

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 2)

Dear Ms. Massaro:

Enclosed are National Grid's¹ responses to the Commission's Second 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**

Name/Address	E-mail	Phone/FAX
Thomas R. Teehan, Esq. National Grid 280 Melrose St. Providence, RI 02907	Thomas.teehan@us.ngrid.com	401-784-7667 401-784-4321
	Joanne.scanlon@us.ngrid.com	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	Lwold@riag.ri.gov	401-222-2424 401-222-3016
	Sscialabba@ripuc.state.ri.us	
	Dstearns@ripuc.state.ri.us	
	Acontente@ripuc.state.ri.us	
	mcorey@riag.ri.gov	
	dmacrae@riag.ri.gov	
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	401-780-2107 401-941-1691
	Adalessandro@puc.state.ri.us	
	Anault@puc.state.ri.us	
	Dshah@puc.state.ri.us	
	Nucci@puc.state.ri.us	
Kenneth Payne, OER	Kenneth.Payne@energy.ri.gov	
Jerry Elmer, Esq., CLF	JElmer@clf.org	
Chris Kearns	ckearns@alterisinc.com	
Kristie Caltabiano, Tecta Solar	kcaltabiano@tectaaamerica.com	
Alan Shoer, Esq.	AShoer@apslaw.com	
Julian Dash, RIEDC	jdash@riedc.com	
Karina Lutz	karina@ripower.org	
Stephan Wollenberg	stephan@ripower.org	
Seth Handy, Esq.	seth@handylawllc.com	

Commission 2-1

Request:

Section 2.1 (Page 4) of the Company's proposed DG Enrollment Process Rules requires Applicants to indicate in writing whether they intend to proceed with their proposals within 5 business days of being notified, and to execute contracts within 2 business days of receipt from the Company. Schedule 1 of the proposed DG Enrollment Process Rules (Page 8) indicates a 30 day timeline between the date for submission of applications and execution of contracts. Please explain this discrepancy.

Response:

Schedule 1 in the filed enrollment application is intended as a placeholder. For each enrollment period, Schedule 1 will be replaced with a specific timeline for that enrollment. The application requires an applicant to make a decision to move forward with contract signing within five days of being informed by National Grid, and National Grid has provided an additional two days for contract execution from that point. The tentative timeline in Schedule 1 allows for evaluation of applications and execution of contracts within a period of approximately 30 days, which will have to be drastically shortened in the 2011 enrollment.

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

Commission 2-2

Request:

Please explain whether the Company intends to give distributed generation facility owners an opportunity to meet any of the criteria established in Section 2.3 (“Minimum Threshold Requirements”) once the Company determines the owners have not met such criteria during the enrollment process.

Response:

The two threshold requirements, a credible schedule for completion of the project within eighteen months of contract execution, and the interconnection application and feasibility study, must be met for a project to receive further evaluation. The additional information described in Section 2.3 is utilized in a non-price evaluation. Given the requirements for a two-week period and three enrollments per year, National Grid does not believe that it is practical, nor contemplated by the statute, that applicants would be allowed to “remedy” any deficiencies in an enrollment application. National Grid would, of course, seek clarification of information if necessary for a reasonable evaluation of a project. Projects that are not successful in a given enrollment period are afforded the opportunity to submit applications in succeeding enrollments.

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

Commission 2-3

Request:

Please explain whether Section 2.8 of the Company's proposed DG Enrollment Process Rules ("Participation in ISO-NE Forward Capacity market") is required by the Distributed Generation Standard Contracts Act.

Response:

Section 39-26.2-7 of the Distributed Generation Standard Contracts Act contains the following language in Subsection (2) (emphasis added).

(2) The contract working group shall work in good faith to develop standard contracts that would be applicable for various technologies for both small and large distributed generation projects. The standard contracts should balance the need for the project to obtain financing against the need for the distribution company to protect itself and its distribution customers against unreasonable risks. *The standard contract should be developed from contracting terms typically utilized in the wholesale power industry, taking into account the size of each project and the technology. The standard contracts shall provide for the purchase of energy, capacity, renewable energy certificates, and all other environmental attributes and market products that are available or may become available from the distributed generation facility.* However, the electric distribution company shall retain the right to separate out pricing for each market product under the contracts for administrative and accounting purposes to avoid any detrimental accounting effects or for administrative convenience, provided that such accounting as specified in the contract does not affect the price and financial benefits to the seller as a seller of a bundled product.

While this subsection does not specifically address how capacity should be handled in a standard contract, it is clear that (1) capacity must be handled as a component of the bundled product and (2) the contract should be developed from contracting terms typically utilized in the wholesale power industry. As described in the response to Commission 1-7, an appropriate contractual mechanism for handling capacity as part of a bundled energy product in long term contracts for renewable energy has been well established. National Grid had anticipated that this contractual mechanism would be incorporated into the Distributed Generation Standard Contract.

Commission 2-3 (continued)

However, as explained in the response to Commission 1-7, National Grid has agreed to take the responsibility for qualification of Large DG projects in the Forward Capacity Market, and has reserved the possibility of qualification of Small DG projects in the future.

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

Commission 2-4

Request:

How does the Company respond to the claim that its proposed DG Enrollment Application and Process Rules are overly burdensome and likely to discourage distributed generation projects, in contravention of the Distributed Generation Standard Contracts Act (“Act”)?

Response:

National Grid believes that its DG Enrollment Application and Process Rules are consistent with the requirements of the Distributed Generation Standard Contracts Act. Also, please see Responses to Commission 1-6 and 1-7.

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

Commission 2-5

Request:

Explain how Section 2.3 of the Company's proposed DG Enrollment Process Rules entitled "Minimum Threshold Requirements" (Pages 4-5 of the Company's proposed DG Enrollment Process Rules) serves to promote distributed generation projects consistent with the Act.

Response:

Please see responses to Commission 1-6, 1-7, and 2-6.

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

Commission 2-6

Request:

Will Section 2.3 of the Company's proposed DG Enrollment Process Rules ("Minimum Threshold Requirements") serve as a barrier to eligible distributed generation facility owners, especially owners of smaller projects, participating in the enrollment process?

Response:

National Grid does not believe that the enrollment requirements in Section 2.3 are a barrier.

There are only two minimum threshold requirements: a credible schedule for completion of the project within 18 months of contract execution, and submittal of an interconnection application and a completed interconnection feasibility study. The remainder of the information required by Section 2.3 is utilized in further evaluation of projects that meet the minimum threshold requirements.

The 18 month schedule is required by the statute. The requirement related to interconnection is addressed in the response to Commission 1-6. The utilization of the remainder of the information requested is addressed in the response to Commission 1-7.

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

Commission 2-7

Request:

Are the Minimum Threshold Requirements necessary in light of the performance guarantee deposit requirement?

Response:

Yes. The two minimum threshold requirements and the remainder of the project information are required to make efficient distribution of the capacity allocated over the enrollment targets, year-to-year, and for the 40 MW overall allocation of DG capacity under the Act. National Grid does not believe that the performance guarantee alone would be effective in that regard, nor does the Company believe that this was the intent of the statute, which clearly requires evaluation of projects on the basis of schedule for completion and likelihood of successful deployment.

Further, the performance guarantee is only forfeited after 18 months if the DG Facility fails to produce its contracted output. This does not protect desirable projects that may have lost the opportunity in that enrollment and may, in later years of the program, be prevented from participating in the program at all due to other factors.

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