

# Energy Management, Inc.

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December 12, 2007

## VIA REGULAR MAIL AND ELECTRONIC MAIL

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

**Re: Docket 3765: Renewable Energy Procurement Plan  
Rhode Island Certificate Purchase Agreements**

Dear Ms. Massaro:

In accordance with the procedural schedule established by the Hearing Officer in the above-referenced proceeding, Energy Management, Inc. ("EMI"), hereby submits its response to the December 5 comments of Ridgewood Power Management, Inc. In evaluating such comments, the most important factor is consistency with the plainly stated legislative purposes of the renewable portfolio standard ("RPS"), which are stated at R.I.G.L. 39-26-3 as follows:

The purpose of this chapter is to facilitate the development of new renewable energy resources to supply electricity to customers in Rhode Island with the goals of stabilizing long-term energy prices, enhancing environmental quality, and creating jobs in Rhode Island in the renewable energy sector. [Emphasis added]

As noted below, EMI believes that Ridgewood's comments make recommendations that would further such legislative goals.

**1. Greater Transparency is Appropriate.**

The greater market transparency urged by Ridgewood would afford potential developers and the financial community far better indication as to whether Rhode Island would be an attractive market for renewable investment and development, the expressly stated goal of the RPS. Under the current filing, the financial community is unable to determine the price or value of renewable attributes procured pursuant to the RPS, the operative terms of executed contracts, or the identity or location of selected projects. Under this scenario, no meaningful price or

investment signal is sent to the financial community, which is thus left to make capital decisions based upon speculation, rather than the actual market clearing prices from the procurement process. The rate paying public is similarly denied access to the associated costs incurred on their behalf. EMI thus concurs with the Division that “the procedures and winning bids should be made public unless their disclosure is likely to have an adverse effect on ratepayers.” Stutz Response at 1. In this regard, there is no likelihood of harm from the post-selection release of the winning bids, a result that would be consistent with commonly followed public bidding processes.

**2. The Commission Should Assure Due Consideration of Local Benefits.**

Ridgewood also raises a valid question as to whether the selection process gave the requisite consideration to the local benefits of in-state generation proposals. As an initial matter, Mr. Hagar’s testimony properly states that National Grid was to base its selection upon the criteria approved by the Commission’s 2007 Order, which specifically include “Location of the renewable resource(s) and how the renewable resource satisfies the goals of stabilizing long-term energy prices, enhancing environmental quality, and creating renewable sector jobs in Rhode Island.” Grid’s November 30 filing, however, states that “The bids were evaluated strictly on bid price and contract terms and were not adjusted for non-price benefits.” Id. at Att. 1, p. 3. Grid therein notes that at least one bidder identified “specific” and “quantifiable” local benefits to Rhode Island, which it states were not “verified.” The critical question then is on what basis specific and quantifiable benefits were disregarded, and what standards or methods of verification were applied. In all cases, the Commission should assure that the disregard of local benefits clearly relevant to the statutory purpose should be reasonable, transparent and reviewable.<sup>1</sup>

Sincerely,



Dennis J. Duffy

cc: Service List

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<sup>1</sup> The comments of the Mr. Stutz in this regard are misplaced. First, his suggestion that the relative benefit of local employment in the renewable sector is “questionable” contravenes the express legislative purpose of “creating jobs in Rhode Island in the renewable energy sector,” and this is not an appropriate forum to question such a statutory statement of purpose. Second, his suggestion that local reductions in nodal pricing are of “limited relevance” is seriously flawed. Even if standard offer prices are fixed through 2010, customers under last resort service and customers purchasing from competitive marketers are not so insulated, and would see the direct benefit of localized price suppression.