nationalgrid

Thomas R Teehan
Senior Counsel - Rhode Island

September 23, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4268 - Tariff Advice Filing for Approval of Net Metering Provision and to Amend R.I.P.U.C. No. 2035, Qualifying Facilities Power Purchase Rate
Responses to Division's Data Requests (Set 2)

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's[1] responses to the Division's Second Set of Data Requests issued on September 6, 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.

[1] The Narragansett Electric Company d/b/a National Grid.

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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.

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Joanne M. Scanlon

September 23, 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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File an original & 10 copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	Lmassaro@puc.state.ri.us Cwilson@puc.state.ri.us Adalessandro@puc.state.ri.us Anault@puc.state.ri.us Dshah@puc.state.ri.us Nucci@puc.state.ri.us	401-780-2107 401-941-1691

Division 2-1

Request:

In the Company's proposed revision to the Qualifying Facilities Purchase Power Rate, R.I.P.U.C. No. 2074, the Company is modifying the payment rate to renewable QF's. Under the current tariff, No. 2035, the rates for all QF's (not meeting the net metering exemption) are rates "equal to the payments received by the Company for the sale of such qualifying facilities' output into the ISO-NE administered markets for the hours in which the qualifying facility generated electricity in excess of its requirement." Under the proposed QF tariff, the Company is establishing two different categories of payments for those QF's not eligible for the proposed Net Metering Provision (Tariff No. 2075). One proposed payment rate category is essentially the same as the current QF payment rate, i.e. the ISO hourly rate. The other proposed payment rate, for those facilities meeting certain definitional requirements, is the standard offer rate.

a) The tariff filing cover letter describes the proposed tariff changes as necessary to implement the provisions of the net Metering Act and the Renewable Energy standard, enacted on June 29, 2011. Please describe the basis in the new statutes for the requirement to establish the additional payment rate for QF's (the standard offer rate) not eligible under the proposed Net Metering Provision.

b) As the statute declares that the Company's avoided cost rate is the standard offer service charge for the rate class, what is the basis to establish two distinct avoided cost rates, as the proposed tariff appear to do?

c) Please provide an example or description of a QF that would be paid the ISO hourly rate pursuant to the proposed tariff 2074.

d) Please provide an example or description of a renewable QF that would be paid the standard offer rate pursuant to the proposed tariff 2074 and explain the circumstances under which a renewable QF would not qualify for the net metering provision under Tariff No. 2075.

Division 2-1

Response:

a. Section 39-26.2-2(4) of the Net Metering Act declares that the electric distribution company's avoided cost rate is the Standard Offer Service rate. It is the Company's opinion that the language in this section is intended to apply to all generating facilities that meet the definition of a renewable facility as defined in R.I.G.L. § 39-26-5 regardless of whether or not the facility is eligible for net metering. Therefore, the Company has revised the Qualifying Facilities Purchase Power Rate, R.I.P.U.C. No. 2074 to indicate that renewable qualifying facilities ("QFs") will be paid the Standard Offer Service rate for excess generation.

b. As indicated in part a, the Company has interpreted the language in R.I.G.L. § 39-26.2-2(4) to mean that all generating facilities that meet the definition of a renewable facility as defined in R.I.G.L. § 39-26-5, regardless of whether or not the facility is eligible for net metering, should be paid an avoided cost rate equal to the Standard Offer Service rate for excess generation. For non-renewable QFs, the statute is silent as to their payment, and therefore, the Company proposes to continue to pay non-renewable QFs the hourly clearing price at the ISO.

c. An example of a QF that would be paid the hourly clearing price at the ISO-NE would be a customer-owned non-renewable generating facility that does not meet the definition of a renewable facility under R.I.G.L. §39-26-5, e.g. a combined heat and power (CHP) project.

d. An example would be a customer who proposes or currently operates a renewable generating facility that exceeds 100% of the three-year average on-site electric usage. In that situation, the renewable generating facility would not be eligible for net-metering treatment and would be paid the standard offer rate.

Prepared by or under the supervision of:
Tim Roughan / Legal Department

Division 2-2

Request:

The Net Metering Act at 39-26.2-2(4) gives the Company the option to use excess generation from eligible net metering systems to serve the standard offer load. Is this also applicable to energy received from QF's not eligible for net metering under the Net Metering Provision, both renewable and non-renewable, as defined under 39-26-5?

Response:

The Net Metering Act ("Act") does not address the disposition of energy related to qualifying facilities that are not eligible to receive net metering credits. The Company procures commodity supply on behalf of Standard Offer Service ("SOS") customers pursuant to the provisions of R.I.G.L. 39-1-27.8. This statue requires the Company to submit a proposed supply procurement plan annually by March 1. All components of the procurement plan are subject to Commission review and approval. Once a procurement plan is approved by the Commission, the Company is authorized to acquire standard offer service supply consistent with the approved procurement plan and recover its costs incurred from providing SOS pursuant to the approved procurement plan. The statute also allows for periodic review and modification of the plan should there be changes in market conditions. The Company is not required nor prohibited by this statute or any other from utilizing the excess energy from qualifying facilities to serve SOS load. However, the provisions of the approved SOS procurement plan for 2012 do not discuss the utilization of qualifying facilities energy purchases to serve SOS load. Therefore, if the Commission approves the proposed Net Metering Provision (R.I.P.U.C. No. 2075) and proposed Qualifying Facilities Power Purchase tariff (R.I.P.U.C. No. 2074), the Company is considering filing modifications to the SOS procurement plan for 2012 to allow the Company to utilize energy received from both net metered customers and other renewable qualifying facilities to serve SOS load. The Company does not interpret the language in the Act to apply to non-renewable QFs and will not be utilizing energy received from these sources to meet the SOS procurement plan for 2012.

Prepared by or under the supervision of:
Margaret Janzen / Legal Department

Division 2-3

Request:

Do payments to QF's at the hourly ISO rate effectively have no financial impact on National Grid's other customers, as the payments to the QF and the revenue received from the ISO are equivalent?

Response:

Yes.

Prepared by or under the supervision of:
Tim Roughan / Margaret Janzen

Division 2-4

Request:

Will payments made to QF's at the standard offer rate result in additional costs charged (or gains credited) to National Grid's customers, based on the relationship of the ISO hourly prices to the standard offer rate?

Response:

Yes. The additional cost or credit to all residential and small commercial Standard Offer customers would be the difference between the payments made to qualifying facilities at the Standard Offer Service rate and the average hourly real time ISO-NE clearing price in a given time period.

Prepared by or under the supervision of:
Margaret Janzen

Division 2-5

Request:

Under 39-26.2-3(1), "the maximum allowable capacity for eligible net metering systems, based on nameplate capacity, shall be five megawatts (5MW)." Please provide further clarity on the Company's understanding of that limitation. For example, would a "multi-municipal collaborative" co-owning a wind farm of six 1.5 MW turbines (for a total of 9MW) exceed the maximum allowable capacity, or is the cap applicable to the individual turbines?

Response:

The cap applies to a location specific project in the aggregate. In the example given, the total size exceeds 5 MWs, which exceeds the maximum allowable capacity, making it ineligible for net-metering treatment.

Prepared by or under the supervision of: Tim Roughan