

September 14, 2011

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Tariff Advice Filing for Approval of Net Metering Provision and to  
Amend R.I.P.U.C. No. 2035, Qualifying Facilities Power Purchase Rate  
Docket No. 4268**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's responses to the Division's First Set of Data Requests issued on August 11, 2011, concerning the above-captioned proceeding.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4268 Service List  
Steve Scialabba  
Jon Hagopian, Esq.

## Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate has been electronically transmitted, sent via U.S. mail or hand-delivered to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

September 14, 2011  
Date

**Docket No. 4268– National Grid Electric – Tariff Advice Filing for Approval of Net Metering Provision and to Amend R.I.P.U.C. No. 2035, QF Power Purchase Rate - Service List as of 8/15/11**

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<b>File an original &amp; 10 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	<a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>	401-780-2107 401-941-1691
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Division 1-1

Request:

In the proposed Net Metering Provision tariff, Section I. Definitions, “Excess Renewable Net Metering Credit,” it states “The Company has the option to use the energy received from such excess generation to serve the Standard Offer Service load.” Is this presently permissible under the existing standard offer contracts with the various standard offer suppliers?

Response:

No, it is not permissible under the existing standard offer contracts to assign this excess energy to standard offer suppliers. The Company’s approved SOS procurement plan for 2012 does not provide for utilizing energy received from net metered facilities and other renewable qualifying facilities to serve SOS customers.

Starting January 1, 2012, the Company will purchase 90% of the SOS load for residential and commercial customers through full requirements service (“FRS”) contracts. The remaining 10% of the load will be procured through ISO-NE spot market purchases. If the Company were to exercise the option of using the energy received from net metered facilities and other renewable qualifying facilities to serve SOS load, the Company would incorporate this excess energy from the renewable facilities into the 10% spot market purchases for the residential and commercial customers. Because the excess energy produced by the existing net metered and renewable qualifying facilities is presently a relatively small percentage of SOS load, the Company believes that this is the most efficient way of incorporating the energy from these facilities into the SOS supply portfolio.

Hence, the Company recommends using the excess energy in the SOS supply portfolio through its ISO-NE spot market purchases. However, the Company notes that this would require a revision to the SOS procurement plan approved for 2012.

Division 1-2

Request:

If the answer to 1-2 is in the affirmative, does National Grid intend to exercise the option to use the renewable energy to serve the Standard Offer load?

Response:

The Company assumes that this request is intended to refer to Division 1-1.

Yes. If the Commission approves the proposed Net Metering Provision and proposed Qualifying Facilities Power Purchase tariff, the Company intends to file modifications to the Standard Offer Service procurement plan for 2012 to allow the Company to utilize energy received from net metered customers and other renewable qualifying facilities to serve SOS load. The Company will consult with the Division prior to submitting this filing.

Prepared by or under the supervision of: Margaret M. Janzen

Division 1-3

Request:

If the answer to 1-2 is in the negative, does National Grid intend to seek to amend its current Standard Offer supply contracts to permit exercising the option to use the renewable power for the Standard Offer customer load?

Response:

The Company assumes that this request is intended to refer to Division 1-1

No, National Grid does not intend to seek to amend its current Standard Offer supply contracts at this time. As explained in the response to Division 1-1, the Company intends to utilize the excess generation as part of its spot market purchases.

Prepared by or under the supervision of: Margaret M. Janzen

Division 1-4

Request:

If National Grid does not use the renewable energy it purchases through the Excess Renewable Net Metering Credit to displace the energy it otherwise would procure through its Standard Offer supply contracts, are Standard Offer customers effectively paying twice for the excess power produced by the Eligible Net Metering System, i.e. are they paying the Standard Offer cost rate to both the contractual Standard Offer supplier(s) as well as to the Eligible Net Metering System for the associated amount of excess energy?

Response:

No, Standard Offer customers would not pay twice for the excess power if the Company does not use it within the SO supply portfolio. In that case, the Company would receive payments from ISO-NE for the excess energy generated by those net metered facilities that are registered with the ISO as settlement-only generators. These ISO-NE payments would then be used to offset the costs of the net metered credits paid to eligible facilities. Therefore, Standard Offer customers only pay the difference between the Standard Offer Service rate paid to the net metered customer and the payments received from ISO-NE.

Prepared by or under the supervision of: Margaret M. Janzen

Division 1-5

Request:

In section III, Item 3 of proposed tariff R.I.P.U.C 2075, Eligible Net Metering Systems are exempted from back up service rates. Please provide an estimate of the lost back up service revenue assuming the total net metering allowance under current law, 3% of peak load, was eligible for this exemption. Please base your response on the proposed settled back up rate before the Commission in Docket 4232.

Response:

Assuming the installation of approximately 50 MW of renewable generation associated with customers that would be eligible to receive service under backup service rates absent the exemption in the new law, the Company estimates that the lost backup service revenue could be approximately \$175,000 to \$350,000 depending upon the customer's retail delivery service rate class. This estimate is based upon the proposed backup service rates currently pending approval before the Commission.

Prepared by or under the supervision of: Jeanne A. Lloyd

Division 1-6

Request:

Regarding Section IV, Item 1 of proposed tariff R.I.P.U.C 2075, Cost Recovery:

- a. Please describe what types of costs the Company believes would qualify for recovery under the net metering law.
- b. To the extent these types of costs have already been provided for in the company's base rates and are therefore already included in the distribution rate, would not the inclusion of these costs in a surcharge constitute double recovery of those costs?
- c. Under current tariff R.I.P.U.C No. 2035 Section III.B. 5 and pursuant to the general laws, the Company has had the right to recover any reasonable and prudent costs incurred to achieve compliance with RIGL 39-26-6(g). Has the Company recovered any costs under this provision of tariff No. 2035 via a surcharge? If so, please identify these costs and in what docket recovery of costs were approved.

Response:

- a. In addition to the renewable generation credits and excess renewable generation credits paid to eligible net metered facilities pursuant to Section III of the proposed Net Metering Provision, the Company believes that the costs of modifications to the billing, metering and data collections systems to implement changes to the net metering laws, as well as ongoing administrative costs associated with application of net metered credits to customer bills are examples of costs that would qualify for recovery under the net metering law. The Company notes that, since the enactment of the net metering provisions contained in the Renewable Energy Standard in 2007, and the subsequent revisions to the law in 2009, the Company has not sought recovery of the administrative costs associated with implementing and administering net metering credits.
- b. Costs associated with the administration of the net metering tariff that were captured in the revenue requirement approved in the Company's last base rate case (Docket No. 4065) are already included in base rates. To the extent that the Company is or will be incurring costs that represent activities that were not performed during the rate case test year and, therefore, are not included in the rate year revenue requirement nor recovered through current base rates, the recovery of these costs through a surcharge would not constitute double recovery.



Division 1-6 (continued)

- c. Yes, the Company is currently recovering \$79,256 under this provision via a surcharge of \$0.00001 per kWh applicable to all customers. This surcharge was approved in Docket No. 4226 and is designed to collect the distribution portion of renewable generation credits paid to customers during 2008, 2009 and 2010. In addition the company recovers the standard offer, transmission, and transition portions of the net metering credits through the respective reconciliation mechanisms designed to recover those costs.

Prepared by or under the supervision of: Jeanne A. Lloyd