process and Schedule

7

Q. How will National Grid meet its RES obligations in 2010 and beyond?

8

A. National Grid proposes to initially link its purchase of NEPOOL-GIS Certificates with its purchase of SOS Full Requirements Service (“FRS”) load requirements rather than procuring a specified quantity of NEPOOL-GIS certificates. Linking the purchase of the remaining RES obligation with the actual SOS load requirement would enable National Grid to purchase its actual RES obligations and reduce the probability of National Grid buying too many or too few NEPOOL-GIS Certificates than the SOS RES obligation it must satisfy.

9

10

11

12

13

14

15

16

17

18

National Grid proposes to request separate pricing from SOS bidders to take on the RES obligation at the same time as providing SOS service. The Company will evaluate the RES pricing provided by the bidders and compare it to the Company’s estimate of RES market prices. If the pricing provided by the winning SOS supplier or suppliers is at or

1 less than National Grid's market estimate, then the SOS supplier will also be contracted
2 to provide the RES obligation. If the pricing is higher than National Grid's market
3 estimate, then National Grid will not include the RES obligation with the SOS supply.

4 To meet RES obligations not secured through the purchase of its SOS supply, National
5 Grid proposes to procure RES renewable energy certificates ("RECs") through a series of
6 stand alone RFPs issued by the Company, sufficient to meet its 2010 RES obligations.

7 The NEPOOL-GIS trading period for 2010 RECs will not begin until mid-July 2010 and
8 conclude mid-June 2011. As a result there is sufficient time for the Company to procure
9 these RECs. The Company may also evaluate unsolicited offers from brokers or other
10 parties for the sale of RECs. If the purchase of such RECs would provide an economic
11 benefit to the Company's customers, then the Company would agree to purchase the
12 RECs.

13 In addition, the proposed renewable energy procurement plan includes a competitive
14 solicitation for REC's and for bundled renewable energy that could lead to long-term
15 contracts.

16 **VI. Proposed Renewable Energy Procurement Plan**

17 **Q. Please summarize the proposed renewable energy procurement plan.**

18 A. The plan has two components: a short term procurement process focused on purchase of
19 REC's for calendar year 2010 requirements, and a long term procurement process. The
20 short term procurement process is consistent with the 2009 Plan, and is described above.

1 The long term procurement process is an open and flexible competitive solicitation,
2 which will involve collaboration with the Division, and is intended to evaluate
3 procurement of REC's or bundled renewable energy at prices consistent with the current
4 markets for capacity, energy and RECs. This pricing focus is appropriate for energy
5 purchased to serve SOS customers, and for the associated RECs required to meet the
6 requirements of the regulations implementing the Renewable Energy Standard. National
7 Grid has included details of the solicitation and evaluation process to address the
8 directive of the Commission in Order 19602 that the plan should include proposed
9 standards for assessing whether a proposal is commercially feasible. The long term
10 component of the plan is directed only at the acquisition of RECs qualified as meeting the
11 requirements for "new" resources, i.e., those which entered commercial operation after
12 December 31, 1997. This component is also directed toward procurement for the Small
13 Customer Class, since migration is more likely from the larger customer class. The total
14 requirement for meeting these two criteria for 2010 is approximately 95,000 RECs. The plan
15 does not set a specific long term procurement target, since the goal of this solicitation is
16 to evaluate longer-term alternatives to the current procurement practice. Also consistent
17 with this goal, the plan will seek proposals for periods of five, ten and fifteen years. In
18 developing this plan, National Grid is also cognizant that legislation is pending in the
19 Rhode Island legislature that would establish a separate, but complementary, requirement
20 for long term contracts. Hence, it is important that the plan also retain flexibility to adapt
21 to future requirements.

1 **Q. What type of pricing structure would be sought for long term renewable contracts?**

2 A. The RFP will seek proposals for sale of REC's, and of bundled renewable energy
3 (capacity energy, ancillary services, and REC's). For RECs only, fixed annual prices
4 will be sought. For bundled renewable energy, two forms of pricing will be sought:
5 (1) annual all-in pricing (by year), and (2) fixed annual pricing (by year) for REC's, and
6 floor prices for capacity and energy, with a "share the savings" provision. In a share the
7
8 savings approach, up to 20% of the difference between the floor price and ISONE market
9 clearing prices (FCM and DAM) could be paid to the generator. In the case of fixed
10 prices, only general cost indices for annual escalation would be accepted, since fuel cost
11 indices are not appropriate for a renewable resource. An optional pricing
12 form could be a combination of the fixed price and the floor price model.
13

14 **VII. Evaluation Criteria**

15 **Q. What evaluation criteria would be used to evaluate project proposals?**

16 A. National Grid does not believe that it is appropriate to set a predetermined scoring system
17 or a minimum score for project selection, given the diversity in location, technology and
18 scale of renewable resource projects. Nor would it be appropriate to establish a
19 "portfolio" composition in advance, by establishing percentages of a total procurement to
20 be met by particular technologies. Projects will be evaluated based on cost, and on
21 overall project viability, including the financing plan, likelihood of obtaining

1 environmental and other site approvals, and construction schedule. National Grid will
2 use the following considerations in evaluation of cost: (1) cost relative to competing
3 renewable projects and (2) cost relative to current and projected market prices for
4 capacity, energy and RECs.

5
6 **VIII. Integration with SOS Procurement**

7 **Q. How will the long term procurement process for renewable resources be integrated**
8 **with procurement of SOS requirements?**

9 A. Any RECs purchased under long term contracts will be used for meeting all RES
10 requirements associated with Standard Offer Load, and amounts procured in the short
11 term procurement process would be adjusted accordingly.

12
13 If cost effective, capacity and energy from long term contracts will be used as a physical
14 hedge for power supply for the Small Customer group receiving SOS. This could be
15 accomplished in one of the following ways.

- 16
17 1. When full requirements load following contracts are being utilized for SOS, the
18 output of the project may be utilized by a supplier holding a current contract,
19 under an agreement with National Grid.
20 2. The capacity and energy could be sold into the ISONE market, and the net of
21 contract and market prices charged to supply rates under SOS.
22 3. Should National Grid perform the load following function as a part of a managed
23 portfolio approach to power supply, the power could be scheduled in the ISONE
24 DAM, or alternatively, if from an intermittent resource, netted from the DAM
25 load bids, and sold into the ISONE RT market.
26

1 **Q. Are there any circumstances under which National Grid would foresee that a**
2 **different approach would be necessary?**

3 A. Yes. To the extent that capacity, energy and RECs from a long term contract are not
4 competitive with SOS portfolio costs, an appropriate rate mechanism for sharing such
5 above market costs with all distribution customers would be required.

6 **IX. Long Term Procurement Schedule**

7 **Q. What is the schedule for the long term procurement process?**

8 A. After approval of the plan, the Company will review a draft RFP and a solicitation
9 schedule with the Division, and make this RFP, including a schedule, and a standard
10 Power Purchase Agreement (“PPA”), available to all interested developers of renewable
11 resources. The Company will develop this RFP, which will contain the elements of the
12 plan, and the standard PPA on a schedule to support issuance of the RFP within 30 days
13 of a Commission order approving this plan. The evaluation will provide for
14 consultation with the Division after the initial evaluation of all proposals, and for a
15 second review of the highest ranking projects, after negotiation of final pricing, and a
16 final assessment of project viability. Execution of contracts for any recommended
17 projects will be dependent on Commission approval. National Grid’s best estimate of the
18 total time for the solicitation process, from release of the RFP to a filing with the
19 Commission for approval of the contracts, is approximately four months.

20

21

1 X. Conclusion

2 Q. Does this conclude your testimony?

3 A. Yes. It does.

INDEX TO SCHEDULES

Schedule MNM-1	Narragansett Wholesale Loads
Schedule MNM-2	2010 Renewable Energy Procurement Plan

SCHEDULE MNM – 1

NARRAGANSETT WHOLESALE LOADS

(GWHS)

Narragansett Wholesale Load (GWhs)				
	2007	2008		Forecast for 2010 = Average 2007-08
			Class	Group SOS CPS
Standard Offer Service	6,983	6,869	G62, G32	Large C&I and C&I > 200kW 1,964 896
Last Resort Service	250	258	G02	General Demand 1,324 159 Large Customers 3,288 1,055
Competitive Suppliers (CPS)	1,131	1,147	C06, S A16	Small General, Light 605 79 Residential 3,287 6 Small Customers 3,892 84
Total	8,364	8,274		Total Load 7,180 1,139

Forecasted numbers are illustrative.

**NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
R.I.P.U.C. DOCKET NO. 4041
SCHEDULE MNM-2**

SCHEDULE MNM – 2

2010 RENEWABLE ENERGY PROCUREMENT PLAN

2010 Renewable Energy Procurement Plan

I. Objectives

A. This plan satisfies Section 8.2 of the Commission’s Rules and Regulations Governing the Implementation of a Renewable Energy Standard (“RES Regulations”). Under Section 8.2, National Grid is required to annually submit a Renewable Energy Procurement Plan that sets out its procedures for obtaining resources that satisfy its obligations under the Rhode Island Renewable Energy Standard (“RES”) (R.I. Gen. Laws § 39-26-1 et seq.). This particular plan incorporates the Commission’s specific directive in Order No. 19602 (issued March 18, 2009), as clarified in Order No. 19610 (issued April 6, 2009), that National Grid file a RES Procurement Plan which includes solicitation of long term contracts for renewable energy resources.

B. The plan is directed to procurement of the RES renewable energy certificates (“RECs”) to meet the obligations associated with provision of Standard Offer Service (“SOS”) for 2010. Procurement will be conducted through two activities.

1. Procurement of 2010 requirements for both Existing and New RECs through a short term competitive procurement process, either bundled with full-requirements load following service, or purchased separately.
2. Long term procurement of New RECs or alternatively, of capacity, energy, and New RECs, through a competitive procurement process,

II. Requirements

Year	RES Target Percentage New	RES Target Percentage Existing or New	Total RES Target Percentage	Standard Offer Load* (MWhs)	Standard Offer Existing RES Obligation (RECs)	Standard Offer New RES Obligation (RECs)
2010	2.5	2.0	4.5	7,180,000	143,600	179,500
2011	3.5	2.0	5.5	7,180,000	143,600	251,300
2012	4.5	2.0	6.5	7,180,000	143,600	323,100
2013	5.5	2.0	7.5	7,180,000	143,600	394,900
2014	6.5	2.0	8.5	7,180,000	143,600	466,700
2015	8.0	2.0	10.0	7,180,000	143,600	574,400
2016	9.5	2.0	11.5	7,180,000	143,600	682,100
2017	11.0	2.0	13.0	7,180,000	143,600	789,800
2018	12.5	2.0	14.5	7,180,000	143,600	897,500
2019	14.0	2.0	16.0	7,180,000	143,600	1,005,200

* Based on 2008 actual requirements. National Grid will revise these values as more information is available for the SOS load in the period 2010 through 2020.

III. Short Term Procurement

A. Procurement of RECs (both new and existing) will be initially linked to purchase of SOS load requirements under full requirements load following contracts. Separate pricing would be requested from bidders to take on the RES obligations at the same time as providing this service. National Grid will evaluate the RES pricing provided by the bidders, and compare it to its best estimate of REC market prices. If the pricing provided by the winning SOS supplier is at or less than National Grid's market price estimate, the SOS supplier will also be contracted to provide the RES obligation.

B. REC's not purchased with SOS supply or under long term contracts will be acquired through stand alone RFPs for RECs. National Grid may also evaluate unsolicited offers from brokers or other parties. The following evaluation criteria were included in the 2009 Plan approved by the Commission in its December 23, 2008 Order.

- Lowest evaluated bid price
- Quantity of RECs offered
- Ability of supplier to meet its obligation to deliver NEPOOL GIS Certificates
- Firmness of delivery
- Supplier's past experience in providing service to National Grid
- Supplier's past experience in providing similar services to other companies in ISONE and other regions
- The suppliers demonstrated understanding of its obligations under the proposed Certificate Purchase Agreement
- Whether there have been any past or are any present events that may adversely affect the suppliers ability to provide NEPOOL-GIS certificates
- Location of the renewable resources(s) and how the renewable resource satisfies the goals of stabilizing long-term energy prices, enhancing environmental quality, and creating renewable related jobs in Rhode Island.

For a unit contingent offer, a supplier will also be required to demonstrate the likelihood that NEPOOL-GIS certificates will be created from a resource. For resource under construction, a supplier will be required to demonstrate the likelihood that the resource will create certificates during the contract period.

IV. Long Term Procurement

A. As an alternative procurement strategy, an RFP for renewable resources to fulfill a portion of future New REC requirements will be issued as soon as practicable, upon approval of this plan. The total RES target of 4.5% for 2010 includes a component of 2% which can be met with existing or new resources; however, National Grid believes that it is more appropriate for the RFP to focus on the requirement for new resources, which is 2.5%. The procurement would further be focused on the New REC requirement for the small customer class, since customer migration would be more likely in the larger customer class. The total 2010 requirement defined by the two considerations is approximately 95,000 RECs. National Grid has not set a specific procurement target, since the goal of this solicitation is to evaluate longer-term alternatives to the current procurement practice. Also consistent with this goal, the plan will seek proposals for periods of five, ten and fifteen years.

B. National Grid seeks an open and fully competitive solicitation process, however, project proposals will be accepted only from those developers, owners, or companies who are fully engaged in the development of renewable energy generating facilities. The person or entity submitting the proposal must also be the developer of the project, and be able to establish that it will be primarily responsible for the overall managerial, financial, and operational control of the project.

C. The RFP will seek proposals for sale of New REC's, and of bundled renewable energy (capacity energy, ancillary services, and New REC's). The delivery point is the ISONE Rhode Island Zone. Fixed annual prices for New RECs only will be sought. For bundled renewable energy, two forms of pricing will be sought.

1. Annual pricing (by year); only general cost indices for annual escalation will be accepted. Fuel cost indices are not appropriate for a renewable resource.
2. Fixed annual pricing (by year) for New REC's. Floor prices for capacity and energy, with a "share the savings" provision under which up to 20% of the difference between the floor price and ISONE market clearing prices (FCM and DAM) would be paid to the generator.

As an option, a combination proposal may be offered, which combines the fixed price and floor price models.

D. The proposed project must qualify to participate in the ISONE Forward Capacity Market ("FCM"). Preference will be given to projects that are eligible and have cleared in the FCM for the capability period beginning June 1, 2010, or 2011. Capacity qualification must be maintained through reporting of capability

test data and forced outage rates, and any other reporting requirements for intermittent resources.

E. Unless alternative arrangements are made with National Grid, the owner must take responsibility for offering the resource into the ISONE capacity and energy markets.

F. The proposed project must have been approved by the RIPUC as a new renewable energy resource, or be capable of meeting the RES requirements. The project must also complete all arrangements necessary for the generation of attribute certificates from the NEPOOL Generation Information System (“NEPOOL-GIS Certificate” or “REC”). Preference will be given to RI projects where feasible, given the evaluation criteria.

G. Cost Evaluation Criteria

1. National Grid will use the following considerations in evaluating cost.
 - a) Cost relative to competing renewable projects
 - b) Cost relative to prevailing and projected market prices for capacity, energy and RECs.
 - c) The proposal must be cost effective by both measures to be considered as a basis for a contract.

H. Use of Facility Output for Meeting SOS Electric Requirements

1. RECs will be used towards meeting RES requirements associated with SOS Load.
2. If cost effective, capacity and energy will be used as a physical hedge for power supply for the Small Customer group receiving SOS.
 - a) When full requirements load following contracts are being utilized for SOS, the output of the project may be utilized by a supplier holding a current contract, under an agreement with National Grid.
 - b) Alternatively, the energy and capacity could be sold into the ISONE market, and the net of contract and market prices charged to supply rates under SOS.
 - c) Should National Grid perform the load following function as a part of a managed portfolio approach to power supply, the power

could be scheduled in the ISONE Day Ahead Market (“DAM”), or if from an intermittent resource, netted from DAM load bids and sold into the ISONE Real Time Market (“RTM”),

d) To the extent that capacity and energy and RECs are not competitive with SOS portfolio costs, an appropriate rate mechanism for sharing such above market costs with all distribution customers would be required.

I. The proposal must include a financing plan covering planned structure (debt, equity and grants) and identification of financial providers.

J. A minimum of 1 MW of contract capacity must be offered. Individual renewable generator units of less than 1 MW may be aggregated to meet the minimum requirement, provided that all units are interconnected in the same ISONE zone, and the contract is with a single entity offering a single form of pricing.

K. For a project not currently in operation, the proposal must provide a detailed schedule for completion of all environmental reviews, receipt of required permits, site approvals, etc. The proposal must also contain a “project approval assessment,” which details each segment of the process, the required permit or approval, and the likelihood of success by the milestone date.

L. The proposed project must agree to accept a standard Power Purchase Agreement (“PPA”), except for technical revisions or project-specific revisions required by special features of a particular project. The standard PPA will include the necessary credit terms with margining requirements.

M. For a project not currently in operation, the proposal must contain an overall schedule, including site control, completion of financing arrangements, site review and permit approval, qualification as an ISONE generation resource, and all aspects of construction and start-up. The project is responsible for all interconnection costs.

N. There will be no predetermined scoring system or minimum score for project selection. Projects will be evaluated based on cost considerations, and on overall project viability, including financial, environmental and other site approvals, and construction schedule. National Grid will retain the right to seek additional information from any party proposing a project, as well as to negotiate modified pricing before a final contract is developed. There is no commitment on the part of National Grid to sign contracts for any specific procurement target, or to sign any contracts with pricing that is not reasonable for meeting the requirements of SOS customers.

O. All data submitted in proposals will remain confidential, and will be shared by National Grid only with the Division and the Commission.

P. The evaluation process will be reviewed with the Division in at least two steps: First, after an initial evaluation of all accepted proposals, and second, after final negotiated pricing is determined and project viability is evaluated for those projects in a second round, before recommendations are made by National Grid.

Q. As described in the Commission's Clarifying Order 19610, all aspects of this plan will be subject to Commission review and approval, including long term contracts that are entered into as a result of the solicitation process.