

DIVISION OF PUBLIC UTILITIES AND CARRIERS  
MEMORANDUM

TO: LULY MASSARO

DATE: 12/19/12

FROM: STEPHEN SCIALABBA

SUBJECT: DOCKET 4371 NATIONAL GRID'S LONG-TERM CONTRACTING  
FOR RENEWABLE ENERGY RECOVERY FACTOR.

On December 14, National Grid submitted a record response regarding what the correct GENCO contract price is for 2013. Grid's filing in this docket stated that the price, per the PPA with GENCO, for 2013 is \$119.80 per MWH. At the hearing, Commission staff asked Grid to review the PPA and confirm the 2013 price. Grid's 12/14 response stated that \$119.80 is in fact not the correct price for 2013. Under the contractual price escalator, the 2013 price is \$122.80 per MWH. The effect of correcting for this error in the contract price in Grid's submission is to increase the estimated above market cost, for the period ended June 30, from \$114,801<sup>1</sup> to \$473,326, as stated in the record response. I have confirmed this calculation. I have also reviewed the pricing provision of the contract in detail, as well as the data responses submitted in the PPA approval docket D-10-36, and it is clear that the 2013 price is \$122.80.

The most appropriate LTCRER Factor for effect on January 1, 2013 would therefore be \$0.00019 per kwh as shown in Attachment 1 in Record Request 3, filed 12/14/12.

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<sup>1</sup> Grid originally submitted an estimate of above market cost of \$617,277 in its original November 16, 2012 submission. On December 7, Grid filed Comments replying to the Division's December 6 memorandum. Grid's Reply made corrections to the estimated MWh purchases and also recognized capacity revenues, as recommended by the Division and as called for in the PPA. With these revisions, the estimated above-market costs were reduced to \$114,801 in the Reply Comments.