

August 20, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 3798 - Rules and Regulations Governing the Implementation of a
Renewable Energy Standard
National Grid Comments**

Dear Ms. Massaro:

Enclosed are National Grid's¹ Comments 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

Enclosures

cc: Steve Scialabba, Division
Leo Wold, Esq.

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

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

**In Re: RULES AND REGULATIONS GOVERNING
THE IMPLEMENTATION OF A RENEWABLE
ENERGY STANDARD**

Docket No. 3798

**COMMENTS OF
THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
REGARDING RULES AND REGULATIONS GOVERNING THE IMPLEMENTATION
OF A RENEWABLE ENERGY STANDARD**

I. Introduction

National Grid¹ hereby submits these written comments pursuant to a Notice to Solicit Comments (“Notice”), which was issued by the Commission on July 21, 2013 in the above-referenced docket regarding the Commission’s interpretation of the effective date for eligibility of Renewable Energy Certificates (“RECs”) pursuant to Rule 6.0 of the Renewable Energy Standard (“RES”) Rules and Regulations. Certification of a Renewable Energy Resource (as defined in Rule 5.1 of the RES Rules and Regulations) is complete upon the Commission’s issuance of statements of qualification, which includes a unique certification number for each generation unit.² As set forth in the Notice, the Commission’s long-standing policy has been that certification of an Eligible Renewable Energy Resource is complete upon notification of the facility’s commercial operation date and assignment of a NEPOOL-GIS Asset Identification Number, at which time the Commission issues a unique, Rhode Island-specific certification number. This policy precludes RECs generated prior to commercial operation (i.e. test energy)

¹ The Narragansett Electric Company d/b/a National Grid (referred to herein as “National Grid” or the “Company”).

² See Rule 6.1(iv).

to be eligible for RES qualification even though the unit is ultimately certified as an Eligible Renewable Energy Resource.³ Thus, the question presented in the Notice is whether the Commission's policy, governing the certification of an Eligible Renewable Energy Resource, should be changed to require that

Certification of an Eligible Renewable Energy Resource is complete upon notification of the facility's first date of delivery of eligible energy to the ISO-NE grid, or if a Customer-sited or off-grid facility, first date of production of eligible energy verified by a Commission-approved Independent Verifier, and assignment of a NEPOOL-GIS Asset Identification Number, at which time the Commission issues a unique Rhode Island-specific certification number. The facilities Renewable Energy Certificates ("RECs") become Rhode Island-eligible effective on the first day which the Rhode Island certification number is issued. All RECs associated with the production of eligible energy that are minted after the Effective Date are eligible for the RES.⁴

II. Comments

The Company previously submitted comments in Docket No. 4201 in support of Rhode Island LFG Genco's ("RI Genco") request to allow RECs generated from test energy prior to commercial operation to qualify. A copy of the Company's July 11, 2013 correspondence is attached to these comments as Attachment 1. The Company restates the arguments contained in that correspondence and offers the following additional comments in support of the above change in the Commission's policy governing certification of an Eligible Renewable Energy Resource:

1. The Company agrees with Commission Staff's analysis in its July 10, 2013 Open Meeting Memorandum that if a generation unit is found to be eligible as a Renewable Energy Resource, then there should be no distinction between RECs generated by test energy and RECs

³ This was the basis for the Commission's denial of Rhode Island LFG Genco's request in Docket No. 4201 that RECs generated from test energy prior to commercial operation should be considered eligible from the date of the Commission's order determining eligibility, and not from the date on which the conditions in the order have been met. At the July 11, 2013 Open Meeting, the Commission voted to reopen Docket No. 3798 to solicit comments regarding a change to this policy that would allow test energy to qualify.

⁴ Notice to Solicit Comments, Docket No. 3798 (July 21, 2013).

generated by energy after commercial operation. In fact, certain of the Company's power purchase agreements ("PPAs") that it has entered into with developers treat test RECs as a renewable resource notwithstanding the date of commercial operation by providing for the Company to purchase RECs delivered during the test period, subject to the relevant provisions of the PPAs.

2. It is also worth noting that the proposed change in policy is consistent with the way in which other jurisdictions treat test energy. The Massachusetts Renewable Portfolio Standard ("RPS") Regulations, 225 CMR 14.00, allow for test energy to be eligible for RPS qualification. The RPS determines the RPS Effective Date⁵ as a date on or after the commercial operation date, which is included in the Generation Unit's Statement of Qualification.⁶ The term "Commercial Operation Date is defined as "the date that a Generation Unit first produces electrical energy for sale within the ISO-NE Control Area or within an adjacent Control Area."⁷ This provision allowed RI Genco to qualify its first quarter 2013 RECs as eligible for the Massachusetts RPS, whereas RECs for the same period were not deemed eligible under the RES Rules and Regulations in Rhode Island.

3. The Company believes that qualifying test energy as RES eligible would advance Rhode Island's renewable energy policies and is good for customers. Allowing test energy to qualify as RES eligible, provided it meets the requirements for eligibility set forth in the RES Rules and Regulations, would benefit Rhode Island customers by increasing the supply of eligible RECs in the marketplace, which in turn could potentially reduce prices for RES compliance.

⁵ See 225 CMR 14.06.

⁶ Defined in 225 CMR 14.02.

⁷ 225 CMR 14.02.

4. Finally, making RECs RES-eligible upon “commercial operation” adds a degree of variability to the process. Under a PPA, “commercial operation” generally refers to the period in which the generator has satisfied the negotiated requirements for the purchaser to begin purchasing energy and RECs. There is not necessarily a standard definition for “commercial operation” in those agreements. Moreover, for generators that do not have a power purchase agreement, the concept of “commercial operation” could either be meaningless or could refer to one of several possible milestones, including “substantial completion” or “final completion” under a construction contract or being “placed in service” for purposes of federal tax credits. Thus, the Company recommends that the Commission amend the RES Rules and Regulations to include a definition of the term “commercial operation date” for purposes of RES certification as the date that a generation unit first produces electrical energy for sale within the ISO-NE Control Area or within an adjacent Control Area.

III. Conclusion

For the reasons stated above, the Company supports a change in policy that would allow certification of an Eligible Renewable Energy Resource upon notification of the facility’s first date of delivery of eligible energy to the ISO-NE grid (including test energy generated prior to commercial operation under a PPA), or, if applicable, the first date of production of eligible energy verified by a Commission-approved Independent Verifier, and assignment of a NEPOOL Asset Identification Number, at which time the Commission issues a unique Rhode Island-specific certification number. The effective date for the eligibility of those RECs would be the first day on which the Rhode Island certification number is issued.

Respectfully submitted,

The Narragansett Electric Company
d/b/a National Grid

By its attorney,

A handwritten signature in black ink, appearing to read "Jennifer Brooks Hutchinson". The signature is written in a cursive style with a horizontal line extending to the right.

Jennifer Brooks Hutchinson (RI Bar #6176)
National Grid
280 Melrose Street
Providence, RI 02907

Dated: August 20, 2013

July 11, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket No. 4201 – Rhode Island LFG Genco, LLC – Eligibility as a New Renewable Energy Resource - Request for a Change in the Effective Date of RECs
National Grid Comments

Dear Ms. Massaro:

On July 9, 2013, Commission counsel provided National Grid¹ with a copy of a letter dated June 28, 2013 from Rhode LFG Genco (“RI Genco”) for National Grid’s review and comment, if any, prior to the open meeting scheduled in the above-referenced docket for July 11, 2013. National Grid is the counter-party to the power purchase agreement (“PPA”) referenced in the June 28, 2013 letter. National Grid understands that RI Genco has requested the Commission find that renewable energy certificates (“RECs”) that are generated from test energy prior to commercial operation should be considered eligible from the date of the Commission’s December 20, 2010 Order determining eligibility, and not from the date on which the conditions in that Order have been met. In RI Genco’s case, the date on which the Commission’s conditions for eligibility were met was June 1, 2013. RI Genco has been generating since December 2012. In the event that the first quarter 2013 RECs (produced between January 1, 2013 and March 31, 2013) are deemed not to be eligible prior to the opening of the GIS trading period on July 15, 2013, then RI Genco will forfeit the revenue associated with those RECs in Rhode Island; however, the Company understands that they may be able to sell these RECs into other New England REC markets such as Massachusetts.

From a market perspective, the Company does not dispute that the intent of the PPA with RI Genco was to treat test RECs as a renewable resource notwithstanding the date of commercial operation by requiring the Company to purchase RECs delivered during the test period, subject to the relevant provisions of the PPA. The Company generally agrees with RI Genco that there is no distinction between RECs generated by test energy and RECs generated by energy after commercial operation. Certainly, there is value in qualifying test energy as eligible, provided it meets the requirements for eligibility set forth in the Renewable Energy Standard (“RES”), R.I.G.L. § 39-26, and the Commission’s Rules and Regulations. Most importantly, allowing test energy to qualify benefits customers. Allowing the test RECs to qualify for the RES would increase the supply of eligible RES RECs in the market and could potentially reduce the price of these RECs to customers.

¹ The Narragansett Electric Company d/b/a National Grid (referred to herein as “National Grid” or the “Company”).

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In the event that the Commission determines that a change in the Commission's policy is required in order to allow test RECs to qualify, then the Company would support such an approach for the reasons set forth above, and generally agrees with the merit arguments outlined by Commission Staff in its July 10, 2013 open meeting memorandum.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

cc: Leo Wold, Esq.
Steve Scialabba