

October 14, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4277 - Distributed Generation Enrollment and Enrollment Process Rules Responses to Commission Data Requests (Set 1)

Dear Ms. Massaro:

Enclosed are National Grid's¹ responses to the Commission's First Set of Data Requests issued on October 11, 2011 in the above-referenced proceeding.

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

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Steve Scialabba
Leo Wold, Esq.

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

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

October 14, 2011

Date

**Docket No. 4277 – National Grid – Distributed Generation Enrollment
Application & Enrollment Process Rules - Service List as of 9/20/11**

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Commission 1-1

Request:

Please explain, in layman's terms, the purpose of Section 2.8 of the Company's proposed DG Enrollment Process Rules ("Participation in ISO-NE Forward Capacity market") which appears on Page 6 of the Company's proposal.

Response:

The purpose of Section 2.8 was to briefly explain in the Enrollment Process Rules the anticipated handling of installed capacity in the Standard Contracts, to make sure applicants understand the requirement for Participation in the ISO-NE Forward Capacity Market.

Briefly explained, the concept for handling capacity as a part of the bundled price was developed to reconcile the requirement of the Long Term Contracting Standard for purchase of a bundled product (capacity, energy and RECs) with the structure of the ISO-NE Forward Capacity Market (FCM). ISO-NE purchases capacity, adequate to serve load (the installed capacity requirement) for all load serving entities, in a three-year forward market. ISO-NE charges these entities for this product, at the FCM auction clearing price, and for volumes commensurate with the load served.

In developing this contractual mechanism, National Grid determined that entry in the ISO-NE FCM was properly viewed as a generator responsibility. Hence, the contractual requirement is that the generator, as ISO-NE lead market participant, be responsible for qualification of the project in the FCM and maintenance of that qualification. The generator would then receive the capacity revenue, for the qualified capacity, at clearing prices determined from annual FCM auctions. To credit customers with the value of the capacity, this revenue would then be deducted from the bundled contract price in monthly settlements with the generator.

This contractual mechanism for dealing with capacity has been used in four renewable energy PPAs executed to date for projects ranging in size from 3.2 MW (Orbit Energy) to 234 MW (Cape Wind). The PPA for the 37.5 MW Noble Passadumkeag Windpark executed by Western Massachusetts Electric Company, and recently approved by the Massachusetts DPU, handles capacity in an exactly equivalent fashion.

In the deliberations of the Standard Contract Working Group, renewable energy developers, with support of the RI Office of Energy Resources and other stakeholders, objected to taking responsibility for participation in the FCM. In the interest of assuring the success of the enrollment process under the Distributed Generation Standard Contracts Act, National Grid has agreed to take the role of Project Sponsor in the FCM, and take the necessary steps to

Commission 1-1 (continued)

qualify Large DG projects in the FCM in the first qualification period after commercial operation is achieved. To support this effort, DG projects are required to provide data to National Grid promptly upon request. If such data is not provided, projects are subject to deductions for capacity revenue that might otherwise have been realized. National Grid has reserved the possibility of qualifying small DG projects for the FCM in the future.

National Grid is making this exception from its standard approach to capacity in PPAs executed under the Long Term Contracting Standard only for projects in the DG Enrollment.

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

Commission 1-2

Request:

Please state whether the Company agrees with the request made on behalf of People's Power & Light that the phrase "month to month basis" should be stricken from footnote 5 of Page 6 of the Company's proposed DG Enrollment Process Rules because RECs are sold on a quarterly basis.

Response:

The phrase "month to month basis" was taken directly from the Distributed Generation Standard Contracts Act Section 39-26.2-6 (g), therefore it would not be appropriate to change it.

National Grid would note that a reasonable interpretation of this phrase is that RECs are to be sold under short-term contracts, outside the terms of a Standard Contract, that might be in place for sale of the excess energy. This would arguably not need to be strictly on a monthly basis, if a longer interval made more sense commercially.

Prepared by or under the supervision of: Corinne M. Abrams

Commission 1-3

Request:

Please state whether the Company agrees with the requests made on behalf of People's Power & Light and the R.I. Renewable Energy Fund that references to "R.I. load zone" should be stricken from the Company's proposed DG Enrollment Process Rules and replaced with "electric distribution company's load zone".

Response:

National Grid agrees that it would be appropriate to refer to The Narragansett Electric Company ISO-NE load zone.

Prepared by or under the supervision of: Corinne M. Abrams

Commission 1-4

Request:

Section 2.6 of the Company's proposed DG Enrollment Process Rules entitled "Coordination with Annual Solicitations under the long-Term Contracting Standard" (Page 6) states that an Applicant submitting higher pricing than that submitted in a competitive solicitation under the Long-Term Contracting Standard must provide a fully documented explanation of the difference. Please cite the section number of the proposed DG Enrollment Application in Appendix A which reflects this requirement. If this requirement of providing a fully documented explanation of a difference in DG enrollment pricing and Long-Term Contracting bid is not included in the DG Enrollment Application (Appendix A), please state why it is not included.

Response:

Because this situation is not expected to be common, no specific notation was included in Section 3 of Appendix A. A revision will be added to Section 3 in a footnote to reflect this requirement.

Prepared by or under the supervision of: Corinne M. Abrams

Commission 1-5

Request:

Referring to Schedule 3 of the Company's proposed DG Enrollment Process Rules (Page 10), how will the Company determine whether a project provides direct and indirect employment benefits?

Response:

National Grid's consideration of economic benefits can only be based on information provided by the applicant.

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

Commission 1-6

Request:

Please state whether or not the Company agrees with the request made by the R.I. Renewable Energy Fund to remove the requirement that Applicants submit an interconnection application and feasibility study prior to enrollment. Please provide a detailed explanation as to why the Company agrees or disagrees.

Response:

Because interconnection feasibility is a key factor in evaluating projects, National Grid has made the interconnection application and the interconnection feasibility study a mandatory requirement in the enrollment application. In this case, the availability of an interconnection feasibility study works to support the Distributed Generation Standard Contracts Act.

In recognition of this linkage, and the critical timing involved in the 2011 enrollment process, National Grid asked the Rhode Island Office of Energy Resources to distribute the attached bulletin (identified as Attachment COMM 1-6) to renewable energy project developers. As the bulletin indicates, the interconnection feasibility study is available to applicants under the terms and fees set forth in the Distributed Generation Interconnection amendment.

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



September 26, 2011

Renewable Energy Project Developers Contemplating Submission of Distributed Generation Enrollment Applications in 2011

Pursuant to the provisions of the Rhode Island Distributed Generation Standard Contracts Act, following a four-year phased schedule, National Grid is required to procure 10 percent of the minimum long-term contract capacity under the long-term contracting standard for renewable energy in section 39-26.1-2. Under a single enrollment in 2011, the initial program year, National Grid must enter standard contracts for a minimum of 5 MW nameplate capacity.

Developers considering participation in the program should contact National Grid to begin the Interconnection process and obtain a "Feasibility Study" prior to enrollment. Because interconnection feasibility is a key factor in evaluating projects, this is a mandatory requirement of the enrollment process. The Feasibility Study is currently available from National Grid under the terms and fees set forth in an amendment to the Rhode Island General Laws entitled Distributed Generation Interconnection. Those terms and fees are in the process of being incorporated into National Grid's existing "Standards for Connecting Distributed Generation." For information regarding National Grid's pending Enrollment Process and Application, as filed with the Rhode Island Public Utilities Commission (PUC), see:

[http://www.ripuc.org/eventsactions/docket/4277-NGrid-DGEnrollmnt\(8-31-11\).pdf](http://www.ripuc.org/eventsactions/docket/4277-NGrid-DGEnrollmnt(8-31-11).pdf)

For information regarding National Grid's pending revised Standards for Connecting Distributed Generation as filed with the Rhode Island PUC see:

[http://www.ripuc.org/eventsactions/docket/4276-NGrid-DGTariff\(8-26-11\).pdf](http://www.ripuc.org/eventsactions/docket/4276-NGrid-DGTariff(8-26-11).pdf)

The Rhode Island PUC has established public comment periods for both of these filings.

Information regarding National Grid Interconnection of Generators in Rhode Island, including the application process, can be found at the following link:

https://www.nationalgridus.com/narragansett/business/energyeff/4_interconnect.asp

Commission 1-7

Request:

Would the Company be willing to amend Appendix A to address concerns expressed by the R.I. Renewable Energy Fund that the requirements contained therein may be overly burdensome for some projects, particularly small distributed generation projects?

Response:

Projects will be evaluated and ranked only within classes, e.g. small solar, large solar, wind. Thus projects in a given class will be compared only to other projects in that class, in that particular enrollment period. National Grid will use reasonable discretion when evaluating Small DG projects; it is not anticipated that Small DG projects would provide the level of detail expected for Large DG projects; however, some projects would be expected to demonstrate an advantage over others. The Act clearly envisions an evaluation process to make efficient use of the nameplate capacity allocated to each class, and to the 40 MW nameplate program as a whole. Large projects are to be selected based on the lowest price received. Further, as stated in Section 39-26.2-6 (d), " if there are more projects than what is specified for a class target at the same price, the electric distribution company shall review the applications submitted and select first those projects that appear to the furthest along in development and likely to be deployed." This information requested in Appendix A is required to make that determination and these directives in the statute are the basis for the scoring of the small projects on completion date, of the large projects on price, and of all projects on non-price factors. If an applicant does not provide a piece of information that is requested in Appendix A, aside from the threshold criteria, the application will still be considered and compared with other applications.

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

Commission 1-8

Request:

Would the Company be willing to amend Section 13 of Appendix A to establish separate economic benefits criteria for small distributed generation projects? If not, when evaluating projects for economic benefits to the state, will the Company take into consideration the size of the project when assessing economic benefits to ensure that larger projects will not automatically rank higher than smaller projects based on size alone?

Response:

See response to Commission 1-7.

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