

March 4, 2009

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: 2009 Renewable Energy Procurement Plan
Testimony and Attachments of Alan P. Smithling
Docket No. _____**

Dear Ms. Massaro:

In compliance with Order 19580 in Docket No. 4012, enclosed please find ten (10) copies of National Grid's 2009 Renewable Energy Procurement Plan filing in the above-captioned proceeding. The 2009 RES Procurement Plan consists of the pre-filed testimony and attachments of Alan P. Smithling.

Thank you for your attention to this filing. Please feel free to contact me at (401) 784-7667 if you have any questions concerning this filing.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4012 Service List
Paul Roberti, Esq.
Steve Scialabba, Division

DIRECT TESTIMONY

OF

ALAN P. SMITHLING

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Alan P. Smithling, and my business address is 300 Erie Boulevard West,
4 Syracuse, New York 13202.

5 **Q. Please state your position.**

6 A. I am the Manager of Electric Supply for National Grid USA Service Company, Inc.
7 (“National Grid”). I manage the physical power procurement as well as the hedging
8 strategies and other energy supply related activities for National Grid’s operating
9 companies, including The Narragansett Electric Company d/b/a National Grid
10 (“Narragansett” or “Company”). For Narragansett, these activities include the
11 procurement of power for Standard Offer Service (“SOS”) and Last Resort Service
12 (“LRS”) as well as the procurement of renewable energy certificates (“RECs”).

13 **Q. Will you describe your educational background?**

14 A. I graduated from the State University of New York College of Environmental Science &
15 Forestry in 1980 with a Bachelor of Science in Forest Engineering. I received a Masters
16 in Geotechnical Engineering from Syracuse University in 1982.

17 **Q. What is your professional background?**

18 A. In December 1982, I joined Niagara Mohawk Power Corporation as a Junior Engineer in
19 the Transmission and Stations Engineering Department. In September 1988, I accepted a
20 position as a Corporate Planner in the Energy Supply Department performing economic
21 analyses for our Fossil & Hydro generation portfolio. In this position I became an expert

1 user of the production costing model PROMOD. PROMOD is an hourly simulation of
2 the generation, transmission, zonal loads, and market prices, similar to the New York ISO
3 operation. I was in the Supply Planning area for 12 years, performing market price
4 forecasts, economic analyses, planning studies and electric rate design. In 2002, I
5 became the Risk Manager for the gas and electric wholesale commodity purchases for all
6 National Grid distribution companies. My responsibility was to identify and monitor
7 areas within National Grid that exposed the Company to changes in the market price of
8 electricity, natural gas or other commodities in accordance with the Corporate Risk
9 Management Policy. In February 2008, I accepted my current position of Manager
10 Electric Supply.

11 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**
12 **(“Commission”)?**

13 A. No.

14 **Q. Have you testified before any other state regulatory agencies?**

15 A. Yes. I’ve testified before the New York Public Service Commission regarding supply
16 procurement activities.

17 **II. Purpose of Testimony**

18 **Q. What is the purpose of your testimony?**

19 A. The purpose of my testimony is to present National Grid’s Renewable Energy Standard
20 (“RES”) Procurement Plan in accordance with Section 8.2 of the Commission’s Rules
21 and Regulations Governing the Implementation of a Renewable Energy Standard (“RES

1 Regulations”) and Order No. 19108. The following topics will be covered in my
2 testimony:

- 3 • National Grid’s Proposed Procurement Schedule for 2010
- 4 • Evaluation Criteria
- 5 • Risks and Mitigation
- 6 • Resource Monitoring, Performance and Review of Procurement Process

7 **III. Background**

8 **Q. Why does National Grid need to submit a Renewable Energy Procurement Plan?**

9 A. On June 29, 2004, the Rhode Island legislature enacted into law a Renewable Energy
10 Standard (R.I. Gen. Laws § 39-26-1 et seq.). On December 8, 2005, the Commission
11 issued final regulations implementing the RES effective January 1, 2006. Pursuant to the
12 RES law and Commission regulations, beginning on January 1, 2007, National Grid and
13 all other obligated entities (as specified in Definition 3.24 of the RES Regulations) are
14 required to obtain a percentage of their energy supply from a mix of new and existing
15 renewable energy resources. Section 8.2 of the RES Regulations requires National Grid,
16 and all obligated electric utility distribution companies, to annually submit a Renewable
17 Energy Procurement Plan to the Commission that demonstrates its procedures for
18 obtaining resources that satisfy National Grid’s RES obligations.

19 **Q. Did National Grid submit a Renewable Energy Procurement Plan for 2009?**

20 A. Yes. On November 14, 2008, National Grid filed its second Renewable Energy
21 Procurement Plan with the Commission (the “2009 RES Plan”) which provided for the

1 procurement of a portion of National Grid’s 2008 and 2009 RES obligations. The 2009
2 RES Plan was approved by the Commission at its December 23, 2008 Open Meeting and
3 in written Order No. 4012 (the “2009 RES Order”). In the 2009 RES Order, the
4 Commission required National Grid to file a 2010 Renewable Energy Procurement Plan
5 (“2010 RES Plan”) no later than March 2, 2009. This filing is intended to comply with
6 these requirements.

7 **IV. RES Obligation**

8 **Q. Has National Grid estimated its RES obligations for 2010?**

9 A. Yes. National Grid has developed an estimate of its RES obligations for Standard Offer
10 Service in 2010. Schedule APS-1 is a summary of the estimate of Standard Offer load in
11 2010. The following table is an estimate of the RES obligations based on the Standard
12 Offer Load, assuming no immediate large migration shifts to Competitive Power
13 Suppliers (“CPS”) during the transition from the existing SOS to the proposed SOS:

Compliance Year	Total RES Target Percentage	Standard Offer Load (MWhs)	Standard Offer RES Obligation (RECs)
2010	4.5%	7,071,000	318,195

14
15 **V. Proposed Procurement Process and Schedule**

16 **Q. How will National Grid meet its RES obligations in 2010?**

17 A. National Grid plans to initially link its purchase of NEPOOL-GIS Certificates with its
18 purchase of SOS load requirements rather than procuring a specified quantity of

1 NEPOOL- GIS certificates. Linking the purchase of the RES obligation with the actual
2 SOS load requirement would enable National Grid to purchase its actual RES obligations
3 and reduce the probability of National Grid buying too many or too few NEPOOL-GIS
4 Certificates than the SOS RES obligation it must satisfy.

5
6 National Grid proposes to request separate pricing from SOS bidders to take on the RES
7 obligation at the same time as providing SOS service. The Company will evaluate the
8 RES pricing provided by the bidders and compare it to the Companies estimate of RES
9 market prices. If the pricing provided by the winning SOS supplier or suppliers is at or
10 less than National Grid's market estimate, then the SOS supplier will also be contracted
11 to provide the RES obligation. If the pricing is higher than National Grid's market
12 estimate, then National Grid will not include the RES obligation with the SOS supply.

13 **Q. If National Grid does not satisfy its RES obligation with the purchase of its SOS**
14 **supply, how will National Grid meet its RES obligations for 2010?**

15 A. National Grid proposes to procure RES renewable energy certificates (RECs) through a
16 series of stand alone RFPs issued by the Company sufficient to meet its 2010 RES
17 obligations. The NEPOOL-GIS trading period for 2010 RECs will not begin until mid-
18 July 2010 and conclude mid-June 2011. As a result there is sufficient time for the
19 Company to procure these RECs. The Company may also evaluate unsolicited offers
20 from brokers or other parties for the sale of RECs. If the purchase of such RECs would

1 provide an economic benefit to the Company's customers, then the Company would
2 agree to purchase the RECs.

3 **VI. Evaluation Criteria**

4 **Q. What criteria will National Grid use in selecting proposals to meet its RES needs?**

5 A. National Grid will base its selection of proposals using the criteria presented in the 2009
6 RES Plan and approved by the Commission in the 2009 RES Order, including:

- 7 • Lowest evaluated bid price;
- 8 • Quantity of NEPOOL-GIS Certificates offered;
- 9 • Ability of supplier to meet its obligation to deliver NEPOOL-GIS
10 Certificates;
- 11 • Firmness of delivery;
- 12 • The supplier's past experience in providing similar services to National
13 Grid;
- 14 • The supplier's past experience in providing similar services to other
15 companies in New England;
- 16 • The supplier's past experience in providing similar services to other
17 companies in other regions;
- 18 • The supplier's demonstrated understanding of its obligations under the
19 proposed Certificate Purchase Agreement;
- 20 • Whether there have been any past or are any present events that are
21 known that may adversely affect the supplier's ability to provide
22 NEPOOL-GIS Certificates; and
- 23 • Location of the renewable resource(s) and how the renewable resource
24 satisfies the goals of stabilizing long-term energy prices, enhancing
25 environmental quality, and creating renewable section jobs in Rhode
26 Island.

27 Of course, any proposals will require that the NEPOOL-GIS Certificates offered will
28 comply with the requirements in the RES Regulations. For a unit contingent offer, a
29 supplier will also be required to demonstrate the likelihood that NEPOOL-GIS
30 Certificates will be created from a resource. For a resource that is proposed or under

1 construction, a supplier will be required to demonstrate the likelihood that the resource
2 will create NEPOOL-GIS Certificates during the contract period.

3 **VII. Conclusion**

4 **Q. Does this conclude your testimony?**

5 **A.** Yes. It does.

INDEX TO SCHEDULES

Schedule 1 Narragansett Wholesale Loads

SCHEDULE APS – 1
NARRAGANSETT WHOLESALE LOADS
(GWHS)

Narragansett Load (GWhs)					
	<u>2008</u>	<u>Class</u>	<u>Forecast for 2010</u>	<u>SOS</u>	<u>CPS</u>
Standard		G62	Large C&I	390	210
Offer Service	6,882	G32	C&I > 200kW	1,534	826
		G02	General Demand	1,427	159
Last Resort Service	269		Large Customers	3,351	1,195
Competitive Suppliers (CPS)	1,115	S	Outdoor Lighting	70	
		C06	Small General	550	
		A16	Residential	3,100	
Total	8,266		Small Customers	3,720	-
			Total Load	7,071	1,195

Forecasted numbers are illustrative.

Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate was electronically transmitted and sent via US Mailed and hand-delivered to the Commission on 3/4/09.



Joanne M. Scanlon

**National Grid – Docket No. 4012
2009 Renewable Energy Standard Procurement Plan
Service list updated on 12/5/08**

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