

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
OFFICE OF ENERGY RESOURCES

Rhode Island Division of Public Utilities
Division Docket No. D-10-36

IN RE: LONG-TERM CONTRACTING STANDARD FOR RENEWABLE ENERGY
- DETERMINATION OF WHETHER THE "TOWN OF JOHNSTON PROJECT"
OUGHT TO BE CERTIFIED BY THE RHODE ISLAND DIVISION OF PUBLIC
UTILITIES AND CARRIERS, THE RHODE ISLAND DEPARTMENT OF
ADMINISTRATION, THE RHODE ISLAND ECONOMIC DEVELOPMENT
CORPORATION AND THE RHODE ISLAND OFFICE OF ENERGY RESOURCES,
PURSUANT TO RHODE ISLAND GENERAL LAWS, SECTION 39-26.1-9.

Certification Decision of the Administrator of the Office of Energy Resources
Pursuant to Section 39-26.1-9 of the General Laws of Rhode Island

I. Introduction

Rhode Island LFG Genco, LLC is proposing to construct and operate an electricity generating facility to be fueled by landfill gas produced by the Rhode Island Resource Recovery landfill in Johnston, Rhode Island. Section 39-26.1-9 of the General Laws of Rhode Island refers to this proposal as the "Town of Johnston Project". R.I. Gen. Laws § 39-26.1-9. The statute also provides that the Narragansett Electric Company is authorized to procure a power purchase agreement for "a newly developed renewable energy resource fueled by landfill gas from the central landfill in the town of Johnston." R.I. Gen. Laws § 39-26.1-9(1). Certified copies of the fully-executed power purchase agreement are then required to be provided to four agencies of the State of Rhode Island for review and certification, one of which agencies is the Rhode Island Office of Energy Resources. R.I. Gen. Laws § 39-26.1-9(3). The Administrator of the Office of Energy Resources "shall certify the

agreement if the administrator determines that the agreement fulfills the declared policy of this chapter and section.” R.I. Gen. Laws § 39-26.1-9(4)(iii).

On June 7, 2010, the Office of Energy Resources received a certified copy of a power purchase agreement from The Narragansett Electric Company d/b/a National Grid entered into between National Grid and Rhode Island LFG Genco, LLC dated May 21, 2010.

II. Certification Process

The provisions of Rhode Island General Laws, Section 39-26.1-9, give the Division of Public Utilities and Carriers (“DPU”), the Rhode Island Department of Administration (“DOA”), the Rhode Island Economic Development Corporation (“EDC”) and the Rhode Island Office of Energy Resources (“OER”) distinct, but in many respects related, matters to be determined in deciding whether to give their independent certification of the “Town of Johnston Project.” Section 39-26.1-9 includes requirements that serve as a threshold for making such determinations: that the agreement be “commercially reasonable;” that the agreement be for “a newly developed renewable energy resource;” that the agreement be executed on or before May 21, 2010; that the renewable energy resource has a gross name plate capacity of less than thirty-seven (37) megawatts and that the term of the agreement is not in excess of twenty years.

The certification of Madison N. Milhous, Jr., Director, Wholesale Market Relations, The Narragansett Electric Company, certifies that the agreement is

commercially reasonable, that the agreement is for a newly developed renewable energy resource fueled by landfill gas, which is a statutorily recognized renewable resource, and that agreement was executed on May 21, 2010. Correspondence from Randall D. Holmes, President & Chief Executive Officer, RI LFG Genco LLC, dated June 28, 2010, confirms that “the resource that is subject of the above power purchase agreement will have a gross nameplate capacity rating of less than thirty-seven megawatts.” The agreement is for a term of fifteen years (PPA 2.2(b), p.13), which is greater than the statutory minimum of ten (10) years (RIGL section 39-26.1-2(5)) and less than the statutory maximum of twenty (20) years (RIGL section 39-26.1-9(2)(ii)(A)). Thus submissions have been made that are part of the record of the docket that the power purchase agreement meets the threshold requirements for review; no statement was received into the record of the docket opposing these declarations.

The Administrator of the Office of Energy Resources shall make a certification of the agreement if the administrator determines that the agreement fulfills the declared policy of this chapter (R.I. Gen. Laws § 39-26.1) and this section (R.I. Gen. Laws § 39-26.1-9). Sec. 39-26.1-1 contains a purpose, a declared policy, “to encourage and facilitate the creation of commercially reasonable long-term contracts between electric distribution companies and developers or sponsors of newly developed renewable energy resources with the goals of stabilizing long-term energy prices, enhancing environmental quality, creating jobs in Rhode island in the renewable energy sector, and facilitating the financing of renewable energy generation within the jurisdictional boundaries of the state or adjacent state or federal waters or providing direct economic

benefit to the state.” Section 39-26.1-9, does not contain declared policy, however, this general law section was enacted by chapters 14 and 18 of the Public Laws of 2010, and first section of these public law chapters set forth legislative findings that align with the declared policy in the purpose and goals stated in Section 39-26.1-1. These legislative findings from the public chapters were presented in the introduction of the Notice of Opportunity to Offer Written Comment, Docket No. D-10-36.

Below is a comparison of the “purposes” set forth in Section 39-26.1-1 and the related legislative “findings” from section 1 of RI Pub Laws 2010 chapters 14 and 18:

A(1). RIGL Section 39-26.1-1 goal - *to encourage and facilitate the creation of commercially reasonable long-term contracts between electric distribution companies and developers or sponsors of newly developed renewable energy resources,*

A(2). RIPL 2010 chapters 14 and 18 finding - (3) A new landfill gas fueled electric generating facility could qualify as a new renewable energy resource pursuant to section 39-26-2;

(5) The financing plan for the construction of a new landfill gas fueled electric generating facility is supported by more than fifty million dollars (\$50,000,000) of federal government grants, which are only available if construction of the facility is actually commenced before the end of the calendar year 2010;

(6) In order to complete the financing plan and secure the federal government grants that are necessary for the financing and construction of the facility, the owner/builder of the facility must obtain a long-term contract for the sale of the output of the facility;

(7) Under the current process, set forth in this chapter, relating to long-term renewable energy contracts, the owner/builder will not be able to obtain an executed long-term contract and otherwise complete the financing plan for the facility in sufficient time to meet the end of the calendar year 2010 requirement of the federal government grants;

B(1). RIGL Section 39-26.1-1 goal - *stabilizing long-term energy prices,*

B(2). RIPL 2010 chapters 14 and 18 finding - (8) The development of an electric generating facility fueled by landfill gas from the central landfill will provide unique benefits to Rhode Island ratepayers and residents that are not reasonably available from other alternatives;

C(1). RIGL Section 39-26.1-1 goal - *enhancing environmental quality,*

C(2). RIPL 2010 chapters 14 and 18 finding - (1) The cost effective safe collection, processing and destruction of landfill gas produced from the natural decomposition of municipal solid waste at the central landfill in Johnston, Rhode Island is essential to the health and welfare of the residents of Rhode Island;

(2) The construction and operation of a new landfill gas fueled electric generating facility is an integral component of the cost-effective collection, processing and destruction of landfill gas;

D(1). RIGL Section 39-26.1-1 goal - *creating jobs in Rhode Island in the renewable energy sector,*

D(2). RIPL 2010 chapters 14 and 18 finding - (4) The construction and operation of a new landfill gas fueled electric generating facility at the central landfill would result in direct economic benefits to Rhode Island, including:

.....
(ii) Very near-term benefits with the start of construction of the facility in calendar year 2010;

(iii) Creation and retention of jobs during the construction and operating phases of the facility;

E(1). RIGL Section 39-26.1-1 goal - *facilitating the financing of renewable energy generation within the jurisdictional boundaries of the state,*

E(2). RIPL 2010 chapters 14 and 18 finding - (9) The amendments to the process for obtaining long-term renewable energy contracts as set forth herein are necessary in order to ensure that the owner/builder of the facility can promptly obtain a

long-term renewable energy contract otherwise consistent with the provisions of this section to support the financing and construction of the facility, for the aforesaid legitimate local purposes including, without limitation, the benefit of Rhode Island ratepayers.

F(1). RIGL Section 39-26.1-1 goal - *providing direct economic benefit to the state.*

F(2). RIPL 2010 chapters 14 and 18 finding - (4) The construction and operation of a new landfill gas fueled electric generating facility at the central landfill would result in direct economic benefits to Rhode Island, including:

(i) An investment of more than one hundred million dollars (\$100,000,000) in a new renewable energy generating facility located entirely within the State of Rhode Island;

. . . .

(iv) Reduction in capital and operating costs that would otherwise be born by the Rhode Island Resource Recovery Corporation;

(v) Increases in taxes or payments-in-lieu-of-taxes to the town of Johnston;

(vi) Enabling the timely decommissioning of existing generation facilities at the central landfill that would free up valuable landfilling space worth more than two hundred million dollars (\$200,000,000);

(vii) Providing substantial amounts of renewable energy to Rhode Island in furtherance of the state's policies of increasing diversity of energy resources, reducing reliance on fossil fuels and reducing the state's carbon footprint.

(viii) Provides for funding on an annual basis from the new landfill gas fueled electric generation facility to assist the Johnston School System with economic needs including capital improvements and other school related expenses including athletic programs, textbooks, and extracurricular activities. The annual funding shall be deposited in a restricted receipt account that shall be known as the "Johnston School Renewable Energy Assistance Fund."

Since the purpose and goals of section 39-26.1-1, which are, in effect, the declared policy of the chapter, comprehend the findings made in section 1 of RIPL 2010 chapters 14 and 18, the determination required for the certification by the

Administrator of the Office of Energy Resources involves addressing the following six questions:

1. Does the agreement encourage and facilitate the creation of commercial reasonable long term contracts for newly developed renewable energy facilities?
2. Does the agreement stabilize long-term energy prices?
3. Does the agreement enhance environmental quality?
4. Does the agreement create jobs in Rhode Island in the renewable energy sector?
5. Does the agreement facilitate financing of renewable energy generation within the jurisdictional boundaries of the state?
6. Does the agreement provide direct economic benefit to the state?

III. Narragansett Electric Company and LFG Genco LLC Filing and Supporting Documents

On June 7, 2010, The Narragansett Electric Company d/b/a National Grid provided a certified copy of an executed copy of the Purchase Power Agreement for the "Town of Johnston Project." On June 15, 2010, LFG Genco, LLC filed correspondence, including four tabs, from Stephen Galowitz "in support of the certifications contemplated by each of the regulators;" this filing shall hereinafter be referred to as "RI LFG Genco letter 6-15-2010." In addition, on June 15, 2010, LFG Genco, LLC, provided a binder, with tabs, of thirty-three documents pertaining to the Town of Johnston Project; this binder is hereinafter referred to "RI LFG Genco binder 6-15-2010."

IV. Public Comments

The Long-Term Contracting Standard for Renewable Energy statute sets forth that members of the public shall have fifteen (15) days to submit written comments to each of the agencies certifying the purchase power agreement. Section 39-26.1-9(3). The Office of Energy Resources received no such written comments.

V. Findings of the Office of Energy Resources

With regard to the six questions set forth in section III of this certification, the Office of Energy Resources finds the following after reviewing the record as a whole:

1. Does the agreement encourage and facilitate the creation of commercially reasonable long term contracts for newly developed renewable energy facilities?

The electricity generating facility Rhode Island LFG Genco, LLC is proposing to construct and operate meets the definition of an eligible renewable energy resource. The term "eligible renewable energy resource" is defined in RIGL §§ 39-26-2 and 39-26-5 as a "generation unit in the NEPOOL control area using . . . eligible biomass fuels" R.I. Gen. Laws § 39-26-5(6). The statute defines "generation unit" as a "a facility that converts a fuel or an energy resource into electrical energy". R.I. Gen. Laws § 39-26-2(13). Based upon the representations of Rhode Island LFG Genco, LLC in their submittal, the proposed facility meets this definition of a generation unit. Further, "Eligible biomass fuel" means fuel sources including brush, stumps, lumber ends and trimmings, wood pallets, bark, wood chips, shavings, slash and other clean wood that is not mixed with other solid wastes; agricultural waste, food and vegetative material; energy crops; landfill methane; biogas; or neat bio-diesel and other neat liquid

fuels that are derived from such fuel sources;" R.I. Gen. Laws § 39-26-2(7). (emphasis added). The landfill gases proposed to be used at the Rhode Island LFG Genco, LLC facility constitute "landfill methane" and/or "biogas" and thereby meet the definition of eligible biomass fuel. In sum, the proposed facility meets the definition of an eligible renewable energy resource. While RIGL sec. 39-26-5 at subsection (8) specifies that "Waste-to-energy combustion of any sort or manner shall in no instance be considered eligible [as a renewable energy resource] except for fuels identified in § 39-26-2(6), subsection 39-26-2(7), which was formerly subsection number 39-26.1-2 (6), explicitly recognizes landfill gas a form of renewable energy.

Because the Rhode Island LFG Genco, LLC facility would be constructed commencing in 2010, the facility would be "newly" developed. Also, it would be "new" because the facility will be significantly larger and more technologically advanced than Ridgewood's current landfill gas facility at the Central Landfill.

Section 39-26.1-2, subsection (1) defines "commercially reasonable" as meaning "terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy resources. Commercially reasonable shall include having a credible project operation date, as determined by the commission, but a project need not have completed the requisite permitting process to be considered commercially reasonable. If there is a dispute about whether any terms or pricing are commercially reasonable, the commission shall make the final determination after evidentiary hearings." The agreement meets the test of commercial reasonableness according to the National Grid

certification in the PPA by Madison Milhous. The bundled price of \$119.80 per megawatt hour, escalated at 2.5 percent annually, was deemed commercially reasonable by Peter Zaborowsky, Managing Director of Evolution Markets, in an affidavit submitted by LFG Genco as that of an experienced power market analyst (RI LFG Genco letter 6-15-2010, tab A).

The power purchase agreement submitted is a commercially reasonable, long term contract for a newly developed renewable energy facility.

2. Does the agreement stabilize long-term energy prices?

The bundled price set forth in the power purchase agreement, appendix X to exhibit E, is \$ 119.80 per megawatt hour commencing in 2012. The term of the power purchase agreement is fifteen (15) years. The bundled price of \$119.80 to be is escalated annually by 2.5 % commencing in 2013 for the duration of the agreement. Because the power purchase agreement does not make provision for fluctuation or variation in the energy prices, which are common and often unpredictable, the PPA bundled price will have a stabilizing effect on long term energy prices. LFG Genco notes that “Most renewable energy technologies produce intermittent electrical energy. This is because their fuel supply is inherently unstable and unpredictable In contrast to most other renewable energy projects, landfill gas facilities operate as ‘baseload’ facilities, meaning that they generate electricity at or near the ir maximum output level on an around-the-clock basis.” Further noting average annual fluctuations in the price of natural gas and in the whole price of electrical energy, LFG Genco

submitted that “procur ing a portion of its electrical supply pursuant to a fixed price contract will assist NGRID in stabilizing the price of power for the benefit of its rate payers” (RI LFG Genco letter 6-15-2010).

Therefore, the power purchase agreement stabilizes long-term energy prices.

3. Does the agreement enhance environmental quality?

The Central Landfill in the Town of Johnston, which is owned and operated by the Rhode Island Resource Recovery Corporation “is critically important to Rhode Island municipalities. Thirty-eight of our thirty-nine cities and towns dispose of all of their solid waste at the Landfill, either through materials recovery (recycling) or burial. On average, about 80 percent of municipal solid waste is landfilled” (Rhode Island Comprehensive Solid Waste Management Plan, State Guide Plan Element 171, April 2007, p. xi). RIGL section 23-18.9-1 requires “(a) Each city and town is required to make provision for the safe and sanitary disposal of all refuse which is generated within its boundaries, including refuse from commercial and industrial sources, but excluding refuse from sources owned or operated by the state or federal governments, hazardous waste as defined in chapter 19.1 of this title and any refuse which is not acceptable at a facility provided by the Rhode Island resource recovery corporation under chapter 19 of this title.”

RIGL Chapter 23-19 establishing the Resource Recovery Corporation sets forth the following legislative findings in section 23-19-2:

The general assembly recognizes and declares that:

- (1) The people of the state desire to promote a clean and wholesome environment;

- (2) Many municipalities have serious solid waste management problems and face difficulty in providing adequate services at reasonable costs;
- (3) Inefficient practices and poor management techniques result in pollution problems and environmental deterioration and result in a waste of land and other valuable resources;
- (4) Solid waste management problems are statewide in scope and necessitate state action through technical assistance and leadership in the application of new and improved methods and processes to reduce the amount of solid waste that must be disposed of, and to promote environmentally acceptable and economically sound solid waste management;
- (5) The continuing technological processes and improvements in the methods of manufacture, packaging, and marketing of consumer products, has resulted in an increased volume, and in a change in the characteristics, of material being discharged;
- (6) The economic and population growth of the state and the improvements in the standards of living enjoyed by the people of the state have required increased industrial production together with related commercial operations to meet these needs, all of which has resulted in an increasing volume of discharged materials;
- (7) The failure or inability to economically recover and recycle materials and energy resources from solid waste results in the unnecessary waste and depletion of natural resources;
- (8) Provision for necessary, cost efficient, and environmentally sound systems, facilities, technology, and services for solid waste management and resource recovery is a matter of important public interest and concern, and action taken in this regard will be for a public purpose and will benefit the public welfare;
- (9) The landfill disposal of solid waste, even under the most ideal conditions, creates a long-term potential for pollution and environmental degradation;
- (10) Recycling facilities must be integrated into the development of all solid waste disposal facilities under the jurisdiction of the Rhode Island resource recovery corporation;
- (11) The central landfill is a public resource of limited and finite capacity which the state, as guardian and trustee for its people, has the right and the obligation to preserve for the use of its people; and
- (12) The state, by creating the Rhode Island resource recovery corporation and through it operating the central landfill, is a participant in the landfill services market and has entered that market for the purpose of serving the citizens, residents, and municipalities of this state.

At the RI Resource Recovery Corporation meeting with Governor on October 28, 2008, it was noted that "the Rhode Island Comprehensive Solid Waste Management Plan dated April 2007 projected that the current active phase of the

landfill could be exhausted by as early as 2009, although recent reductions in tipping volumes could extend the life of the current active phase [Phase V]" (RI LFG Genco binder 6-15-2010, tab 10). The current landfill gas recovery facility is in the area needed for future expansion of the Central Landfill, Phase VI.

The newly developed renewable energy resource subject to the PPA is made necessary by the need to provide for this expansion of the Central Landfill.

Rhode Island Department of Environmental Management Regulations (Solid Waste Regulation No. 2, Solid Waste Landfills, Effective January 1997) require control of landfill gas (methane) (2.3.08) and set standards for landfill gas recovery facilities (2.1.12).

The newly developed renewable energy resource subject to the PPA will be larger and more efficient than the current landfill gas facility (RI LFG Genco binder 6-15-2010, tab. 9). A permit covering the newly developed renewable energy resource subject to the PPA has been issued by the Department of Environmental Management Office of Air Resources, (RI LFG Genco binder 6-15-2010, tab. 15).

LFG Genco has submitted that "the direct [environmental] benefits are attributable to the destruction of landfill gas, of which methane is the largest constituent. As a powerful greenhouse gas methane is 23 times more harmful than CO₂. . . . Furthermore, by generating power which displaces power that would otherwise have been produced, the facility produces indirect benefits. . . . In short, the environmental benefits include a reduction of approximately 165,000 tons of CO₂ emissions per year" (RI LFG Genco letter 6-15-2010).

With regard to local environmental quality in the Town of Johnston, concerns were expressed to the DEM Office of Air Resources at the hearing on the “major Source Permit, Rhode Island Central Genco, LLC, RI-PSD-8, regarding additional odors and air pollution (RI LFG Genco binder 6-15-2010, tab. 15); the Office’s response was “the landfill gas turbines would not be expected to generate odors that would be objectionable beyond the property line.” The Town of Johnston Zoning Board of Review noted that an alleged benefit of the project was “capturing the landfill gases will reduce odors in the neighborhood” (RI LFG Genco binder 6-15-2010, tab. 20). The project has been given Town approvals.

The Town of Johnston Project has been given Department Environmental Management permit for an Insignificant Wetlands Alteration, March 17, 2010, and Energy Facility Siting Board approval for transmission line interconnection, June 11, 2010 (RI LFG Genco binder 6-15-2010, tabs 16 and 18 respectively). Both the Town of Johnston and the Department of Environmental Management have considered the environmental impacts and benefits and both entities endorsed the project.

Therefore, it would appear that the PPA enhances environmental quality.

4. Does the agreement create jobs in Rhode Island in the renewable energy sector?

The “fact sheet” for the Johnston LFG Facility (RI LFG Genco binder 6-15-2010, tab 2) states that “112 RI jobs will be created during the construction phase of the new facility.” In an April 27, 2010, letter to Speaker of the House Gordon D. Fox,

Michael F. Sabitoni, President of the Rhode Island Building and Construction Trades Council wrote, "The project is absolutely critical to the Rhode Island economy. It will create more than 100 construction jobs that would start before the end of the year. . . . As you are well aware, the Rhode Island economy has been severely affected by the recent downturn and our members are desperate for work" (RI LFG Genco letter 6-15-2010, tab C).

The RI LFG Genco letter 6-15-2010 lists categories of jobs that would be created.

Based upon these representations, it appears that the PPA will create jobs in Rhode Island in the renewable energy sector.

5. Does the agreement facilitate financing of renewable energy generation within the jurisdictional boundaries of the state?

As set forth herein, the proposed facility meets the definition of an eligible renewable energy resource. The PPA has an express purpose "the development and operation" of renewable energy resource (PPA section 3, pp 14-21). Generation of renewable energy is the goal of the project and the project is located in the Town of Johnston which is located within the jurisdictional boundaries of the State of Rhode Island.

The timing of both the execution of the PPA and the request for its certification pursuant RIGL section 39-26.1-9 facilitates obtaining \$54 million in Federal grants. RI LFG Genco letter 6-15-2010 and RI LFG Genco binder 6-15-2010 tabs 24.

Therefore, the PPA facilitates financing of an eligible renewable energy resource within the jurisdictional boundaries of the State of Rhode Island.

6. Does the agreement provide direct economic benefit to the state?

In a letter to Senators, May 5, 2010, RI Resource Recovery Corporation Executive Director Michael O'Connell stated that the Town of Johnston project is "an attractive financial arrangement for the RIRRC with a guaranteed annual savings of \$2 million as compared today's contract." RI LFG Genco letter 6-15-2010, tab D. At the meeting of the RIRRC with the Governor on October 28, 2010, at which key authorizations were given for the development of the project, it was specifically made a matter of the record that the new contract between the RIRRC and Ridgewood (the parent of LFG Genco, LLC) "improves RIRRC's cost by a minimum of \$2 Million annually... and an opportunity to earn an additional \$5 Million in the out years if Ridgewood revenues materialize as projected." RI LFG Genco binder 6-15-2010, tab 10.

The Town of Johnston Project as currently presented also enables the RIRRC to avoid the cost of condemning the current landfill gas facility in order to obtain space for the Phase VI landfill expansion. The value of the "space void" of the Phase VI expansion, according to LFG Genco, LLC, is worth \$200 million based on current

tipping rates. RI LFG Genco letter 6-15-2010. In addition, the cost to be paid by LFG Genco for the construction and installation of the new sulfur removal system and associated infrastructure will be approximately \$10 million. RI LFG Genco letter 6-15-2010.

Locally, the Agreement for Payment in Lieu of Taxes [PILOT] with the Town of Johnston, June 23, 2008, will be "for each of the nineteen (19) calendar years following the COD [commercial deliveries of power], will be equal to two hundred fifty thousand dollars (\$250,000)," adjusted beginning in the second year by the percentage change in the consumer price index for the prior year. RI LFG Genco binder 6-15-2010, tab 22. RI LFG Genco has also agreed (letter June 15,2010, to Ms. Janice Mele, Chair, Johnston School Committee) to contribute one hundred thousand dollars (\$100,000) initially and fifty thousand dollars (\$50,000) annually thereafter for ten years to a special fund for the purposes of capital improvements and athletics in the Town of Johnston, as determined by the Johnston School Committee. RI LFG Genco binder 6-15-2010, tab 23.

These savings by RIRRC and payments to the Town constitute direct economic benefits to the State of Rhode Island.

VI. Conclusion and Certification

After a thorough examination of the materials placed in the record, and based upon the findings set forth in section V above of this certification, the Office of Energy Resources has determined that the Purchase Power Agreement (PPA) between The

Narragansett Electric Company and Rhode Island LFG Genco, LLC, dated May 21, 2010, and certified June 4, 2010, "fulfills the declared policy of this chapter and this section" as required by RIGL section 39-26.1-9 (4)(iii).

- (1) The PPA does encourage and facilitate the creation of commercial reasonable long term contracts for newly developed renewable energy facilities. The PPA will provide for the development and operation of a newly developed renewable energy facility as such facilities are defined in RIGL chapter 39-26. The PPA is a commercially reasonable long term contract as defined in RIGL section 39-26.1-2.
- (2) The PPA will contribute to the stabilization of long-term energy prices. The rate set forth in the PPA is a fixed amount of \$119.80 per megawatt hour, escalated by a fixed rate of 2.5 percent annually. The power provided by the facility will be "base-load" and not intermittent. These characteristics are attributes of long term price stabilization.
- (3) The PPA does enhance environmental quality. Importantly, it facilitates extension of the life of the Central Landfill on which the state's cities and towns are dependent for meeting refuse disposal obligations critical to public health. The PPA will support the development of an advance landfill gas collection and destruction system that will reduce greenhouse gas emissions from the landfill, will reduce odors neighborhoods near to the landfill, and will meet Department of Environmental Management Air Quality requirements for landfill operations.

- (4) The PPA result in the creation of jobs in Rhode Island in the renewable energy sector, especially during the construction of the town of Johnston Project. During the current recession, the contraction of construction employment has been especially severe; thus the job creation that would take is timely.
- (5) The PPA facilitates financing of renewable energy generation within the jurisdictional boundaries of the state. It is responsive to current capital market conditions, and the timing of its execution is intended to enable securing substantial Federal funding for the project which is located in the Town of Johnston, Rhode Island.
- (6) The PPA does provide direct economic benefit to the state. It results in improved revenues to the Resource Recovery Corporation, a quasi-public state agency. It facilitates the availability of valuable, additional landfill capacity. And it enables increased payments to the Town of Johnston for general municipal government and to the Johnston School Committee for capital improvements and athletics.

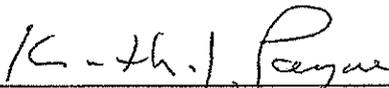
Based on these determinations, the Office of Energy Resources "shall certify the agreement."

ORDERED:

That the duly executed and certified power purchase agreement for the Town of Johnston Project provided by The Narragansett Electric Company to

the Rhode Island Office of Energy Resources on June 7, 2010, is hereby certified in accordance with the process established by RIGL section 39-26.1-9.

Dated and Effective at Providence, Rhode Island, on July 7, 2010.



Kenneth F. Payne
Administrator