



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Patrick C. Lynch, Attorney General

February 22, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

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

Re: Docket 4111 – Review of Proposed Town of New Shoreham Project Pursuant to RI General Laws § 39-26.1-7
Response to Data Request

Dear Ms. Massaro:

Enclosed please find for filing ten (10) copies of the Division of Public Utilities and Carriers responses to the Commission's First Set of Data Requests in the above-captioned proceeding.

Thank you for your attention in this matter and if you should have any questions, please feel free to contact me.

Very truly yours,

Jon G. Hagopian
Special Assistant Attorney General

JGH

Enclosure

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF PROPOSED :
TOWN OF NEW SHOREHAM :
PROJECT PURSUANT TO : DOCKET NO. 4111
R.I. GEN. LAWS § 39-26.1-7 :

**THE DIVISION OF PUBLIC UTILITY AND CARRIERS RESPONSES TO THE
COMMISSION'S FIRST SET OF DATA REQUESTS**

- 1-1.** Please provide Block Island Power Company's monthly fuel charge for the period January 1, 2000 through December 31, 2009.

Response:

See the chart attached to this data response.

Attachments:

One page fuel charge chart pdf

Prepared by:

Division Staff

Block Island Power Company

Fuel Adjustment Charge

Jan 2000 - Dec 2009

Cents / kWh

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Jan	9.09	10.18	6.52	8.90	9.37	13.22	16.31	16.91	25.09	15.19
Feb	11.02	9.63	5.90	9.41	10.33	13.69	17.07	15.35	24.46	11.57
Mar	12.69	8.92	6.27	10.52	9.75	14.04	16.76	17.83	25.40	14.21
Apr	9.73	8.09	6.65	11.20	8.91	15.00	18.29	17.11	31.20	13.65
May	10.79	8.88	7.19	8.24	10.54	14.11	18.59	18.57	30.82	14.40
Jun	10.03	8.23	6.96	8.18	9.30	15.48	19.21	19.23	34.63	15.72
Jul	10.00	7.78	7.18	7.49	10.28	15.25	19.21	21.22	35.71	15.90
Aug	10.11	7.44	7.29	8.11	11.04	16.72	20.18	20.00	30.51	17.94
Sep	8.91	7.86	7.54	8.10	11.03	18.70	19.84	18.35	28.02	16.71
Oct	9.85	7.79	8.03	7.84	13.35	18.84	17.24	22.59	27.34	17.59
Nov	9.88	7.45	8.40	8.86	13.21	17.55	17.87	22.34	22.94	20.30
Dec	10.48	6.69	7.98	9.18	15.42	16.25	17.64	25.03	20.05	20.06

Response to

PUC Data Request 1-1

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF PROPOSED :
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1-2. Given the size of the subject Project, how much would energy prices need to increase in order for the Power Purchase Agreement (PPA) to serve as an effective hedge against rising energy prices over the term of the PPA?

Response:

Mr. Hahn has not performed a formal analysis of the value of the Deepwater project as a hedge against rising energy prices. However, Narragansett Electric Company's annual MWH sales are approximately 7,700,000 MWH per year. The expected annual output of the Deepwater project is approximately 100,915 MWH per year, or approximately 1.3% of Narragansett. Given the small size of the Deepwater project, the value of the PPA by itself as a hedge against rising energy prices would be small regardless of the level of energy prices. To illustrate this point, consider the hypothetical situation where Narragansett Electric procured its SOS power supplies via either full requirement service purchases or through a managed portfolio approach for only 1.3% of its total SOS obligation, and purchased 98.7% from spot market. In this situation, the SOS purchases have a very small impact as a hedge against rising or volatile energy prices. The same applies to the Deepwater PPA. Since it represents only 1.3% of the supply portfolio, it will have a small value as a hedge.

It should be noted that using the output of the project as a hedge against rising energy prices is very different from estimating the price suppression effects from the addition of a resource with no fuel costs. Mr. Hahn has not performed a formal analysis of the

price suppression effects of the Deepwater project on Locational Marginal Prices (“LMPs”) in the Rhode Island load zone of the ISO-NE’s energy market. However, the small size of the Deepwater project will cause the price suppression effects to be very small. ISO-NE has approximately 37,000 MW of resources with capacity obligations. The nameplate capacity of the Deepwater project is 28.8 MW and the average hourly output is expected to range from 8 to 13 MW. Thus, based upon the size of the Deepwater project relative to the size of the supply curve in ISO-NE, Mr. Hahn would not expect the Deepwater project to have a significant impact on LMPs.

Prepared by:

Richard S. Hahn