

April 13, 2012

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4319 - Review of Power Purchase Agreement With Black Bear  
Development Holdings, LLC Pursuant to RI General Laws § 39-26.1 *et seq.*  
Responses to Commission Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed are National Grid's<sup>1</sup> responses to the Commission's First Set of Data Requests issued on April 6, 2012 in the above-captioned proceeding.

Please be advised that the Company is seeking protective treatment of a confidential CD-ROM containing an Excel file in response to Commission 1-4 and the confidential response to Commission 1-9, as permitted by Commission Rule 1.2(g) and by R.I.G.L. § 38-2-2(4)(i)(B). The Company has submitted a Motion for Protective Treatment with a copy of the confidential CD-ROM to Commission 1-4 and the confidential response to Commission 1-9. In addition, the Company has provided a copy of the confidential materials referenced above to the Division.

Thank you for your attention to this filing. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4319 Service List  
Jon Hagopian, Esq.  
Steve Scialabba, Division

---

<sup>1</sup> 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.



Joanne M. Scanlon

April 13, 2012

Date

**Docket No. 4319 National Grid – PPA w/ Black Bear Development Holdings, LLC**

**Service List updated 4/12/12**

Name/Address	E-mail Distribution	Phone
Jennifer Brooks Hutchinson, Esq. National Grid 280 Melrose Street Providence, RI 02907	<a href="mailto:Jennifer.hutchinson@us.ngrid.com">Jennifer.hutchinson@us.ngrid.com</a>	401-784-7288
	<a href="mailto:Thomas.teehan@us.ngrid.com">Thomas.teehan@us.ngrid.com</a>	
	<a href="mailto:Joanne.scanlon@us.ngrid.com">Joanne.scanlon@us.ngrid.com</a>	
	<a href="mailto:corinne.abrams@us.ngrid.com">corinne.abrams@us.ngrid.com</a>	
	<a href="mailto:Brooke.Skulley@us.ngrid.com">Brooke.Skulley@us.ngrid.com</a>	
Joseph A. Keough, Jr., Esq. Keough & Sweeney 100 Armistice Blvd. Pawtucket, RI 02860	<a href="mailto:jkeoughjr@keoughsweeney.com">jkeoughjr@keoughsweeney.com</a>	401-724-3600
Jonathan W. Chadbourne, Vice President Black Bear Development Holdings, LLC c/o ArcLight Capital Partners, LLC 200 Clarendon St., 55 <sup>th</sup> Floor Boston, MA 02117	<a href="mailto:jchadbourne@arclightenergy.com">jchadbourne@arclightenergy.com</a>	617-531-6397
Christine Miller, Associate General Counsel Black Bear Development Holdings, LLC c/o ArcLight Capital Partners, LLC	<a href="mailto:cmiller@arclightcapital.com">cmiller@arclightcapital.com</a>	617-531-6338
Jon Hagopian, Esq. Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:Jhagopian@riag.ri.gov">Jhagopian@riag.ri.gov</a>	401-222-2424
	<a href="mailto:Klyons@riag.ri.gov">Klyons@riag.ri.gov</a>	
	<a href="mailto:Dstearns@ripuc.state.ri.us">Dstearns@ripuc.state.ri.us</a>	
	<a href="mailto:Sscialabba@ripuc.state.ri.us">Sscialabba@ripuc.state.ri.us</a>	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>	
Richard Hahn LaCapra Associates One Washington Mall, 9 <sup>th</sup> floor Boston, MA 02108	<a href="mailto:rhahn@lacapra.com">rhahn@lacapra.com</a>	617-778-2467
<b>File an original &amp; 10 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>	401-780-2017
	<a href="mailto:ADalessandro@puc.state.ri.us">ADalessandro@puc.state.ri.us</a>	
	<a href="mailto:Nucci@puc.state.ri.us">Nucci@puc.state.ri.us</a>	
	<a href="mailto:Anault@puc.state.ri.us">Anault@puc.state.ri.us</a>	
	<a href="mailto:DShah@puc.state.ri.us">DShah@puc.state.ri.us</a>	

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

---

**Review of Black Bear Development Holdings, LLC  
Power Purchase Agreement  
Pursuant to R.I.G.L. § 39-26.1 *et seq.***

---

**Docket No. 4319**

**NATIONAL GRID'S REQUEST  
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

National Grid<sup>1</sup> hereby requests that the Rhode Island Public Utilities Commission (“Commission”) provide confidential treatment and grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(i)(B). National Grid also hereby requests that, pending entry of that finding, the Commission preliminarily grant National Grid’s request for confidential treatment pursuant to Rule 1.2 (g)(2).

**I. BACKGROUND**

On April 13, 2012, National Grid is filing with the Commission its responses to the Commission’s First Set of Data Requests. Commission Data Request 1-4 requests a copy of the MS Excel spreadsheet that was used to create Exhibit 2 to the testimony of National Grid’s witnesses, Mr. Madison N. Milhous, Jr. and Ms. Corinne M. Abrams. In response to Commission Data Request 1-4, the Company is providing the information on

---

<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”).

a confidential CD-ROM, identified as Attachment COMM 1-4. The Company previously submitted an un-redacted hard copy version of Exhibit 2 to the Commission on March 19, 2012, which is the subject of a Motion for Protective Treatment pending before the Commission. Attachment COMM 1-4 is a working spreadsheet of Exhibit 2, which illustrates a comparison of the Black Bear PPA pricing to the market price forecasts for energy, capacity and renewable energy credits (“RECs”) prepared by Energy Security Analysis, Inc. (“ESAI”). ESAI prepared this forecast acting as consultant to National Grid and at National Grid’s request. Under National Grid’s arrangement with ESAI, the energy, capacity and REC forecasts are considered proprietary. Therefore, National Grid requests that the Commission give the information contained in Attachment COMM 1-4 confidential treatment

In addition, Commission Data Request 1-9 requests the amount that the Company paid to ESAI for their consulting services. In response to Commission Data Request 1-9, the Company is providing a confidential response to Commission 1-9, which contains the amount of ESAI’s consulting fee. ESAI’s fee arrangement with the Company is competitively sensitive information and proprietary to ESAI. Therefore, National Grid requests that the Commission give the information contained in Commission 1-9 (Confidential) confidential treatment.

## **II. LEGAL STANDARD**

The Commission’s Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act (“APRA”), R.I.G.L. §38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a “public record,” unless

the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to the public records law, the Commission has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(i)(B) provides that the following types of records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where disclosure of information would be likely either (1) to impair the Government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001).

The first prong of the test is satisfied when information is voluntarily provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. Providence Journal, 774 A.2d at 47.

In addition, the Court has held that the agencies making determinations as to the disclosure of information under APRA may apply the balancing test established in Providence Journal v. Kane, 577 A.2d 661 (R.I.1990). Under that balancing test, the Commission may protect information from public disclosure if the benefit of such

protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies.

## **II. BASIS FOR CONFIDENTIALITY**

The information regarding the ESAI forecast contained in Attachment COMM 1-4 was developed by ESAI through its proprietary methods of analysis and was provided to National Grid on a confidential basis. National Grid is providing Attachment COMM 1-4 on a CD-ROM to the Commission and the Division of Public Utilities and Carriers on a voluntary basis to assist the Commission with its decision-making in this proceeding. Disclosure of this information could adversely affect ESAI's competitive position and would tend to make it less likely that such information would be provided voluntarily in the future. Moreover, such disclosure would impede National Grid's future ability to obtain this type of proprietary information from third-party consultants or would increase the cost at which that information could be obtained.

In addition, ESAI's consulting fee contained in the Company's response to Commission 1-9 (Confidential) is specific to National Grid's arrangement with ESAI to provide the combined forecast of energy, capacity and RECs on its behalf, and is significantly less than its competitors. Unlike the Deepwater Wind project, there is no inherent public interest in the disclosure of this information in this proceeding, because the Company is not seeking and does not intend to seek recovery of the costs of ESAI's consulting services in connection with the Black Bear Orono B project. Furthermore, disclosure of this information could adversely affect ESAI's competitive position and would tend to make it less likely that National Grid could obtain such a competitive rate

for forecasts in connection with its future solicitations under the Long-Term Contracting Standard.

### **III. CONCLUSION**

Accordingly, the Company requests that the Commission grant protective treatment to Attachment COMM 1-4 and the response to Commission 1-9 (Confidential).

**WHEREFORE**, the Company respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

**NATIONAL GRID**

By its attorney,

A handwritten signature in dark ink, appearing to read "Jennifer Brooks Hutchinson", written over a horizontal line.

Jennifer Brooks Hutchinson (RI Bar #6176)  
National Grid  
280 Melrose Street  
Providence, RI 02907  
(401) 784-7288

Dated: April 13, 2012

Commission 1-1

Request:

Please explain how the Black Bear PPA is in compliance with RIGL 39-26.1-5(e) and Section 5.2 of the Commission Rules Governing Long-Term Contracting Standards for Renewable Energy.

Response:

Section 5.2 of the Commission Rules Governing Long-Term Contracting Standards for Renewable Energy requires that "[a]ll approved projects, regardless of their location shall provide other direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues or other similar revenues deemed substantial by the Commission as determined on a case-by-case basis. In reviewing the responses to each solicitation, the Electric Distribution Company shall conduct an analysis of the value of the respective direct economic benefits to the State of Rhode Island in relation to the cost under the contract."

As described on page 9 of the testimony of Madison N. Milhous, Jr. and Corinne M. Abrams, the Black Bear Orono B project provides a projected cost benefit to Rhode Island customers. The PPA price compares favorably to the current market price forecast for energy, capacity and RECs, resulting in a projected cost savings to Rhode Island customers. The analysis that led to this conclusion is described on page 15-16 of the Mr. Milhous' and Ms. Abrams' testimony. That analysis, which compared the PPA pricing to the ESAI forecast, indicated that the net present value of the difference between the contract cost and the forecast over the term of the 15-year contract is just less than \$7 million.

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



The Narragansett Electric Company  
d/b/a National Grid  
Docket No. 4319  
In re: National Grid PPA with  
Black Bear Development Holdings, LLC  
Responses to Commission Data Requests – Set 1  
Issued April 6, 2012

---

Commission 1-2

Request:

Please provide a schedule indicating the PPA cost by year for the 15 year contract term as well as Grid's 2.75% remuneration. Include both per kWh cost, expected project output and total cost.

Response:

<b>Price (\$ per kWh)</b>	<b>\$0.099</b>
<b>Price (\$ per MWh)</b>	\$99.00
<b>Annual Escalator</b>	2.00%
<b>Annual Output (MWh)</b>	31,268
<b>Annual Remuneration</b>	2.75%
<b>Term (Years)</b>	15

<b>Year</b>	<b>Output (MWh)</b>	<b>Bundled Rate (\$/MWh)</b>	<b>Contract Cost</b>	<b>Remuneration</b>	<b>Total</b>
<b>2014</b>	31,268	\$99.00	\$3,095,532	\$85,127	<b>\$3,180,659</b>
<b>2015</b>	31,268	\$100.98	\$3,157,443	\$86,830	<b>\$3,244,272</b>
<b>2016</b>	31,268	\$103.00	\$3,220,591	\$88,566	<b>\$3,309,158</b>
<b>2017</b>	31,268	\$105.06	\$3,285,003	\$90,338	<b>\$3,375,341</b>
<b>2018</b>	31,268	\$107.16	\$3,350,703	\$92,144	<b>\$3,442,848</b>
<b>2019</b>	31,268	\$109.30	\$3,417,717	\$93,987	<b>\$3,511,705</b>
<b>2020</b>	31,268	\$111.49	\$3,486,072	\$95,867	<b>\$3,581,939</b>
<b>2021</b>	31,268	\$113.72	\$3,555,793	\$97,784	<b>\$3,653,578</b>
<b>2022</b>	31,268	\$115.99	\$3,626,909	\$99,740	<b>\$3,726,649</b>
<b>2023</b>	31,268	\$118.31	\$3,699,447	\$101,735	<b>\$3,801,182</b>
<b>2024</b>	31,268	\$120.68	\$3,773,436	\$103,769	<b>\$3,877,206</b>
<b>2025</b>	31,268	\$123.09	\$3,848,905	\$105,845	<b>\$3,954,750</b>
<b>2026</b>	31,268	\$125.56	\$3,925,883	\$107,962	<b>\$4,033,845</b>
<b>2027</b>	31,268	\$128.07	\$4,004,401	\$110,121	<b>\$4,114,522</b>
<b>2028</b>	31,268	\$130.63	\$4,084,489	\$112,323	<b>\$4,196,812</b>
		<b>TOTAL</b>	<b>\$53,532,325</b>	<b>\$1,472,139</b>	<b>\$55,004,464</b>

Note: This is a simplified calculation for illustrative purposes in which the 2.75% remuneration is applied to the full contract rate. To the extent that capacity revenue is realized in a given year, the remuneration would be based on the net payment to the Seller, after adjustments for capacity revenue and price separation. For example, in the third contract year, if capacity revenues and price separation were \$163,000 and \$118,000, respectively, the total payments to the Seller

Commission 1-2 (continued, p2)

would be reduced by \$281,000, and the remuneration would be reduced by \$7,227. See Exhibit 2 to the testimony of Madison N. Milhous, Jr. and Corinne Abrams for details of capacity revenue and price separation.

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

Commission 1-3

Request:

Please explain the 3.858 MW value listed on page 1 of the Exhibit 2. Also explain how it relates to the Delivered Energy column value of 31,268 MWh.

Response:

The capacity valuation in Exhibit 2 is done on an annual basis, by converting the FCM forecast, which is based on ISO-NE capability periods, into annual projections. In its proposal, Black Bear provided 3.858 MW as a representative capacity, and a capacity factor of 90% was used to approximate a capacity for the FCM revenue calculation. This results in an annual capacity of 3.47 MW for purposes of calculating FCM revenue.<sup>1</sup> The capacity valuation has no direct correlation to the annual output of 31,268 MWh. The energy contract and market cost projections are independent calculations, and based on the projection of 31,268, MWh provided by Black Bear. (For purposes of comparison, 3.858 MW at 90% CF is 30,416 MWh.)

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

---

<sup>1</sup> In retrospect, a similar number can be derived from the projected ISO-NE claimed seasonal capability figures in Exhibit A of the PPA, and converting them to an “annual figure,” considering that there are 5 months in the summer capability period and 7 months in the winter period. This would result in a capability of 3.54 MW.

Commission 1-4

Request:

Please provide the MS Excel or any other spreadsheet with all formulas intact that was used to create un-redacted version of Exhibit 2.

Response:

Please see Attachment COMM 1-4 provided on CD-ROM. Because the information contained in the MS Excel spreadsheet contains confidential and proprietary information, the Company is seeking protective treatment of this CD-ROM pursuant to Commission Rule 1.2(g).

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

Commission 1-5

Request:

According to page 10 of Mr. Milhous and Ms. Abrams pre-filed direct testimony, the maximum expected hourly output is 4.187 MW. However, page 6 of the Power Purchase Agreement (PPA), indicates that “Contract Maximum Amount” shall mean 4.167 MWh per hour of Energy and a corresponding amount of all other products. Which figure/number is correct?

Response:

The expected hourly output of 4.187 on page 10, line 20 in Mr. Milhous’ and Ms. Abrams’ testimony is incorrect. The correct maximum expected hourly output, or “Contract Maximum Amount”, is 4.167 MWh per hour, as set forth on page 6 of the PPA.

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

The Narragansett Electric Company  
d/b/a National Grid  
Docket No. 4319  
In re: National Grid PPA with  
Black Bear Development Holdings, LLC  
Responses to Commission Data Requests – Set 1  
Issued April 6, 2012

---

Commission 1-6

Request:

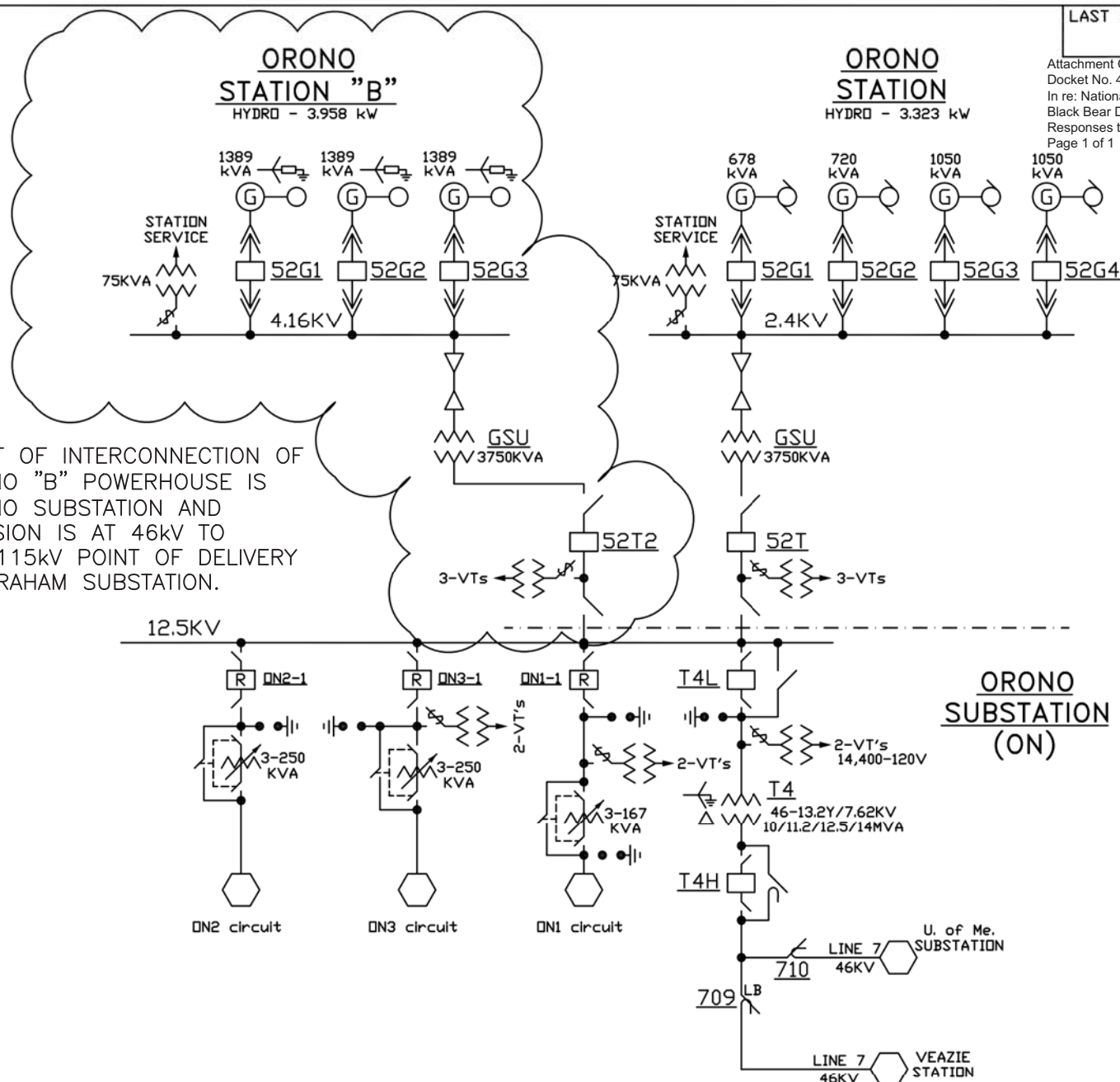
Please provide a clean and readable copy of EXHIBIT G, i.e., Diagram of Interconnection and Delivery Points on 8 ½ x 11 and 11 x 17 paper.

Response:

Please see Attachment COMM 1-6.

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

THE POINT OF INTERCONNECTION OF THE ORONO "B" POWERHOUSE IS THE ORONO SUBSTATION AND TRANSMISSION IS AT 46KV TO THE PTF 115KV POINT OF DELIVERY AT THE GRAHAM SUBSTATION.



SYSTEM DIAGRAM	BANGOR HYDRO-ELECTRIC CO.	
	BANGOR DIVISION ORONO B HYDRO ADDITION	
CAD -	SHEET	

Commission 1-7

Request:

Was a contract term of greater than 15 years discussed as part of contract negotiations, particularly in light of the potential ratepayer benefits? If yes, why was 15 years selected. If not, why not?

Response:

The Long Term Contracting Standard, R.I.G.L. § 39-26.1-3, requires that the electric distribution company solicit proposals and enter into contracts with terms of up to 15 years, and subject to Commission approval, the distribution company may enter into contracts with terms of longer than 15 years. This was explicitly stated in the RFP for the first two solicitations. While the RFP required pricing for a 15 year term, the RFP permitted alternative pricing to be submitted if a demonstration could be made that such alternative pricing was favorable to customers. Black Bear did not submit alternative pricing for a longer term, and National Grid did not seek such pricing, having concluded that Black Bear did not need a longer term to secure financing. With one exception, all bidders submitted conforming pricing for a 15 year term, with that exception being one bidder who submitted pricing for a 25 year term only.

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



Commission 1-8

Request:

Did National Grid select Energy Security Analysis, Inc. (ESAI) through a competitive bidding process? If yes, please provide us with a copy of the RFP and all related documents. Also, provide us with a summary of all bids. If no, why not?

Response:

No. Because ESAI provides other services to the Company, the forecast was provided as a supplemental product and was rendered at a more competitive price than that of alternative providers. Having participated in competitive solicitations in another jurisdiction in which a similar forecast was required, the Company can state that ESAI's product was priced at considerably less than their competitors.

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

Commission 1-9

Request:

How much did National Grid pay to ESAI for their consulting services?

Response:

The consulting fee that ESAI charged the Company for the combined forecast of capacity, energy (all ISO-NE zones) and RECs (MA Class 1 and RI new) is a negotiated fee based on the Company's existing arrangement with ESAI, and this information is proprietary to ESAI. Therefore, the Company is providing this information in a separate confidential response, subject to a Motion for Protective Treatment.

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