

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID'S PROPOSED
TIMETABLE AND METHOD FOR SOLICITATION
OF LONG-TERM CONTRACTS FOR RENEWABLE
ENERGY PROJECTS

DOCKET NO. 4150

REPORT AND ORDER

1. Background

On March 1, 2010, Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Public Utilities Commission (“Commission”) its proposed timetable and method for solicitation of long-term contracts for renewable energy projects (“Long-Term Contracting Plan”) pursuant to R.I.G.L. § 39-26.1-1 et seq. (“Long-Term Contracting Standard” or “LTC Statute”) and the Commission’s Rules and Regulations Governing Standards for Renewable Energy (“RES Rules”). The Long-Term Contracting Standard requires electric distribution companies to annually solicit proposals from renewable energy developers and to enter into commercially reasonable contracts with these developers, with terms of up to fifteen years, for the purchase of capacity, energy and attributes¹. The LTC Statute establishes a target of 90 megawatts of renewable energy to be acquired by each electric distribution company by December 30, 2013 and a four year phased schedule to achieve that target, whereby the renewable energy requirement increases from 25% in year 1 to 100 % in year four². The LTC Statute requires the electric distribution company to create a timetable for solicitation of these contracts which does not exceed this statutory schedule. In compliance with this statute, the Company submitted to the Commission for approval a proposed RFP containing

¹ R.I.G.L. 39-26.1-3.

² R.I.G.L. 39-26.1-3 establishes the following four year phased schedule which cannot be exceeded by the electric distribution company: 25% of 90 MW (22.5 MW) by December 30, 2010; 50% of 90 MW (45 MW) by December 30, 2011; 75% of 90 MW (67.5 MW) by December 30, 2012; and 100% of 90 MW (90 MW) by December 30, 2013.

a highly detailed description of the solicitation process proposed by the Company for accepting renewable energy contracts bids, including notably the timetable and manner of evaluating such bids.

II. National Grid's Proposed Long-Term Contracting Plan

National Grid's proposed Long-Term Contracting Plan establishes a method and timetable for soliciting long-term renewable energy contracts pursuant to R.I.G.L. 39-26.1-3 and contains all of the pertinent facts surrounding the solicitation of long-term contracts. As one would expect, the solicitation process contemplated by the foregoing statute and by the Company begins with an RFP. As previously stated, the Company included in its Long-Term Contracting Plan the RFP which it intends to issue for purposes of complying with the above referenced statute. The RFP explains the solicitation process in great detail and includes a detailed schedule of events in the solicitation process. In effort to summarize the Company's proposed RFP and ensuing solicitation process, the salient features of the Company's proposed RFP are provided herein.

By way of introduction, in its RFP the Company explains the purpose and objective of the RFP, referencing of course the Long-Term Contracting Standard and applicable regulations, but also referencing a PPA executed by National Grid on or about May 20, 2010.³ In explaining the requirements of the statute which it is obligated to meet, National Grid states that the contract entered into in May of this year, which is 27.3 MW of contract capacity, or 30% of the 90MW long-term contracting capacity requirement, satisfies the first phase of the long-term contracting standard since it exceeds the 25% of the minimum long-term contracting capacity (22.5MW)

³ Although not specifically named in the RFP, the developer referenced here is Rhode Island LFG Genco, LLC. ("Genco"), and the PPA between National Grid and Genco was entered into on May 21, 2010. This PPA may also be referenced herein as "Ridgewood PPA" or "Ridgewood contract" as Ridgewood Renewable Power is the owner of LFG Genco, LLC. References to "Ridgewood" shall mean Ridgewood Renewable Power.

required by statute. The Company declares that although it has met the requirements of the statute in executing this PPA, it is nonetheless proceeding voluntarily with solicitations.

The Company has proposed holding a bidders conference within 2 weeks of issuing an RFP for the purpose of clarifying any issues concerning the RFP and to answer any questions from bidders⁴. The Company has proposed an in depth analysis, including 3 stages of evaluation, for all bids submitted in response to the RFP.⁵ In the first stage of evaluation, the Company would consider whether the bidder has met certain threshold or eligibility requirements. The Company stated that in this initial stage of evaluating bids, it would consider factors which reflect the viability of the proposed project. Whether the project has a reasonable project schedule, has control of the project site and the experience of the project developer are some of the factors considered at this stage of evaluation. The Company would also review bids to ensure compliance with relevant sections of the general laws, such as whether the terms of the proposed contract are commercially reasonable, as defined in § 39-26.1-2(1)⁶, and whether the project would provide direct economic benefits to the State of Rhode Island consistent with the purposes of Chapter 26.1, Title 39 of the general laws. The Company would consider bids for capacity, energy and renewable attributes with a variety of pricing options; however, the Company would require REC-only bidders to provide all usage data from the prospective location whenever net metering will be used. The reason for requiring this data, according to National Grid, is to evaluate the overall economics of a REC-only proposal using net metering,

⁴ National Grid's letter to the Commission dated March 1, 2010; RFP § 3.2.

⁵ National Grid originally filed its proposed RFP on March 1, 2010, and then filed a revised RFP on May 24, 2010 in response to a Commission Data Request. Unless otherwise specified, all references in this Order to "RFP" refer to National Grid's revised RFP filed with the Commission on May 24, 2010.

⁶ Commercially reasonable means terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy resources. Commercially reasonable shall include having a credible project operation date, as determined by the commission, but a project need not have completed the requisite permitting process to be considered commercially reasonable. If there is a dispute about whether any terms or pricing are commercially reasonable, the commission shall make the final determination after evidentiary hearings. R.I.G.L. 39-26.1-2.

in light of the subsidy allowed by R.I.G.L. § 39-26-6(h) for the Company's reasonable and prudent costs associated with net metering.

Proposals that meet the Company's requirements for the first stage of evaluation, would then advance to a second evaluation stage which consists of a price and non-price analysis designed to assess the project's viability and probability of achieving the commercial operation date⁷. National Grid would compare the total cost of the project, over the term of the proposed contract, to the estimated market value of the products, taking into consideration the impact of potential regulatory changes on energy prices. In addition, the Company would consider a number of non-pricing criteria from five categories: 1) siting and permitting; 2) project development status and operational viability; 3) experience and capabilities of the bidder and the project development team; 4) assignment of an ISO-NE queue position, if required; and 5) financing.⁸ All of the criteria from the pricing and non-pricing analysis would then be quantitatively scored using a scoring system created by the Company to determine a project's eligibility for advancing to the third and final stage of evaluation.⁹

In the Company's final phase of evaluating bids, it will select a short list of bidders based on the scores assigned in the second stage of evaluation; the commercial reasonableness of the bids; the risk associated with project viability of the bids; the extent of economic benefit to the state of Rhode Island; and the level of diversity of resources involved in the project. Once bidders are chosen, the process of negotiating purchase power agreements ("PPAs") would begin. The entire solicitation process from the issuance of the RFP to the execution of the PPAs and subsequent filing with the Commission is laid out in the Company's RFP including the

⁷ RFP, § 2.3.2.1, p. 12

⁸ Id., § 2.3.2, p. 11-12.

⁹ Id., § 2.3.2, p. 12; Also, National Grid's letter to the Commission dated March 1, 2010, pgs. 2-3.

timing of each step of the process.¹⁰ In general, the Company's proposal would give bidders 35 days from the issuance of the RFP to submit proposals. The Company would have 75 days to evaluate bids and 120 days to negotiate and execute contracts. The Company would file a final report with the Commission within thirty days of the execution of PPA(s), detailing the results of the solicitation process.¹¹ If no PPA results from the solicitation process, the Company would nonetheless file its report with the Commission explaining the results of the process.

III. Constellation's Comments

On April 19, 2010 Constellation Energy Commodities Group, Inc. and Constellation NewEnergy, Inc., collectively known as Constellation, filed comments with the Commission addressing various aspects of National Grid's Long-Term Contracting Plan. First, Constellation expressed concern that National Grid's RFP does not allow for REC only bids from behind-the-meter solar projects. This concern was ultimately addressed when National Grid filed its revised RFP on May 24, 2010 incorporating Constellation's suggestion and allowing for REC only bids.¹²

Chief among Constellation's concerns was the application of the commercial reasonableness test to solar PV bidders. In particular Constellation argued that the separate statutory requirement for solar projects (3 MW of the 90 MW must be solar) calls for a separate test for determining the commercial reasonableness of these projects which are generally smaller in scale than other renewable projects and often occur as behind the meter installations. Constellation was concerned that certain aspects of the RFP were onerous or disadvantageous to solar photovoltaic (PV) systems. Citing the RFP requirement that bidders provide detailed information about the location, technology and interconnection of the prospective resource,

¹⁰ RPF § 3.1.

¹¹ Letter of National Grid to the Commission dated March 1, 2010, p. 3.

¹² RFP, § 2.2.2.3 Eligible Products.

Constellation argued that this prerequisite was unfair to smaller scale on-site projects requiring no connection to the grid, claiming it would likely serve to discourage solar bidders by requiring the expenditure of substantial resources prior to submitting a bid.

Constellation suggested some revisions to the RFP such as a specific time frame for construction and operational dates and separate security requirements for solar projects. Constellation recommended that projects be operational within 1.5 years from the contract execution date; that security requirements be “appropriately adjusted” for behind the meter solar projects selling RECs only; and that no security requirement should apply to the sale of energy and capacity¹³. Finally, in order to promote more diversity among bidders and to encourage behind the meter solar installations, Constellation recommended that the minimum contract size of 1 MW established in the RFP be revised to 500 KW.

IV. The Division’s Comments

On April 30, 2010, Richard S. Hahn on behalf of the Division of Public Utilities and Carriers (“The Division”) filed comments with the Commission in response to both National Grid’s Long-Term Contracting Plan and Constellation’s comments. Mr. Hahn expressed approval of the Company’s Long-Term Contracting Plan; however, he agreed with Constellation’s recommendations with regard to the commercial reasonableness test and the minimum contract size for solar projects, and felt that these revisions should be incorporated into the RFP¹⁴. Mr. Hahn argued that since solar projects are the most expensive renewable energy technology, it is unlikely that the Company would be able to fulfill the statutory 3 MW solar requirement using the commercial reasonableness standard established in R.I.G.L. § 39-26.1-2(1). In light of this unique characteristic of solar projects, Mr. Hahn argued that it would be

¹³ Comments of Constellation Energy Commodities Group, Inc. and Constellation NewEnergy, Inc., p.5.

¹⁴ Division Ex.1, p.1.

more appropriate to evaluate solar bids against other solar bids¹⁵. Mr. Hahn also mirrored Constellation's concern that decreasing the minimum contract size designated in the RFP the Company would encourage more solar bids. Mr. Hahn felt that adjusting the minimum contract size from 1MW to 250 KW, instead of 500 KW as recommended by Constellation, would go farther to encourage more solar bids¹⁶.

Although in favor of National Grid's RFP in terms of its compliance with Rhode Island General Laws and Commission regulations, Mr. Hahn disagreed with certain aspects of the RFP and recommended revisions, in addition to those mentioned above, which he felt would improve various aspects of the solicitation process. Among Mr. Hahn's concerns were the inclusion in the RFP of REC only bids, provision of forecasted market prices in advance of the bid due date and the time period for the Division to review bids. Mr. Hahn did not support the Company's allowance of REC-only bids, arguing that they would pose a problem for the Company in evaluating these types of bids against bundled products¹⁷. Mr. Hahn also recommended that if the Company were to provide the forecasted market prices used its evaluation process in advance of the bid submission due date, this information would assist in yielding an "orderly review" of the bids¹⁸. Mr. Hahn also felt that the RFP timeline should be revised to clarify the time given to the Division to review bids. As currently drafted, the RFP states that the Company reviews bids with the Division 5 days after the submission due date.¹⁹ This language, according to Mr. Hahn, implies that the Division must complete its review of the selected bids within 5 days. Mr. Hahn recommended a revision to the RFP clarifying that the Company would provide copies of the

¹⁵ Id., p.2.

¹⁶ Id., p.2.

¹⁷ Id., p.2.

¹⁸ Id., p.3.

¹⁹ RFP, p. 14, §3.1.

proposals within 5 days of receiving of the proposals, but that the Division would have 30 days within which to complete its review of the proposals.²⁰

Mr. Hahn did not oppose the Company's requirement that bidders provide documentation of site control, claiming that a letter of intent requires only "minimum effort" and would not be unduly burdensome to solar bidders²¹. He noted that the RFP did not contain specific details about how the Company would determine which proposals were commercially reasonable or how it would "quantify" the risks or diversity of resource associated with proposed projects. Mr. Hahn recommended revising the RFP to state that the Company would reject proposals received after the submission due date. Finally, Mr. Hahn felt the RFP should clarify whether a proposal could be submitted without first submitting a notice of intent or attending a bidders conference and also that bids would not be entertained.

V. National Grid's Reply Comments

On May 17, 2010, National Grid filed Reply Comments²² with the Commission addressing each of the issues raised by the Division and Constellation. The Company was agreeable to most of the recommendations raised by the parties, and on May 24, 2010, in response to a Commission Data Request²³, the Company submitted a second revised RFP with the Commission incorporating two of the parties' recommendations. In the revised RFP, the Company adopted Constellation's recommendation of allowing REC-only bids and reduced the minimum contract size for solar bidders to 500 kW.²⁴

In response to the issue of how to appropriately determine the commercial reasonableness of solar bids, the Company contended that a solar-to-solar comparison should only be part of

²⁰ Division Ex.1, p.3.

²¹ Id., p.2.

²² National Grid Exhibit 2.

²³ Commission Data Request 1-3.

²⁴ National Grid Exhibit 2, pgs. 4-5.

such a determination. While a comparison to other solar projects would be helpful in determining whether the basic statutory requirement of commercial reasonableness has been met, the Company stated that looking at solar bids in terms of other solar bids only, without regard for how these types of projects stack up against other renewable resources, would be to evaluate them in a “reality vacuum”, thus compromising the bidding process. The most appropriate test for commercial reasonableness of solar projects, according to the Company, would include both a comparison to other solar projects and also a comparison to other renewable energy projects as well. The Company was agreeable to most of the other recommendations proposed by the Division and Constellation in their respective Comments which was addressed in further detail at the hearing.

VI. Hearing

Following public notice, a public hearing was held at the Commission’s offices located at 89 Jefferson Boulevard, Warwick, Rhode Island on June 1, 2010 for the purpose of hearing evidence and cross-examining witnesses. The following appearances were entered:

FOR NATIONAL GRID:	Thomas Teehan, Esq.
FOR CONSTELLATION:	Michael R. McElroy, Esq.
FOR THE DIVISION:	Leo Wold, Esq. Assistance Attorney General
FOR THE COMMISSION:	Cynthia G. Wilson-Frias, Esq. Senior Legal Counsel Amy K. D’Alessandro, Esq. Legal Counsel

At the outset of the hearing, counsel for Constellation, Mr. Daniel Allegretti, addressed the Commission with opening remarks concerning National Grid’s revised RFP submitted in

response to a commission data request²⁵. Mr. McElroy took issue with the introductory section of the RFP which claimed that the Company was proceeding voluntarily with the RFP despite having already complied with the LTC Statute in signing a contract with a landfill gas facility just prior to the hearing. The contract, signed pursuant to recently enacted legislation, effective May 20, 2010, was with Rhode Island LFG Genco, LLC for 27.3 MW of contract capacity. National Grid contended that by signing this contract, it had fulfilled the statutory mandate contained in R.I.G.L. 39-26.1-3(c)(2) of 22.5 MW for the 2010 calendar year. Mr. McElroy argued that this contention essentially nullified the “solar set aside” contained in R.I.G.L. 39-26.1-2(7) which requires the Company to enter into contract(s) for .75 MW of solar photovoltaic capacity by December 30, 2010 and every year thereafter until 2013. Mr. Allegretti further remarked that National Grid’s intent to determine the commercial reasonableness of solar bids by comparing them to other renewable energy sources would also render the 3 MW solar requirement null and void. According to Mr. Allegretti, “you wouldn’t need a solar set aside if solar was going to be evaluated against all other renewables”,²⁶ and the only way to comply with the LTC Statute and achieve the 3 MW solar requirement is to evaluate solar bids against other solar bids. In response to this argument, Mr. Teehan maintained that the LTC requires the Company to engage in 90 MW of renewable energy contracts, 3 MW of which must be solar, over the course of four years and not in any one given year.

Madison Milhous testified on behalf of National Grid regarding the RPF revisions made by the Company in response to various comments received by the parties. He testified that the minimum contracts size for solar bids had been reduced to 500 MW and that a provision had been added to allow the Company to consider REC only bids. On the subject of evaluating solar

²⁵ National Grid’s Response to Commission Data Request 1-3 filed May 28, 2010.

²⁶ Transcript of June 1, 2010 Hearing, p. 12.

bids, Mr. Milhous explained that the Company would be willing to use a two step evaluation which would include a “threshold” solar to solar comparison but would also include a comparison to other renewable resources. Mr. Milhous responded to certain RFP revisions recommended by Constellation and the Division in comments previously filed with the Commission-- that the RFP be clarified to give the Division 30 days to review contracts submitted by the Company; that failure to attend a bidders conference would not disqualify potential bidders from filing a notice of intent to bid; and that a 1.5 year in-service requirement be established for solar projects. Mr. Milhous testified that the Company was agreeable to all of the foregoing recommendations.

The testimony of Mr. Hahn and Mr. Allegretti was consistent with their respective pre-filed comments. Mr. Hahn recommended the minimum contract capacity for solar photovoltaic projects be reduced to 250 kW in order to pave the way for more solar bids. He responded to questioning from the Commission about how precisely to determine whether a project is an economic benefit to the state²⁷ and also to what extent REC-only bids would encourage renewable energy projects.²⁸ Mr. Allegretti reiterated Constellation’s position that in order for the Company to fulfill the statutory requirement for the Company to achieve 3 MW of long-term solar contracts, the Company would have to evaluate solar bids against other solar bids only, and not against the full range of renewable energy bids.²⁹ He also disagreed with the Company’s consideration of lost distribution revenues when evaluating bids associated with net metering claiming that lost distribution revenues should be considered separate and apart from the bidding process.³⁰

²⁷ Examination by Commissioner Roberti, Transcript of June 1, 2010 Hearing, pgs. 123-125.

²⁸ Examination by Nicholas Ucci, Id., pgs. 111-113.

²⁹ Transcript of June 1, 2010 Hearing, pgs. 138-139.

³⁰ Id. pgs. 139-140.

VII. Post-Hearing Briefs

Constellation's post-hearing brief, filed June 10, 2010, focused on two issues: 1) whether the long-term contracting statute requires the Company to enter into solar contracts before December 31, 2010 and each of the following 3 years and 2) whether the commercial reasonableness of solar contracts should be based on a comparison of solar contracts to other solar contracts or to other renewable projects in general. Mr. McElroy re-emphasized Constellation's position that the plain language of the Long-term Contracting Statute requires the Company to enter into solar contracts each year from 2010 to 2013. Reading the renewable contract standard established in R.I.G.L. §39-26.1-3(c)(2) together with the statutory definition of minimum long-term contract capacity (R.I.G.L. §39-26.1-2(7)), Mr. McElroy argued that both solar PV and potentially non-solar PV contracts must be solicited before December 30 each year from 2010 to 2013.³¹ Mr. McElroy focused in particular on the definition of minimum long-term contract capacity located in the LTC Statute which is "90 megawatts of which three (3) megawatts must be solar PV projects located in the State of Rhode Island".³²

Building on his argument that a separate solar requirement is written into the LTC Statute, Mr. McElroy next claimed that in order to effectively carry out this solar requirement, the commercial reasonableness of solar contracts must be based on a so-called "solar to solar" comparison. Operating on the widespread assumption that solar contracts are more expensive than other renewable resources, Mr. McElroy contended that the only way to ensure compliance with the 3 MW solar mandate is to compare solar contracts against other solar contracts. To do otherwise, he argued, would defeat the purpose of the statute.

³¹ Post-Hearing Brief of Intervenors Constellation Energy Commodities Group, Inc. and Constellation NewEnergy, Inc., pgs. 5-6.

³² Id. at p. 6; see also R.I.G.L. §39-26.1-2(7).

The Division reiterated the argument posed by Constellation in favor of solar to solar comparisons, claiming that the high cost of solar contracts relative to other forms of renewable energy would lead to “an outright rejection of all solar ...contracts” thus rendering compliance with the LTC Statute virtually impossible.³³ Regarding minimum long-term contract capacity, the Division agreed with Constellation arguing that the Company’s interpretation of the LTC Statute, allowing the Company to select the quantity of renewable contracts to execute in any given year and to defer the 3 MW until 2013 would render the timetable established in R.I.G.L. §39-26.1-3(c)(2) meaningless.³⁴ The Division argued the plain meaning of the statute necessitated a phased schedule whereby the Company is required to purchase 25% of the 3 MW or .75 MW of solar contracts each of the four years from 2010 to 2013.³⁵

Counsel for National Grid³⁶ urged the Commission that adoption of Constellation’s argument in favor of a solar to solar comparison would in effect give special treatment to solar contracts, a result he stated was not authorized by statute, would lead to a watering down of the competitive bidding process, higher bids and potentially higher rates to customers.³⁷ Citing the definition of commercially reasonable set forth in R.I.G.L. § 39-26.1-3, Counsel pointed out that no exception for solar contracts is contained in this statute, and solar contracts must therefore be held to the same commercially reasonable standard as all other renewable resources.

Regarding the solar capacity requirement, counsel for National Grid interpreted the LTC Statute to require an *aggregate* long-term contract capacity of 90 MW (including 3 MW of solar) over the course of the four year period from 2010 – 2013 and contended that Constellation’s

³³ June 15, 2010 letter from Division counsel, Leo J. Wold, to R.I. Public Utilities Commission, p. 2, quoting Constellation’s Post-Hearing Brief (p. 7).

³⁴ Id., p. 3.

³⁵ Id., p.3.

³⁶ Celia B. O’Brien and Thomas R. Teehan, Attorneys for National Grid.

³⁷ Post-Hearing Brief of the Narragansett Electric Company D/B/A National Grid Regarding Long-Term Contracting For Renewable Energy, p.2.

interpretation of the LTC Statute, requiring the Company to acquire .75 MW of solar in 2010 (and each year until 2013) in addition to the 27.3 MW already under contract with Ridgewood, contravened the express language of R.I.G.L. §39-26.1-3(c)(2) which caps the Company's renewable requirement at 25% of minimum long-term contract capacity, or 22.5 MW (.25 of 90 MW = 22.5 MW).³⁸

Finally, counsel provided the Company's reasoning behind requesting usage data for REC-only contract bids using net metering. As counsel explained, in order for the Company to assess the total cost of these projects and to get a true or "apples-to-apples" comparison of these projects to other renewable generation projects, it was necessary to consider the subsidy allowed pursuant to R.I.G.L. §39-26.1-6(h) for the distribution component of renewable generation credits from net metering.³⁹

In addition to its post-hearing brief, the Company on June 10, 2010 filed its response to a record request posed by the Commission at the June 1 hearing. The twofold request was whether §2.2.3.2 of the RFP should contain fixed dates (as opposed to a designated time period) for the reasonable project schedule and whether the project schedule should be determined based on the particular type of technology involved. The Company opined that the reasonable project schedule should in fact be defined as a specified period of time, rather than fixed dates, and that it should also be technology based. Specifically, for the close of construction financing and commencement of construction, the Company proposed a period of 2 years, and for commercial operation, 5 years, with an exception for solar projects, which would be required to be in commercial operation within 24 months.

VIII. Commission Findings

³⁸Id., pg. 1 and pgs. 3-4.

³⁹Id. at pgs. 5-6.

At open meeting on June 17, 2010, the Commission approved National Grid's Long-Term Contracting Procurement Plan filed on March 1, 2010 and revised on May 28 and June 10, 2010, with a few notable exceptions, finding it complied with the terms and provisions of Chapter 26.1, Title 39 of the Rhode Island General Laws and the Commission's Rules and Regulations Governing Standards for Renewable Energy ("RES Rules"). The Commission notes that the RFP revisions National Grid made subsequent to the initial filing on March 1, allowing for REC-only bids and reducing the minimum solar contract capacity to 500 kW, were positive steps toward promoting competition and improving the overall bidding process. The Commission finds that inclusion of REC-only bids to the RFP will help pave the way for the entrance of smaller renewable projects to the market and is therefore consistent with the states policy of promoting renewable energy. In order to ensure integrity of the ratemaking process, however, the Commission agrees that the Company should be entitled to usage data associated with net metering customers in order to assess net metering credits attributable to those customers. Similarly, the Commission finds that reducing the minimum contract size will help to promote renewable energy by allowing for more diversity in the renewable energy market. While the Company's reduction in minimum contract size to 500 kW is a commendable effort toward serving this policy, a further reduction to 250 kW would promote even more diversity in the market and further development of the renewable energy sector.

The Commission considered the evidence presented by each of the parties on the issue of whether or not the Long-Term Contracting Statute requires the Company to enter into a ratable portion of the 3 MW solar capacity requirement, or .75 MW, by December 30, 2010. The Commission finds that the Company cannot be required to enter into solar contracts in 2010. The phased in schedule established in R.I.G.L. § 39-26.1-3(c)(2) provides a clear limit on the

long-term contract capacity required by the electric distribution company. Pursuant to this statute, the Company cannot be required to enter into more than 25% of the minimum long-term contract capacity, or 22.5 MW, by R.I.G.L. December 30, 2010⁴⁰. The Commission is mindful of the statutory requirement contained in R.I.G.L. § 39-26.1-2(7) that the Company acquire 3 MW of solar capacity but finds that it is not necessarily required to do so before December 30, 2010. Although the long-term contracting statute requires a limit of 22.5 MW prior to December 30, 2010, it is not clear from the general laws, and in particular §39-26.1-2(7) and §39-26.1-3(c)(2), *when* the Company is required to enter into 3 MW of solar, especially where the Company has already exceeded the 25% of long-term capacity with the execution of the Ridgewood contract. Since the Company has already exceeded the 25% cap for long-term contract capacity, to compel the Company to fulfill a portion of the 3 MW of solar capacity in 2010, as suggested by some of the parties in this case, would violate the express terms of the long-term contracting limit established in 39-26.1-3(c)(2), a step the Commission is not inclined to take. Commissioner Roberti dissented from the majority opinion, finding that the LTC Statute could be interpreted to require the Company to enter into .75 MW of solar capacity by the end of this year, and each successive year until 2013, to meet the cumulative 3 MW requirement.

The issue of whether the commercial reasonableness of solar projects should be determined based on a comparison to other solar projects or to other renewable sources was deferred until such time as a solar contract is before the Commission for review.

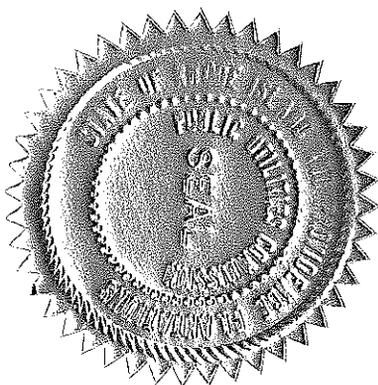
Accordingly, it is hereby

(20215) ORDERED:

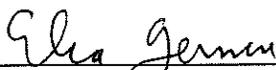
⁴⁰ R.I.G.L. 39-26.1-3(c)(2).

1. Narragansett Electric Company d/b/a National Grid's Long-Term Contracting Plan filed on March 1, 2010 and revised on May 28, 2010 and June 10, 2010 is approved except that the Company shall incorporate the Commission's findings, as set forth above, into its Long-Term Contracting Plan. To wit, Narragansett Electric Company d/b/a National Grid's Long-Term Contracting Plan shall include the following provision:
 - a. The minimum size of solar projects eligible to submit bids in response to the Company's Request for Proposals For Long-Term Contracts For Renewable Energy Projects shall be 250 kW.
2. Narragansett Electric Company d/b/a National Grid Long-Term Contracting Plan, and more specifically its Request For Proposals For Long-Term Contracts For Renewable Energy Projects, shall clearly reflect the provisions contained in this Order.
3. Narragansett Electric Company d/b/a National Grid shall comply with all other findings and instructions contained herein.

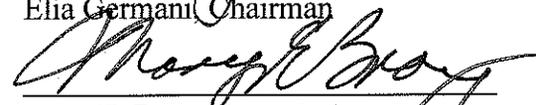
EFFECTIVE AT WARWICK, RHODE ISLAND ON JUNE 17, 2010 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED DECEMBER 1, 2010.



PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman



Mary E. Bray, Commissioner



*Paul J. Roberti, Commissioner

*Commissioner Roberti dissented from the majority, finding that the LTC Statute could be interpreted to require the Company to enter into .75MW of solar capacity annually from 2010 to 2013.