

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID’S PROPOSED REVISED : **DOCKET NO. 4491**
TIMETABLE AND METHOD FOR SOLICITATION :
AND EXECUTION OF LONG-TERM CONTRACTS :

ORDER

On February 28, 2014, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed a revised timetable and method of solicitation and execution of long-term contracts with the Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws §39-26.1-3 (Long-Term Contracting Standard) and the Commission’s Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy (Long-Term Contracting Rules).¹ In accordance with Rule 4.6 of the Long-Term Contracting Rules, the Company is required to file with the Commission for review and approval, any such proposed changes no less than 120 days prior to the issuance of the next annual solicitation.

In addition to updating dates and the amount of contract capacity currently under contract and the amount remaining, National Grid made certain substantive changes to its Request for Proposals for Long-Term Contracts for Renewable Energy (RFP). The Company proposed to add a provision specifying that proposed pricing may not be conditioned upon or made subject to the the availability of federal tax credits or the availability or receipt of other government grants or subsidies.² National Grid provided that in Massachusetts, the seller is responsible for qualification of its project to obtain tax credits and that its customers do not bear any risk of price increases if a project fails to qualify for tax credits.³

¹ All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.org/eventsactions/docket/4491page.html>.

² Proposed Revised Timetable and Method of Solicitation and Execution, Att. 1 at 13 (Feb. 28, 2014).

³ National Grid Response to Comm. Data Request 1-2 (Apr. 30, 2014).

The Company also proposed requiring bidders to submit bids that incorporate a payment adjustment to compensate National Grid for any energy delivered at negative market clearing prices.⁴ The Company proposed this change to avoid market risk on its customers occasioned by ISO-NE's recently approved market rule changes that would allow for negative locational marginal prices (LMP).⁵ The new LMP rules would allow for energy delivered from a renewable project into the market at times of negative LMP to incur payment obligations to have ISO-NE accept the energy.⁶ This could increase the cost of the fixed price PPAs to National Grid's customers.⁷ On April 22, 2014, the Company filed a revision to its initial filing.⁸ In addition to the changes discussed above, National Grid's revised filing reflected the fact that FERC had accepted ISO-NE's proposed market rule changes and made certain non-substantive edits.⁹

Richard Hahn and Al Pereira, consultants with La Capra Associates, submitted a memorandum on behalf of the Division recommending approval of the revised RFP provided the Company could demonstrate the same or a superior level of protection offered to its Rhode Island customers to address the risk of negative LMP that is offered to its customers in other jurisdictions.¹⁰ The consultants noted that they had previously recommended that the Company address the risks of Rhode Island customers having to pay higher prices in hours when negative LMP occurs.¹¹ Additionally, they agreed with National Grid that the RFP should not allow prices contingent upon receipt of tax subsidies.¹²

⁴ Proposed Revised Timetable and Method of Solicitation and Execution, Att. 1 at 14.

⁵ National Grid Response to Comm. Data Request 1-1.

⁶ *Id.*

⁷ *Id.*

⁸ Revised Proposed Revised Timetable and Method of Solicitation and Execution (Apr. 22, 2014).

⁹ *Id.*

¹⁰ Division Mem. at 1 (May 6, 2014).

¹¹ *Id.* at 2.

¹² *Id.* at 3.

On May 22, 2014, the Company filed a Supplemental Response to a data request issued by the Division indicating that the proposed price adjustment in the 2014 Rhode Island RFP was consistent with the Company's Massachusetts solicitation.

On May 30, 2014, the Commission approved National Grid's proposed revisions. The Commission found National Grid's proposed language to be reasonable and appropriate. The Commission is satisfied that Rhode Island ratepayers are being afforded the same protections against the market risks occasioned by ISO-NE's rules changes as ratepayers in other National Grid jurisdictions. Finally, the Commission finds that National Grid's proposed revisions are in the best interests of its ratepayers.

Accordingly, it is

(22474) ORDERED:

The Narragansett Electric d/b/a National Grid's Revised Request for Proposals for Long-Term Contracts for Renewable Energy Projects filed on April 22, 2014 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON MAY 30, 2014 PURSUANT TO AN OPEN MEETING DECISION HELD ON MAY 30, 2014. WRITTEN ORDER ISSUED JULY 12, 2016.

PUBLIC UTILITIES COMMISSION


Margaret E. Curran, Chairperson

Paul J. Roberti, Commissioner*


Herbert F. DeSimone, Jr., Commissioner



*Commissioner Roberti participated in the decision but was unavailable to sign the Order.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.