

August 14, 2009

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Tariff Advice Filing to Amend R.I.P.U.C. No. 2010-A, Qualifying Facilities Power Purchase Rate
Docket No. _____**

Dear Ms. Massaro:

On behalf of National Grid¹ pursuant to Commission Rule 1.9(c), enclosed please find ten (10) copies of National Grid's tariff advice filing to amend the Company's Qualifying Facilities Power Purchase Rate, R.I.P.U.C. No. 2010-A ("QF Rate"). The proposed revisions to the Company's QF Rate are necessary to implement recently amended provisions of R.I.G.L. Sections 39-26-2 and 39-26-6, which concern net metering for distributed generation from renewable energy systems. The Company is requesting a September 14, 2009 effective date for its proposed tariff changes.²

Attached to this letter is a redlined and a clean copy of the proposed tariff changes. The Company has also enclosed a draft notice that will be published in the *The Providence Journal* to notify the public of the filing. The Company will publish this notice after receiving a docket number for this filing from the Commission.

Background

The Company's currently effective QF Rate, R.I.P.U.C. 2010-A has been in effect since January 1, 2009 and contains the terms and conditions under which the Company will purchase power from customers designated as qualifying facilities ("QFs") as defined in the Public Utility Regulatory Policy Act of 1978. Section III.B of the QF Rate contains a provision that allows certain eligible QFs to deliver power to the Company through net-metering, i.e, the power generated by the customer in excess of the customer's own load requirements is used to offset the kWhs delivered to the customer by the Company. The tariff advice that the Company is filing is designed to conform the Company's tariffs to the newly enacted statutory changes.

Statutory Changes

The amendments to R.I.G.L. §39-26-2 change two of the defined terms contained in that section. The definition of "Non-profit affordable housing" has been amended to indicate that the application process and eligibility criteria should assure that the net metering allowed will benefit the low income housing residents only. Additionally, the definition now provides that the renewable generation_credit applicable for

¹ Narragansett Electric Company d/b/a National Grid (hereinafter referred to as "National Grid" or "Company.")

² Section 39-26-6(g) indicates that the Commission should implement certain changes relating to §39-26-6 by June 1, 2009; however, the statute was not signed into law until July of 2009.

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nonprofit affordable housing shall be calculated based on the rate class applicable to residential units. These changes are reflected on sheet 7 and Sheet 8 of the revised tariffs at Section III.B(1) and IV (2).

The amendments to §39-26-6, adds "state agencies" to the group of entities that are allowed a distributed generation capacity of up to 3.5 megawatts. In addition, the amended language adjusts the methods in which excess renewable generation credits can be applied to customers. If electricity generated by the renewable generation facility exceeds the customer's usage, the customer will be billed for zero usage and the customers may be compensated monthly by check or alternatively, upon request, they can receive credits to their billing account. A Rhode Island city or town, state agency, educational institution, non-profit affordable housing, farm, or the Narragansett Bay Commission may apply those excess credits to up to ten other of their accounts. Those statutory changes are reflected on Sheet 6 of the revised tariffs at Section III.B(1) and in the attached Schedule B, which is found at Sheet 10. Finally, the amended language provides that where excess credits are carried over from month to month for twelve months as a credit toward a customer account, at the end of the carry-over period any remaining credits will be used to offset recoverable utility costs. That change is reflected on Sheet 6 of the Revised tariffs at Section III.B(1).

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

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba, Division

**National Grid
Tariff Advice Filing**

**To Amend
R.I.P.U.C. No. 2010-A**

Redlined Version

THE NARRAGANSETT ELECTRIC COMPANY
QUALIFYING FACILITIES POWER PURCHASE RATE

I. Applicability

The Company will purchase the electrical output from any qualifying facility as defined under the Public Utility Regulatory Policies Act of 1978 and constructed after November 9, 1978, under the following terms and conditions. Qualifying facilities include the following:

- a. Small power production facilities of 20 megawatts or less which use biomass, waste, renewable resources, or any combination thereof for at least 75 percent of their total energy input in the aggregate during any calendar year period.
- b. Cogeneration facilities of 20 megawatts or less which first generate electricity and then use at least five percent of the total energy output for thermal production, provided that the useful power output of the facility plus one-half the useful thermal energy output must be:
 - 1) no less than 42.5 percent of the total energy input of natural gas and oil to the facility in any calendar year; or
 - 2) if the useful thermal energy output is less than 15 percent of the total energy output of the facility, no less than 45 percent of the total energy input of natural gas and oil to the facility in any calendar year.
- c. Cogeneration facilities of 20 megawatts or less which first provide useful thermal energy and then use reject heat to generate electricity, provided that the useful power output must be no less than 45 percent of the total energy input of natural gas and oil during any calendar year period.

II. Terms and Conditions

1. Any qualifying facility that desires to sell electricity to the Company must provide the Company with sufficient prior written notice. At the time of notification, the qualifying facility shall provide the Company with the following information:
 - a. The name and address of the applicant and location of the qualifying facility.
 - b. A brief description of the qualifying facility, including a statement indicating whether such facility is a small power production facility or a cogeneration facility.
 - c. The primary energy source used or to be used by the qualifying facility.
 - d. The power production capacity of the qualifying facility and the maximum net energy to be delivered to the Company's facilities at any clock hour.
 - e. The owners of the qualifying facility including the percentage of ownership by any electric utility or by any public utility holding company, or by any entity owned by either.
 - f. The expected date of installation and the anticipated on-line date.
 - g. The anticipated method of delivering power to the Company.
 - h. A copy of the qualifying facility's Federal Energy Regulatory Commission certification as a qualifying facility.

Such notice shall be sent to:

Director, Regulated Load and Distributed Generation
Energy Portfolio Management Group
National Grid USA Service Company, Inc.
100 East Old Country Rd.
Hicksville, NY 11801

Following such notification, the qualifying facility and the Company shall execute the standard purchase power agreement setting forth the terms of the sale, a form of which is attached in Schedule A, which shall be executed no later than thirty (30) days prior to the desired commencement date of the sale. The actual commencement date of the sale shall be the first day of the calendar month following the acceptance by ISO-New England, Inc. ("ISO-NE") of the

- registration of the qualifying facility in the ISO-NE settlement system.
2. The qualifying facility shall furnish and install the necessary meter socket and wiring in accordance with the Company's Standards for Connecting Distributed Generation.
 3. The qualifying facility shall install equipment approved by the Company which prevents the flow of electricity into the Company's system when the Company's supply is out of service, unless the qualifying facility's generation equipment can be controlled by the Company's supply.
 4. The qualifying facility's equipment must be compatible with the character of service supplied by the Company at the qualifying facility's location.
 5. The qualifying facility shall be required to install metering pursuant to the requirements contained in the Company's Standards for Connecting Distributed Generation.
 6. The qualifying facility shall enter into an interconnection agreement and follow all other procedures outlined in the Company's Standards for Connecting Distributed Generation, as amended and superseded from time to time.
 7. The qualifying facility shall reimburse the Company for any equipment and the estimated total cost of construction (excluding costs which are required for system improvements or for sales to the qualifying facility, such as the cost of a standard metering installation, in accordance with the Company's Terms and Conditions) which are necessary to meter purchases under this rate and to interconnect the qualifying facility to the Company's distribution or transmission

- system in accordance with the Company's Standards for Connecting Distributed Generation. The Company will install, own, and maintain the equipment.
8. The qualifying facility shall save and hold harmless the Company from all claims for damage to the qualifying facility's equipment or injury to any person arising out of the qualifying facility's use of generating equipment in parallel with the Company's system; provided that nothing in this paragraph shall relieve the Company from liability for damage or injury caused by its own fault or neglect.
 9. As a condition to receiving any payments required by this rate, the qualifying facility must comply with any and all applicable New England Power Pool ("NEPOOL") and ISO-NE rules, requirements, or information requests that are necessary for the qualifying facilities' output to be sold into the ISO-NE administered markets (whether the Company or the qualifying facility is actually submitting information to ISO-NE). If the Company must provide to NEPOOL or ISO-NE any information regarding the operation, output, or any other data in order to sell the output of the qualifying facility into the ISO-NE administered markets, the qualifying facility must provide such information to the Company in a timely manner. The Company will not be liable to pay the qualifying facility for the output of the qualifying facility if the Company is unable to sell the output into the ISO-NE administered markets because of a failure of the qualifying facility to provide to the Company, NEPOOL or ISO-NE any information on a timely basis that was required for sale of the facility output into the ISO-NE administered markets. For any perceived errors or omissions in the data reported

to NEPOOL or ISO-NE or the transactions from ISO-NE to the Company or qualifying facility, the qualifying facility must notify the Company within 30 days of such error or omission occurring.

10. NEPOOL and ISO-NE have the authority to impose fines, penalties, and/or sanctions on participants if it is determined that a participant is violating established rules in certain instances. Accordingly, to the extent that a fine, penalty, or sanction is levied by NEPOOL or the ISO-NE as a result of the qualifying facility's failure to comply with a NEPOOL or ISO-NE rule or information request, the qualifying facility will be responsible for the costs incurred by the Company, if any, associated with such fine, penalty or sanction.

III. Rates for Purchases

A. Rates for Qualifying Facilities

For qualifying facilities not exempted by the net metering provisions in section B below, the Company will pay rates equal to the payments received by the Company for the sale of such qualifying facilities' output into the ISO-NE administered markets for the hours in which the qualifying facility generated electricity in excess of its requirements.

B. Net Metering Exemption for Certain Qualifying Facilities

For qualifying facilities which utilize solar or wind technology and (i) are 1.65 megawatt (MW) or less , or (ii) are 2.25 MW or less and are developed but not owned by cities or towns, but are located on city or town owned land and provide power solely to the city or town that the project is located in, or (iii) are 3.5 MW or less and are entirely owned by cities and towns of

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Rhode Island, state agencies and the Narragansett Bay Commission, the Company will permit the Net-Metering Facility (NMF) to deliver electricity to the Company through net metering as specified below:

- (1) The customer's usage and generation will be netted for a twelve-month period beginning on January of each year¹. If the electricity generated by the NMF during a billing period exceeds the customer's kWh usage during the billing period, the customer shall be billed for zero kilowatt-hour usage and a renewable generation credit shall be applied to the customer's account. Renewable generation credit shall be defined as the credit equal to the excess kilo-watthours generated multiplied by the sum of 1) the Standard Offer or Last Resort Service charge, if applicable; 2) the distribution kWh charge for the applicable rate class; 3) the transmission kWh charges for the applicable rate class; and 4) the transition charge. Unless otherwise requested by the customer, the customer shall be compensated monthly by a check from the Company for the Renewable Generation Credits. Upon request by the customer, the renewable generation credit may be credited to the customer's bill in the following billing period and carried forward to subsequent billing periods through the end of the netting period. Any unused credits remaining on the customer account at the end of the netting period shall used to offset recoverable Company costs. Any Rhode Island city or town, state agency, educational institution, non-profit affordable housing, farm, or the Narragansett Bay Commission, whose account is not currently in arrears, may elect to apply any such credits earned to other accounts, up to a

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¹The initial netting period will be from the date of the first meter read after the commencement of operation of the qualifying facility through December following the first January occurring subsequent to the commencement of operation.

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maximum of ten, owned by it. Non-profit affordable housing as defined by Rhode Island General Law subsection 39-26-2(19), whose account is not currently in arrears, shall use the Renewable Generation Credits to benefit the residents of the eligible affordable housing development. All Customers eligible under the provisions of this section will be required to complete Schedule B.

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- (2) A maximum of two percent (2%) of peak load of aggregate installed capacity shall be allowed to be net metered provided, however, at least one (1) megawatt is reserved for projects less than twenty-five (25) kilowatts (kW). Upon reaching this maximum, the Company shall notify the Public Utilities Commission.
- (3) Net metering shall be limited to charges assessed on a per kilowatt-hour basis as defined in Section III.B(1). Customers with demand meters will continue to pay charges billed on a kilowatt and/or kVA basis.
- (4) Customers who install generation eligible for net metering under the provisions of this section must follow the Company's Standards for Connecting Distributed Generation.
- (5) Pursuant to Rhode Island General Laws §39-26-6(h), any prudent and reasonable costs incurred by the Company pursuant to achieving compliance with Rhode Island General Laws §39-26-6(g) and the annual amount of the distribution portion of any Renewable Generation Credits provided to NMFs shall be aggregated on an annual basis by the Company and recovered from all customers through a uniform per kWh-hour surcharge embedded in the distribution component of the rates reflected on customer bills.

IV. Rates for Distribution Service to Qualifying Facilities

Retail distribution delivery service by the Company to the qualifying facility shall be governed by the tariffs, rates, terms, conditions, and policies for retail delivery service which are on file with the Public Utilities Commission. The selection of the appropriate retail rate will be determined as follows:

- 1) for qualifying facilities with generating capacity of less than 10kW, the appropriate residential or small general service rate will apply unless the customer's load necessitates use of G-02, G-32, or G-62 rate;
- 2) for qualifying facilities serving non-profit affordable housing, Residential Rate A-16 will apply;
- 3) for qualifying facilities with generating capacity of at least 10kW but not more than 200 kW, Rate G-02 will apply, unless the customer's load necessitates the use of the G-32 or G-62 rate;
- 4) for qualifying facilities with generating capacity of at least 200kW but not more than 3,000 kW, Rate G-32 will apply unless the customer's load necessitate the use of the G-62 rate;
- 5) for qualifying facilities with generating capacity of 3,000 kW or more, Rate G-62 will apply.

Effective September 14, 2009

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Schedule A

THE NARRAGANSETT ELECTRIC COMPANY
QUALIFYING FACILITY POWER PURCHASE AGREEMENT

The Agreement is between _____, a Qualifying Facility (“QF”) and The Narragansett Electric Company (the “Company”) for energy purchases by the Company from the QF’s facility located at _____, Rhode Island.

Agreement to Purchase under the Qualifying Facilities Power Purchase Rate Tariff

Effective as of _____, the Company agrees to purchase electricity from the QF and QF agrees to sell electricity to the Company under the terms and conditions of the Company’s Qualifying Facilities Power Purchase Rate Tariff as currently in effect or amended by the Company in the Company’s sole discretion. The QF agrees to comply with the terms and conditions of the Qualifying Facilities Power Purchase Rate Tariff and associated policies of the Company that are on file with the Rhode Island Public Utilities Commission as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

Payments for Energy

The Company will pay the QF at the rates in effect at the time of delivery as provided for in the Qualifying Facilities Power Purchase Rate Tariff.

Notice

The Company or QF may terminate this agreement on thirty (30) days written notice which includes a statement of reasons for such termination.

Agreed and Accepted

Date

The Narragansett Electric Company Date

Schedule B

THE NARRAGANSETT ELECTRIC COMPANY
NET-METERING APPLICATION OF CREDITS

The Agreement is between _____, a Net-Metered Facility (“NMF”) and The Narragansett Electric Company (the “Company”) for application of credits earned through net-metering as per section III.B(1) from the NMF located at _____, Rhode Island.

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The NMF agrees to comply with the provisions of the Qualifying Facilities Power Purchase Rate Tariff, the applicable retail delivery tariffs and terms and conditions for service that are on file with the Rhode Island Public Utilities Commission as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

Agreement to apply credits earned by the NMF

Effective as of _____, the customer requests and the Company agrees that the application of renewable generation credits applicable to the NMF will be as follows (choose one):

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_____ Renewable generation credit should be applied to account of NMF customer of record in the month following the month that the credit is earned. This credit will carry forward from month-to-month through the end of the twelve month netting period.

_____ Renewable generation credit should be submitted to the NMF customer of record in the form of a monthly check from the Company and should be remitted to (Customers should consult their tax attorney on the tax implications of this option):

_____ Name (to appear on the check):

_____ Address:

_____ Renewable Generation credit should be applied to the following account(s) designated by the NMF under the terms and conditions of the Company’s Qualifying Facilities Power Purchase Rate Tariff as currently in effect or amended by the Company in the Company’s sole discretion. This option is available only to accounts of Rhode Island cities or towns, state agencies,

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educational institutions, non-profit affordable housing, farms, or the Narragansett Bay Commission.

Designated Account(s)

The following information must be provided for each individual designated account (up to a maximum of ten (10)):

Name: _____

Address: _____

Account number: _____

Percentage of monthly earned credit: _____

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The Company will credit the NMF and its designated account(s) the rates in effect at the time of delivery as provided for in the Qualifying Facilities Power Purchase Rate Tariff.

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Notice

Execution of this agreement will cancel any previous agreement for the qualified facility or net metered account under the Qualifying Facilities Power Purchase Rate Tariff.

The Company or NMF may terminate this agreement on thirty (30) days written notice which includes a statement of reasons for such termination. In addition the NMF must re-file this agreement annually.

Agreed and Accepted

Customer

Date

The Narragansett Electric Company

Date

**National Grid
Tariff Advice Filing**

**To Amend
R.I.P.U.C. No. 2010-A**

Clean Version

THE NARRAGANSETT ELECTRIC COMPANY
QUALIFYING FACILITIES POWER PURCHASE RATE

I. Applicability

The Company will purchase the electrical output from any qualifying facility as defined under the Public Utility Regulatory Policies Act of 1978 and constructed after November 9, 1978, under the following terms and conditions. Qualifying facilities include the following:

- a. Small power production facilities of 20 megawatts or less which use biomass, waste, renewable resources, or any combination thereof for at least 75 percent of their total energy input in the aggregate during any calendar year period.
- b. Cogeneration facilities of 20 megawatts or less which first generate electricity and then use at least five percent of the total energy output for thermal production, provided that the useful power output of the facility plus one-half the useful thermal energy output must be:
 - 1) no less than 42.5 percent of the total energy input of natural gas and oil to the facility in any calendar year; or
 - 2) if the useful thermal energy output is less than 15 percent of the total energy output of the facility, no less than 45 percent of the total energy input of natural gas and oil to the facility in any calendar year.
- c. Cogeneration facilities of 20 megawatts or less which first provide useful thermal energy and then use reject heat to generate electricity, provided that the useful power output must be no less than 45 percent of the total energy input of natural gas and oil during any calendar year period.

II. Terms and Conditions

1. Any qualifying facility that desires to sell electricity to the Company must provide the Company with sufficient prior written notice. At the time of notification, the qualifying facility shall provide the Company with the following information:
 - a. The name and address of the applicant and location of the qualifying facility.
 - b. A brief description of the qualifying facility, including a statement indicating whether such facility is a small power production facility or a cogeneration facility.
 - c. The primary energy source used or to be used by the qualifying facility.
 - d. The power production capacity of the qualifying facility and the maximum net energy to be delivered to the Company's facilities at any clock hour.
 - e. The owners of the qualifying facility including the percentage of ownership by any electric utility or by any public utility holding company, or by any entity owned by either.
 - f. The expected date of installation and the anticipated on-line date.
 - g. The anticipated method of delivering power to the Company.
 - h. A copy of the qualifying facility's Federal Energy Regulatory Commission certification as a qualifying facility.

Such notice shall be sent to:

Director, Regulated Load and Distributed Generation
Energy Portfolio Management Group
National Grid USA Service Company, Inc.
100 East Old Country Rd.
Hicksville, NY 11801

Following such notification, the qualifying facility and the Company shall execute the standard purchase power agreement setting forth the terms of the sale, a form of which is attached in Schedule A, which shall be executed no later than thirty (30) days prior to the desired commencement date of the sale. The actual commencement date of the sale shall be the first day of the calendar month following the acceptance by ISO-New England, Inc. ("ISO-NE") of the

registration of the qualifying facility in the ISO-NE settlement system.

2. The qualifying facility shall furnish and install the necessary meter socket and wiring in accordance with the Company's Standards for Connecting Distributed Generation.
3. The qualifying facility shall install equipment approved by the Company which prevents the flow of electricity into the Company's system when the Company's supply is out of service, unless the qualifying facility's generation equipment can be controlled by the Company's supply.
4. The qualifying facility's equipment must be compatible with the character of service supplied by the Company at the qualifying facility's location.
5. The qualifying facility shall be required to install metering pursuant to the requirements contained in the Company's Standards for Connecting Distributed Generation.
6. The qualifying facility shall enter into an interconnection agreement and follow all other procedures outlined in the Company's Standards for Connecting Distributed Generation, as amended and superseded from time to time.
7. The qualifying facility shall reimburse the Company for any equipment and the estimated total cost of construction (excluding costs which are required for system improvements or for sales to the qualifying facility, such as the cost of a standard metering installation, in accordance with the Company's Terms and Conditions) which are necessary to meter purchases under this rate and to interconnect the qualifying facility to the Company's distribution or transmission

system in accordance with the Company's Standards for Connecting Distributed Generation. The Company will install, own, and maintain the equipment.

8. The qualifying facility shall save and hold harmless the Company from all claims for damage to the qualifying facility's equipment or injury to any person arising out of the qualifying facility's use of generating equipment in parallel with the Company's system; provided that nothing in this paragraph shall relieve the Company from liability for damage or injury caused by its own fault or neglect.
9. As a condition to receiving any payments required by this rate, the qualifying facility must comply with any and all applicable New England Power Pool ("NEPOOL") and ISO-NE rules, requirements, or information requests that are necessary for the qualifying facilities' output to be sold into the ISO-NE administered markets (whether the Company or the qualifying facility is actually submitting information to ISO-NE). If the Company must provide to NEPOOL or ISO-NE any information regarding the operation, output, or any other data in order to sell the output of the qualifying facility into the ISO-NE administered markets, the qualifying facility must provide such information to the Company in a timely manner. The Company will not be liable to pay the qualifying facility for the output of the qualifying facility if the Company is unable to sell the output into the ISO-NE administered markets because of a failure of the qualifying facility to provide to the Company, NEPOOL or ISO-NE any information on a timely basis that was required for sale of the facility output into the ISO-NE administered markets. For any perceived errors or omissions in the data reported

to NEPOOL or ISO-NE or the transactions from ISO-NE to the Company or qualifying facility, the qualifying facility must notify the Company within 30 days of such error or omission occurring.

10. NEPOOL and ISO-NE have the authority to impose fines, penalties, and/or sanctions on participants if it is determined that a participant is violating established rules in certain instances. Accordingly, to the extent that a fine, penalty, or sanction is levied by NEPOOL or the ISO-NE as a result of the qualifying facility's failure to comply with a NEPOOL or ISO-NE rule or information request, the qualifying facility will be responsible for the costs incurred by the Company, if any, associated with such fine, penalty or sanction.

III. Rates for Purchases

A. Rates for Qualifying Facilities

For qualifying facilities not exempted by the net metering provisions in section B below, the Company will pay rates equal to the payments received by the Company for the sale of such qualifying facilities' output into the ISO-NE administered markets for the hours in which the qualifying facility generated electricity in excess of its requirements.

B. Net Metering Exemption for Certain Qualifying Facilities

For qualifying facilities which utilize solar or wind technology and (i) are 1.65 megawatt (MW) or less , or (ii) are 2.25 MW or less and are developed but not owned by cities or towns, but are located on city or town owned land and provide power solely to the city or town that the project is located in, or (iii) are 3.5 MW or less and are entirely owned by cities and towns of

Rhode Island, state agencies and the Narragansett Bay Commission, the Company will permit the Net-Metering Facility (NMF) to deliver electricity to the Company through net metering as specified below:

- (1) The customer's usage and generation will be netted for a twelve-month period beginning on January of each year¹. If the electricity generated by the NMF during a billing period exceeds the customer's kWh usage during the billing period, the customer shall be billed for zero kilowatt-hour usage and a renewable generation credit shall be applied to the customer's account. Renewable generation credit shall be defined as the credit equal to the excess kilo-watthours generated multiplied by the sum of 1) the Standard Offer or Last Resort Service charge, if applicable; 2) the distribution kWh charge for the applicable rate class; 3) the transmission kWh charges for the applicable rate class; and 4) the transition charge. Unless otherwise requested by the customer, the customer shall be compensated monthly by a check from the Company for the Renewable Generation Credits. Upon request by the customer, the renewable generation credit may be credited to the customer's bill in the following billing period and carried forward to subsequent billing periods through the end of the netting period. Any unused credits remaining on the customer account at the end of the netting period shall used to offset recoverable Company costs. Any Rhode Island city or town, state agency, educational institution, non-profit affordable housing, farm, or the Narragansett Bay Commission, whose account is not currently in arrears, may elect to apply any such credits earned to other accounts, up to a

¹The initial netting period will be from the date of the first meter read after the commencement of operation of the qualifying facility through December following the first January occurring subsequent to the commencement of operation.

- maximum of ten, owned by it. Non-profit affordable housing as defined by Rhode Island General Law subsection 39-26-2(19), whose account is not currently in arrears, shall use the Renewable Generation Credits to benefit the residents of the eligible affordable housing development. All Customers eligible under the provisions of this section will be required to complete Schedule B.
- (2) A maximum of two percent (2%) of peak load of aggregate installed capacity shall be allowed to be net metered provided, however, at least one (1) megawatt is reserved for projects less than twenty-five (25) kilowatts (kW). Upon reaching this maximum, the Company shall notify the Public Utilities Commission.
 - (3) Net metering shall be limited to charges assessed on a per kilowatt-hour basis as defined in Section III.B(1). Customers with demand meters will continue to pay charges billed on a kilowatt and/or kVA basis.
 - (4) Customers who install generation eligible for net metering under the provisions of this section must follow the Company's Standards for Connecting Distributed Generation.
 - (5) Pursuant to Rhode Island General Laws §39-26-6(h), any prudent and reasonable costs incurred by the Company pursuant to achieving compliance with Rhode Island General Laws §39-26-6(g) and the annual amount of the distribution portion of any Renewable Generation Credits provided to NMFs shall be aggregated on an annual basis by the Company and recovered from all customers through a uniform per kWh-hour surcharge embedded in the distribution component of the rates reflected on customer bills.

IV. Rates for Distribution Service to Qualifying Facilities

Retail distribution delivery service by the Company to the qualifying facility shall be governed by the tariffs, rates, terms, conditions, and policies for retail delivery service which are on file with the Public Utilities Commission. The selection of the appropriate retail rate will be determined as follows:

- 1) for qualifying facilities with generating capacity of less than 10kW, the appropriate residential or small general service rate will apply unless the customer's load necessitates use of G-02, G-32, or G-62 rate;
- 2) for qualifying facilities serving non-profit affordable housing, Residential Rate A-16 will apply;
- 3) for qualifying facilities with generating capacity of at least 10kW but not more than 200 kW, Rate G-02 will apply, unless the customer's load necessitates the use of the G-32 or G-62 rate;
- 4) for qualifying facilities with generating capacity of at least 200kW but not more than 3,000 kW, Rate G-32 will apply unless the customer's load necessitate the use of the G-62 rate;
- 5) for qualifying facilities with generating capacity of 3,000 kW or more, Rate G-62 will apply.

Effective September 14, 2009

Schedule A

THE NARRAGANSETT ELECTRIC COMPANY
QUALIFYING FACILITY POWER PURCHASE AGREEMENT

The Agreement is between _____, a Qualifying Facility (“QF”) and The Narragansett Electric Company (the “Company”) for energy purchases by the Company from the QF’s facility located at _____, Rhode Island.

Agreement to Purchase under the Qualifying Facilities Power Purchase Rate Tariff

Effective as of _____, the Company agrees to purchase electricity from the QF and QF agrees to sell electricity to the Company under the terms and conditions of the Company’s Qualifying Facilities Power Purchase Rate Tariff as currently in effect or amended by the Company in the Company’s sole discretion. The QF agrees to comply with the terms and conditions of the Qualifying Facilities Power Purchase Rate Tariff and associated policies of the Company that are on file with the Rhode Island Public Utilities Commission as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

Payments for Energy

The Company will pay the QF at the rates in effect at the time of delivery as provided for in the Qualifying Facilities Power Purchase Rate Tariff.

Notice

The Company or QF may terminate this agreement on thirty (30) days written notice which includes a statement of reasons for such termination.

Agreed and Accepted

_____ Date _____

_____ Date _____
The Narragansett Electric Company

Schedule B

THE NARRAGANSETT ELECTRIC COMPANY
NET-METERING APPLICATION OF CREDITS

The Agreement is between _____, a Net-Metered Facility (“NMF”) and The Narragansett Electric Company (the “Company”) for application of credits earned through net-metering as per section III.B(1) from the NMF located at _____, Rhode Island.

The NMF agrees to comply with the provisions of the Qualifying Facilities Power Purchase Rate Tariff, the applicable retail delivery tariffs and terms and conditions for service that are on file with the Rhode Island Public Utilities Commission as currently in effect or as modified, amended, or revised by the Company, and to pay any metering and interconnection costs required under such tariff and policies.

Agreement to apply credits earned by the NMF

Effective as of _____, the customer requests and the Company agrees that the application of renewable generation credits applicable to the NMF will be as follows (choose one):

_____ Renewable generation credit should be applied to account of NMF customer of record in the month following the month that the credit is earned. This credit will carry forward from month-to-month through the end of the twelve month netting period.

_____ Renewable generation credit should be submitted to the NMF customer of record in the form of a monthly check from the Company and should be remitted to (Customers should consult their tax attorney on the tax implications of this option):

Name (to appear on the check):

Address:

Renewable Generation credit should be applied to the following account(s) designated by the NMF under the terms and conditions of the Company’s Qualifying Facilities Power Purchase Rate Tariff as currently in effect or amended by the Company in the Company’s sole discretion. This option is available only to accounts of Rhode Island cities or towns, state agencies,

educational institutions, non-profit affordable housing, farms, or the Narragansett Bay Commission.

Designated Account(s)

The following information must be provided for each individual designated account (up to a maximum of ten (10)):

Name: _____

Address: _____

Account number: _____

Percentage of monthly earned credit: _____

The Company will credit the NMF and its designated account(s) the rates in effect at the time of delivery as provided for in the Qualifying Facilities Power Purchase Rate Tariff.

Notice

Execution of this agreement will cancel any previous agreement for the qualified facility or net metered account under the Qualifying Facilities Power Purchase Rate Tariff.

The Company or NMF may terminate this agreement on thirty (30) days written notice which includes a statement of reasons for such termination. In addition the NMF must re-file this agreement annually.

Agreed and Accepted

Customer

Date

The Narragansett Electric Company

Date

Draft Notice

Pursuant to Rhode Island General Laws §39-3-11 and Rule 1.9(c) of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission (“Commission”), The Narragansett Electric Company, d/b/a National Grid (“Company”), hereby gives notice that on August 14, 2009, the Company filed by Tariff Advice a revision to its Qualifying Facilities Power Purchase Rate in order to implement the recently amended provisions of Sections 39-26-2 and 39-26-6 of the General Laws. These sections require certain changes to the tariff regarding distributed generation from renewable energy systems and net metering. The revised tariff is proposed to become effective September 14, 2009. This filing has been docketed as R.I.P.U.C. Docket No. _____. The Commission may hold a hearing on this issue and will publish a notice of the hearing date. A copy of the application is on file for examination at the offices of the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, Rhode Island. The Commission is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must contact the Clerk of the Commission seventy-two hours in advance of the hearing.