

June 23, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

Marcy Coleman, Esq.
c/o Luly E. Massaro, Division Clerk
Rhode Island Division of Public Utilities & Carriers
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Division Docket No. D-10-36 - Town of Johnston Project
Power Purchase Agreement between National Grid and Rhode Island LFG Genco, LLC**

Dear Ms. Coleman:

Enclosed are the responses of National Grid¹ to the Office of Energy Resources First Set of Data Requests issued on June 16, 2010 in the above-referenced matter.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Docket D-10-36 Service List
Thomas Ahern, Administrator
Steve Scialabba, Division
Jon Hagopian, Esq.

¹ The Narragansett Electric Company d/b/a National Grid ("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 were electronically submitted, hand delivered and/or mailed to the individuals listed below.



Joanne M. Scanlon
National Grid

June 23, 2010
Date

**Narragansett Electric d/b/a National Grid (NGrid) – Town of Johnston Project – Power
Purchase Agreement between NGrid and Rhode Island LFG Genco, LLC
Docket No. D-10-36 Updated 6/17/10**

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OER Data Request 1-1

Request:

In accordance with Chapter 14 of the 2010 Rhode Island Public Laws, it is the responsibility of the administrator of the Office of Energy Resources to review the purchase power agreement to determine whether it meets the goals set forth in Chapter 39-26.1 of the Rhode Island General Laws. In order to make an informed decision regarding whether or not the power purchase agreement does meet those stated goals, it is necessary to obtain documents responsive to the listed questions. As the statute has imposed a very short time period for review, it is imperative that these documents be provided forthwith.

- Documents demonstrating how the purchase power agreement will stabilize long term energy prices.
- Documents demonstrating how the use of the new facility will reduce reliance on traditional forms of energy.

Response:

a. See Exhibit E to the Power Purchase Agreement. The price paid for the Energy and RECS is fixed, beginning at \$119.80 per MWh in 2012 and escalating at 2.5% annually thereafter (subject to deferral of that escalation in certain circumstances, as set forth in Section 5.1(b) of the Power Purchase Agreement). That price is then adjusted each month by the amount that Rhode Island LFG Genco (“RILG”) receives or would have received in the ISO New England Forward Capacity Market. The price paid is not, however, adjusted for any change in fuel prices, changes in supply or demand or other factors that impact the price of power in the New England wholesale power markets. Accordingly, the Power Purchase Agreement provides National Grid with a stable, predictable price for the energy and RECs sold under that agreement during its fifteen-year Services Term.

b. See Sections 1, 3.1, 3.3 and 4.1 of the Power Purchase Agreement. On the Commercial Operation Date (which must occur by December 31, 2012, subject to extensions as set forth in Section 3.1(c) of the Power Purchase Agreement), the RILG Facility must have a generating capacity of at least 20 MW, and on the Operational Capacity Date (which is the date of the first ISO New England capacity test that is not less than six months after the Commercial Operation Date), the Facility must have achieved its Seasonal Claimed Capacity in the ISO New England Forward Capacity Market. The Facility’s Projected Annual Energy Output for its first Contract Year is 239,002 MWh. Section 4.1(a) of the Power Purchase Agreement requires RILG

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to sell the Energy and RECs produced by the Facility to National Grid, and to credit National Grid for the Facility's Capacity, up to the "Contract Maximum Amount."

As a result of the Power Purchase Agreement, RILG will be able to produce and sell the amount of Energy and RECs produced by the Facility, as ultimately sized in accordance with the previous paragraph, at the fixed price described above during its Services Term. Those sales will displace other energy that could be produced in the region during that period. While it is impossible to know which generator's energy will be displaced by these sales, based on the mix of generation available to serve ISO New England customers, it is highly likely that the majority of the displaced generation will be traditional fossil fuel generation.

Prepared by or under the supervision of: Madison N. Milhous, Jr.