Jennifer Brooks Hutchinson
Senior Counsel

April 2, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4316 - Long-Term Contracts for Renewable Energy Projects Pursuant to Rhode Island General Laws Section 39-26.1 et seq.
Responses to Commission Data Requests – Set 1

Dear Ms. Massaro:

Enclosed are National Grid's[1] responses to the Commission's First Set of Data Requests 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) 784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba, Division

[1] The Narragansett Electric Company d/b/a National Grid (hereinafter referred to as "National Grid" or the "Company")

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.

_____ April 2, 2012

Joanne M. Scanlon Date

Docket No. 4316 National Grid – Revised Long-Term Contracting for Renewable Energy Projects Pursuant to R.I.G.L. Section 39-26.1 et seq. Service List updated 3/12/12

Name/Address	E-mail Distribution	Phone/FAX
Jennifer Brooks Hutchinson, Esq. National Grid 280 Melrose St. Providence, RI 02907	Jennifer.hutchinson@us.ngrid.com Thomas.teehan@us.ngrid.com Joanne.scanlon@us.ngrid.com	401-784-7288 401-784-4321
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Lwold@riag.ri.gov Jhagopian@riag.ri.gov Dstearns@ripuc.state.ri.us Sscialabba@ripuc.state.ri.us dmacrae@riag.ri.gov	401-222-2424 401-222-3016
Richard Hahn LaCapra Associates One Washington Mall, 9th floor Boston, MA 02108	rhahn@lacapra.com	
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 ADalessandro@puc.state.ri.us Nucci@puc.state.ri.us Anault@puc.state.ri.us DShah@puc.state.ri.us	401-780-2017 401-941-1691

Commission 1-1

Request:

Please describe in detail what is meant by the term "pricing benefits" in Section 2.2.2.2 ("Eligible Facility", Page 9).

Response:

These pricing benefits simply mean significantly lower pricing relative to forecast and to other projects in the current solicitation. (The price evaluation methodology ranks projects based on a comparison of pricing with a long range forecast.) This is the same concept set out in Section 2.2.3.6.

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

Commission 1-2

Request:

Section 2.2.3.6 ("Direct Economic Benefits to Rhode Island", Page 12) of the Company's RFP states that for projects not located in Rhode Island, the Company will consider the benefits of cost savings for R.I. customers resulting from competitive pricing. Since long-term contracts for renewable energy typically result in increased costs to the ratepayer, what specific information will the Company consider when it considers "cost savings for R.I. customers?"

Response:

The Long-Term Contracting Standard is a requirement to procure 90 MW of contract capacity. Depending on future prices of energy and RECs, the contracts associated with this requirement could result in either savings or increased costs to customers. For example, when the most competitively priced bid is selected and the proposed contract value is below the forecasted market rates for energy, capacity and RECs, that contract is projected to result in cost savings for customers.

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

Commission 1-3

Request:

Is the purpose of the new language in Section 1.2 (Statutory Framework Established by the Long-Term Contracting Standard", Page 6) to clarify that the Company is not seeking proposals for distributed generation projects in the long-term contracting RFP? If not, please explain the purpose and meaning of this new language.

Response:

Yes, the purpose is to clarify that this RFP is separate and distinct from the DG Standard Contract program.

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

Commission 1-4

Request:

The Company refers to contract capacity several times in Section 1.1 ("Purpose of the Request for Proposals", Page 4). How does the Company calculate the contract capacity of a new project (i.e., one that has not achieved commercial operation)? Is the contract capacity of a new project estimated based on forecasted output, or is it calculated based on actual output during a test period?

Response:

The company is required to enter into 75% of the minimum long-term contract capacity by December 30, 2012. Section 39-26.1-2(7) of the Long-Term Contracting Standard for Renewable Energy states that the "capacity under contract shall be adjusted by the capacity factor of each renewable generator…". The capacity factor associated with an executed PPA is determined by the estimated average annual (net AC) output from a forecast supported by an energy resource plan. The capacity factor is calculated by dividing the estimated average annual output by the annual output at full capacity (100%). For example:

Maximum (Nominal) Capacity of Generator = 100 MW
Estimated Average Annual Output = 219,000 MWh

$$\frac{(219{,}000\ \text{MWh/yr})}{(100\ \text{MW}) \times (8{,}760\ \text{hrs/yr})} = 25\%\ \text{Capacity Factor}$$

Because rating conventions are technology dependent,[1] the most straightforward way to determine the contract capacity is to divide the estimated annual output in MWh/yr by 8760 hrs/yr. In the above example, the nominal capacity would be adjusted by the 25% capacity factor, resulting in a contract capacity of 25 MW.

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

[1] Solar projects use DC nameplate ratings and wind projects use AC nameplate ratings. The nominal ratings of thermal (biogas or landfill gas) and hydroelectric renewable technologies differ from nameplate ratings because they are based on site and equipment specific factors.