

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: R.I. OFFICE OF ENERGY RESOURCES'
REPORT ON BEHALF OF THE DG STANDARD
CONTRACT WORKING GROUP AND PROPOSED
FORMS OF CONTRACT FOR SMALL AND LARGE
DISTRIBUTED GENERATION PROJECTS

DOCKET NO. 4288, 4277

NARRAGANSETT ELECTRIC COMPANY d/b/a/
NATIONAL GRID'S REVISED DISTRIBUTED
GENERATION ENROLLMENT APPLICATIONS
AND PROCESS RULES FOR SMALL AND LARGE
PROJECTS

REPORT AND ORDER

I. Introduction

On February 1, 2012, the OER filed separate Distributed Generation (“DG”) Standard Contracts for Small and Large DG Projects. On February 1, 2012, National Grid also filed separate DG Enrollment Applications and Process Rules for Small and Large Projects. These documents were filed in compliance with the Commission’s November 30, 2011 Order which required the OER to file separate DG standard contracts for small and large DG projects. The November 20, 2011 Order also required National to file separate enrollment applications and process rules, for small and large projects as defined in the Distributed Generation Standard Contracts Act (“Act”).¹

II. The OER’s February 1, 2012 Report on Behalf of the DG Standard Contract Working Group and Proposed Forms of Contract for Small and Large DG Projects

In its Report, the OER defines small distributed generation projects as facilities with a nameplate capacity of 500 kW or less and large distributed generation projects as facilities with a

¹ Order No 20676 (March 15, 2012).

nameplate greater than 500 kW.² The OER's designation of 500kW or less is consistent with the statutory definition of a small DG project for solar, but it is smaller than the statutory definition for wind.³ The Act, however, authorizes OER, in place of the Board, to lower the nameplate capacity from the limits contained in the statutory definitions of small and large projects.⁴ It should be noted, however, that this distinction made by the OER with respect to small and large DG projects is strictly for purposes of determining which standard contract is applicable to a distributed generation project, and is not intended to otherwise modify the definitions for small and large DG projects, or the ramifications pertaining thereto, contained in the Act. All parties participating in this filing agreed to set the threshold for small and large projects at 500 kW for purposes of distinguishing which standard form of contract the Company will use depending on the size of the project.

The DG Standard Contract for Small Projects contains numerous revisions to the original contract approved by the Commission on November 30, 2011 which make the contract less onerous to small DG projects. The new Standard Contract for Large Projects contains only a few minor revisions which are mostly stylistic. This is understandable since most of the issues raised in 2011 pertained to the fairness of the Standard Contract as it related to small DG projects. The revisions contained in the new Standard Contract for Small Projects are summarized below.

The output demonstration test is more clearly distinguished from the projected annual energy output. The new Standard Contract for Small Projects clarifies that the output demonstration test is a condition precedent to commercial operation (occurs 18 months after the effective date of the

² For purposes of this Order, the term "small project" or "small DG project" shall mean facilities with a nameplate capacity of 500kW or less. "large project" or "large DG project" shall mean facilities with a nameplate capacity of greater than 500kW.

³ R.I.G.L. §39-26.2-3(12).

⁴ Id.

contract). This was an issue during the 2011 proceedings to the extent that stakeholders were concerned the contract could be voided at any time during the term of the contract. The Standard Contract for Small Projects specifies that the projected annual energy output is used to determine the performance guarantee deposit refund and the termination payment in the event of default.⁵ The Standard Contract for Small Projects also removes several of the Seller's requirements which had been included in the original standard contract filed by the OER on October 12, 2011. Some of the Seller's requirements which were deleted are the requirement to provide Buyer with quarterly progress reports prior to commercial operation and to provide Buyer annual forecasts of energy production.⁶ According to the new Standard Contract for Small Projects, the Buyer no longer has the right to inspect and test meters at the Seller's facility.⁷ Additionally, references to "critical milestones" and "Test Period" were removed.⁸ Finally, according to the OER's new Standard Contract for Small Projects, permits are no longer required 16 months after the effective date.⁹

The Contract Working Group fully supports the new Standard Contracts for Small And Large Projects.¹⁰ Many of the stakeholders who filed comments in this docket in 2011 participated in the Contract Working Group meetings held on January 18 and 25 to develop the new Standard Contracts for Small and Large Projects. These stakeholders support the OER's proposed Standard Contracts for Small and Large Projects. The Division participated in the development of these contracts as well and supports the same. The Commission received no

⁵ Cover Sheet, page 2. Page references are to redlined version of proposed DG Standard Contract for Small Projects (less than 500 kW). This same clarification was made to the proposed DG Standard Contract for Large Projects. See Cover Sheet of the proposed Standard Contract for Large Projects.

⁶ The OER's Proposed DG Standard Contract for Small Projects, p.5, 7.

⁷ Id., p. 9.

⁸ Id., pgs. 5,10,15.

⁹ Id., p. 5, 6.

¹⁰ Report of Peter Lacouture on behalf of the DG Standard Contract Working, p. 2.

comments in opposition to the OER's proposed DG Standard Contracts for Small and Large Projects.

III. National Grid's Revised DG Enrollment Application and Process Rules to be for Facilities with a Nameplate Capacity of 500kW or less and Facilities with a Nameplate Capacity greater than 500kW.

Most of the revisions to the Company's DG Enrollment Application and Process Rules pertain to small projects. This is consistent with the OER's filing since most of the OER's standard contract revisions pertain to small projects. No parties have objected to the Revised DG Enrollment Applications and Process Rules. The revisions to the DG Enrollment Applications/ Rules are summarized below.

The Company made certain 'clean up' revisions to the DG Enrollment Process Rules. For instance, obsolete dates were removed from the Company's Enrollment Process Rules.¹¹ Similarly, Schedule 2 of the Rules ("Classes, Targets and Ceiling Prices") was clarified to include units of measurement, i.e. cents/kWh, for Ceiling Prices, and nameplate capacity for Classes and Targets.¹² The DG Enrollment Application for Large Projects now clarifies that that the Standard Contract would not be applicable for a term in excess of 15 years without explicit Commission approval.¹³ The Company's DG Enrollment Application for Large Projects now also clarifies that net metering applicants must file certain basic information pursuant to the new net metering tariff.¹⁴ Project applicants will no longer be required to provide an explanation if the average hourly megawatt-hour of production differs from expected net annual energy

¹¹ The Company's Revised DG Enrollment Process Rules for Small Projects, p. 9. Page references are to redlined versions filed by the Company.

¹² Id., p. 10.

¹³ Revised DG Enrollment Application for Large Projects, p. 4.

¹⁴ Id., p. 6.

production.¹⁵ In addition, small project applicants are no longer required to provide any of the following information: an in depth description of the applicant’s organization, including a “financial and legal” organizational chart; documentation of the applicant’s experience in securing financing and other information regarding prior history of projects; a detailed description of the proposed site of the project, including zoning, environmental or other legal property issues; the degree of public support for the project, environmental impacts or project approval assessment; documentation of the applicant’s experience in securing financing and other information regarding previously financed projects; an operation and maintenance plan; documentation of experience with O&M services for other similar projects; an organizational chart for the project including project participants and corporate structure including general and limited partners and a description of their experience; a management chart including biographies of key personnel.¹⁶ Finally, small project applicants are no longer required to demonstrate that their proposed equipment is already in commercial operation elsewhere, and they no longer need to prove that less mature technologies are “ready for ... the design and construction phases.”¹⁷

IV. Commission Findings

The Commission finds that the OER’s proposed DG Standard Contracts and the Company’s Revised DG Enrollment Applications for Small and Large Projects, as well as the Revised DG Enrollment Process Rules, simplify the enrollment process which will ultimately inure to the benefit of both small and large project applicants, but particularly small project applicants. This was the intent of the Commission’s Order on November 30, 2011. The development of two separate standard contracts for small and large projects is also consistent with the terms and provisions of the Distributed Generation Standard Contracts Act which

¹⁵ Id., p. 7; DG Enrollment Application for Small projects, p. 6.

¹⁶ Revised DG Enrollment Application for Small Projects, p. 8, 9, 10, 11, 12, 14.

¹⁷ Id., p. 11.

specifically requires approval of separate contracts for small and large contracts.¹⁸ The Distributed Generation Standard Contracts for Small and Large Projects proposed by the OER have been approved by the Contract Working Group and agreed to by all participants in the working group meetings.¹⁹ The Commission further notes that the statutes governing these dockets, R.I.G.L. §39-26.2-6(b) (DG enrollment process rules) and R.I.G.L. §39-26.2-7(3) (DG standard contracts), require the Commission to approve these filings within 60 days.²⁰ The Commission, therefore, approves the OER's Proposed DG Standard Contracts for Facilities with a Nameplate Capacity of Less than 500kW, as well as the DG Standard Contracts for Facilities with a Nameplate Capacity of Greater than 500kW. The Commission also approves National Revised DG Enrollment Process Rules as well as National Grid's Revised DG Enrollment Application for Facilities with a Nameplate Capacity of Less than 500kW and the DG Enrollment Application for Facilities with a Nameplate Capacity Greater than 500kW. The Distributed Generation Standard Contracts shall be effective immediately for use in the 2012 enrollment year and in subsequent enrollment years, unless and until such time as the OER files for a modification to the DG Standard Contracts approved herein. The DG Enrollment Applications and Process Rules shall be effective immediately and shall remain in effect until such time as new enrollment process rules and/or enrollment applications are approved following National Grid's next scheduled filing on October 15, 2012

Accordingly, it is hereby

(20700) ORDERED:

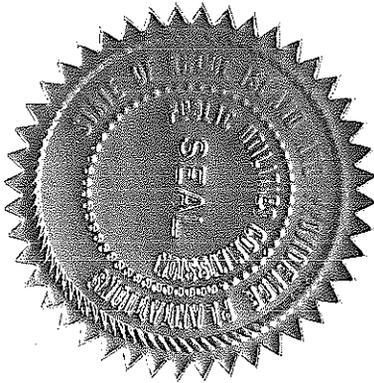
¹⁸ R.I.G.L. §39-26.2-7(2). "The contract working group shall work in good faith to develop standard contracts that would be applicable for various technologies for both small and large distributed generation projects." *Id.*

¹⁹ Report of Peter Lacouture, Esq. on behalf of the DG Standard Contract Working Group, p. 2.

²⁰ The statute requires the Commission to resolve any disputes regarding the proposed standard contracts. There are no disputes over the standard contracts.

1. The Purchase Power Agreement to be used for Facilities with a Nameplate Capacity of 500kW or less, proposed by the R.I. Office of Energy Resources on February 1, 2012, is hereby approved.
2. The Purchase Power Agreement to be used for Facilities with a Nameplate Capacity of Greater than 500kW, proposed by the R.I. Office of Energy Resources on February 1, 2012, is hereby approved.
3. Narragansett Electric Company d/b/a National Grid's Revised Distributed Generation Enrollment Process Rules are hereby approved. The Narragansett Electric Company d/b/a National Grid's Revised Distributed Generation Enrollment Application for Facilities with a Nameplate Capacity of 500kW or less and Revised Distributed Generation Enrollment Application for Facilities with a Nameplate Capacity Greater Than 500kW, filed on February 1, 2012, are hereby approved.
4. The Distributed Generation Standard Contracts approved herein shall be effective immediately for use in the 2012 enrollment year and in subsequent enrollment years, unless and until such time as the OER files for a modification to the DG Standard Contracts.
5. The DG Enrollment Applications and Process Rules shall be effective immediately and shall remain in effect until such time as new enrollment process rules are approved following National Grid's next scheduled filing on October 15, 2012.

EFFECTIVE AT WARWICK, RHODE ISLAND ON MARCH 29, 2012
PURSUANT TO AN OPEN MEETING DECISION ON MARCH 29, 2012. WRITTEN
ORDER ISSUED APRIL 11, 2012.



PUBLIC UTILITIES COMMISSION

Elia Germani

Elia Germani, Chairman

Mary E. Bray

Mary E. Bray, Commissioner

Paul J. Roberti

Paul J. Roberti, Commissioner