

December 4, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

Re: Docket 4371 - Long-Term Contracting for Renewable Energy Recovery Factor Responses to Division Data Requests – Set 1

Dear Ms. Massaro:

Enclosed are National Grid's¹ responses to the Rhode Island Division's First Set of Data Requests concerning the above-referenced proceeding.

Thank you for your attention to this filing. Please feel free to contact me if you have any questions concerning this matter at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson, Esq.

Enclosures

cc: Docket 4371 Service List
Steve Scialabba, Division
Leo Wold, Esq.

¹ The Narragansett Electric Company d/b/a National Grid.

Division 1-1

Request:

When did the RI Genco become commercially available?

Response:

To date, RI Genco has not yet become commercially available.

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

Division 1-2

Request:

What is the effective date of the RI Genco PPA?

Response:

The RI Genco PPA indicates that the “effective date” is the date upon which there is receipt of regulatory approval (See Sections 2.1 and 8.1). RIGL § 39-26.1-9 provides a multi-step process for regulatory approval. The last step in the process is for the Division to file the fully certified PPA with the Rhode Island Public Utilities Commission (“Commission”). The Division made that filing with the Commission on July 9, 2010. Accordingly, the effective date of the RI Genco PPA is July 9, 2010.

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

Division 1-3

Request:

If RI Genco produced MWH output during any month prior to January 2013, please provide the actual monthly MWH output for those months.

Response:

To the Company's knowledge, to date, RI Genco has not produced any MWH output.

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

Division 1-4

Request:

Did the Company purchase any output from RI Genco during 2012? If so, please provide monthly amounts and costs. Also explain how these costs will be recovered.

Response:

To date, the Company has not purchased any output from RI Genco.

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

Division 1-5

Request:

Please explain the basis for the assumption of 85% capacity factor for RI Genco for the January 2013 through June 2013 period.

Response:

The estimated annual output of the RI Genco facility is 239,002 MWh, which is the projected annual output for the first year of operation, as defined on page 9 of the RI Genco PPA. This estimate is based on a mechanical availability of 85%, and fully accounts for the ambient condition dependent on the combined cycle generating plant.¹ To deal with the dependence on ambient conditions, two ratings were used in the filing of the RI Genco PPA. The maximum output under average site conditions is estimated at 32.098 MW, which, multiplied by the expected availability of 85% and 8,760 hours per year, yields the expected annual energy output of 239,002 MWh. This is equivalent to a contract capacity of 27.3 MW under the Long Term Contracting Standard.

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

¹ The generating plant consists of four gas turbine generating units, each with its own heat recovery steam generator (HRSG) and generator, and a single steam turbine. The electrical output of each gas turbine generator and the steam output of each HRSG vary with ambient conditions, which, together with variations in auxiliary loads, accounts for the variation in total output of the plant.

Division 1-6

Request:

When was the Standard Offer Service estimate of spot market prices developed?

Response:

The spot market price estimate was calculated on November 14, 2012. The underlying components included in this calculation are the same as those used in the development of the Commercial Group's Standard Offer Service rate filed November 19, 2012 in Docket No. 4227 for the January 2013 to June 2013 period.

Prepared by or under the supervision of: Margaret M. Janzen

Division 1-7

Request:

How are capacity revenues treated in the RI Genco PPA? Are these revenues to be settled financially and the benefits passed on to Rhode Island ratepayers? Please explain why or why not?

Response:

Pursuant to the RI Genco PPA, the capacity revenues received per the RI Genco PPA are solely through financial settlement, and the benefit will be passed on to Rhode Island customers. The contract price shall be reduced on a monthly basis by any payments received by or credited to RI Genco for capacity.

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

Division 1-8

Request:

According to ISO-NE results for Forward Capacity Auctions #3 and #4, the RI Genco facility has a capacity obligation of 37 MW for January 2013 through June 2013.

- a) Please explain why the Company uses 27 MW to estimate the six-month electrical output of RI Genco, instead of 37 MW.
- b) Please explain why capacity revenues are listed as “n/a” in the Company’s filing when RI Genco has a capacity obligation for this period and will receive capacity revenues.
- c) Please estimate the monthly capacity revenues to be received by RI Genco for the January 2013 through June 2013 period. Provide the monthly actual capacity prices that this estimate is based on.
- d) Please explain why these revenues are not reflected in the calculation of above market costs.

Responses:

- a) As explained in the Company’s response to Division 1-5, 27.3 MW is the (annual) contract capacity as defined under the Long Term Contracting Standard, and accounts for both mechanical availability and dependence of output on ambient conditions. Multiplying the number of hours in the period by 27.3 MW would produce a reasonable estimate of the expected output, without attempting to account for the differences between six month periods.
- b) RI Genco currently has a capacity obligation of zero (0) MW in the ISO-NE Forward Capacity Market (“FCM”) for the months of January through May 2013. While RI Genco did obtain a capacity obligation in the Forward Capacity Auction (“FCA”) for the 2012-2013 capability year, RI Genco has informed the Company that the facility shed this capacity obligation after the FCA because it was not commercially operable before the 2012-13 capability period started.

RI Genco has also informed the Company that the facility has a capacity obligation starting June 1, 2013. The Company proposes to include any capacity revenues that this facility receives from the ISO-NE for this capacity obligation into the next LTCRER factor for the period July through December 2013.

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- c) As explained in 1-8(b), RI Genco has a capacity obligation of zero (0) MW for January through May 2013; therefore no capacity revenues are anticipated for that period. RI Genco has a capacity obligation of 32 MW for June 2013, and capacity revenues are estimated to be \$99,800 for this month. This estimate is based on the capacity price \$3.119/kW-mo that RI Genco will receive for its capacity from its original participation in FCA #2 and will be adjusted using the Handy-Whitman Index of Public Utility Construction Costs as of December 31, 2012.

- d) The Company did not include the estimated June 2013 capacity revenues because it would be more appropriate to include capacity revenues once the facility has the ability to demonstrate its capability, which would occur after it becomes commercially operational. The Company expects to include the capacity revenues for this obligation into the next LTCRER factor to be filed in May 2013.

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