Thomas R Teehan
Senior Counsel - Rhode Island

December 6, 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 Commission's Data Requests (Set 2)

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's[1] responses to the Commission's Second Set of Data Requests issued on November 16, 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.

_____ December 6, 2011

Joanne M. Scanlon 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

Commission 2-1

Request:

In her comments of November 15, 2011, Ms. Lutz, on behalf of People's Power & Light, suggested that customers may choose both net metering and distributed generation standard contracts for the excess generation.

Additionally, there was some discussion, but not necessarily clear resolution, at the Technical Record Session regarding the sizing of renewable energy systems for net metering eligibility.

R.I. Gen. Laws § 39-26.2-2(2) states: "'Eligible Net Metering System' means a facility generating electricity using an eligible net metering resource that is reasonably designed and sized to annually produce electricity in an amount that is equal to or less than the renewable self-generator's usage at the eligible net metering site…."

R.I. Gen. Laws § 39-26.2(12) states: "'Renewable Net Metering Credit' means a credit that applied to an Eligible Net Metering System up to one hundred percent (100%) of the renewable self-generator's usage at the Eligible Net Metering System Site over the applicable billing period…."

R.I. Gen. Laws § 39-26.2-6(g) states: "A distributed generation project that also is being employed by a customer for net metering purposes may submit an application to sell the excess output from its distributed generation project. In such case, however, at the election of the self-generator all of the renewable energy certificates and environmental attributes pertaining to the energy consumed on site may be sold to the electric distribution company on a month-to-month basis outside of the terms of the standard contract. In such case, the portion of the renewable energy certificates that pertain to the energy consumed on site during the net metering billing period shall be priced at the average market price of renewable energy certificates, which may be determined by using the price of renewable energy certificates purchased or sold by the electric distribution company."

Commission 2-1 (continued)

Request (continued):

Please respond to the following assuming that a customer with an annual usage of 1.0 MW is seeking to construct and install a 3.5 MW wind turbine.

a. Would the facility above qualify as an Eligible Net metering System under the definition contained in R.I. Gen. Laws § 39-26.2-2(2)?

b. If the answer to 1.b is yes, please explain how it is reasonably designed and sized to annually produce electricity in an amount that is equal to or less than the renewable self-generator's usage at the eligible net metering site.

c. If the answer to 1.b is no, please explain the circumstances under which R.I. Gen. Laws § 39-26.2-2(2) and R.I. Gen. Laws § 39-26.2-6(g) would work together.

Response:

a) For purposes of responding to this request, it is assumed that the 3.5 MW wind turbine has an estimated 25% capacity factor,[1] which would produce approximately 7,600,000 kWhs per year.

If the customer had a peak load of 1 MW, and an average load factor of 100%, the annual usage would be approximately 8,760,000 kWhs per year. In this scenario, the customer would qualify for net-metering.

If the customer had a peak load of 1 MW, and an average load factor of 50%, the annual usage would be approximately 4,380,000 kWhs. In this scenario, because the annual usage is lower than the expected amount of on-site generation, and assuming the customer did not already have a DG Standard Contract for 100% of the excess output pursuant to R.I. Gen. Laws § 39-26.2-6(g), the customer would not qualify for net-metering.

[1] A capacity factor of 25% was used by Rhode Island Office of Energy Resources in determining proposed ceiling prices for the wind class in the 2011 enrollment.

Commission 2-1 (continued)

Response (continued):

b) Please refer to the first scenario set forth in the response to (a) above which qualifies for net metering because the on-site usage is larger than the on-site generation. A simple comparison of the customer's three (3) year average electric on-site usage from past electric billings to the estimated amount of energy generated by a proposed on-site generator is all that is required to determine eligibility. The customer would also have to provide a credible estimate of annual generation, as required in the DG Standard Contract Enrollment Application for example.

c) The DG Standard Contract Act ("Act") establishes ceiling prices and standard contracts for electrical generation facilities that have neither begun operation nor have the developers implemented investment or lending agreements necessary to finance construction of the project. Consistent with this approach, the Act provides that ceiling prices should be sufficient to allow a private owner to invest in a given project at a reasonable rate of return. Under R.I.G.L. § 39-26.2-6(g), a developer can submit an application for a DG Standard Contract, which would apply to a facility that is intended by the customer to be employed for net metering purposes and to sell the excess output from its distributed generation project pursuant to the standard contract provisions. Under that provision, the total excess output of the on-site generator would be the subject of a DG Standard Contract, assuming that the applicant is awarded a DG Standard Contract in one of the enrollments.[2] The customer could employ the proposed facility's output to offset on-site usage. In this case, the Company believes that the most administratively reasonable method to accomplish this approach would be to determine, during the applicable billing period, the excess generation beyond the on-site consumption to which DG Standard Contract prices will apply.

Prepared by or under the supervision of: Madison Milhous, Jr.

[2] The applicable class and ceiling price would be based on the total nameplate rating of the project.