

March 2, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Summary Report on The Narragansett Electric Company d/b/a National Grid's Second Solicitation for Long-Term Contracts for Renewable Energy Projects Pursuant to Rhode Island General Laws Section 39-26.1 et seq.

Dear Ms. Massaro:

On behalf of National Grid¹, enclosed are ten (10) copies of the Company's summary report on the results of the second solicitation conducted by the Company pursuant to R.I.G.L. Section 39-26.1 *et seq.* (the "Long-Term Contracting Standard") and the Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy (collectively, the "Regulations") promulgated by the Rhode Island Public Utilities Commission (the "Commission").

Under the Long-Term Contracting Standard and the Regulations, beginning on or before July 1, 2010, National Grid is required to annually solicit proposals from renewable energy developers and, provided commercially reasonable proposals have been received, enter into long-term contracts with terms of ten to fifteen years for the purchase of capacity, energy and attributes from newly developed renewable energy resources. The timing and method of this annual solicitation process was approved by the Commission with some limited modifications on June 17, 2010 in Docket 4150. On March 1, 2012, the Company filed with the Commission certain proposed revisions to the method of annual solicitation under the Long-Term Contracting Standard in accordance with the Commission's Regulations. The changes are intended to integrate the statutory provisions under the Long-Term Contracting Standard with the recently enacted Net Metering Provision of the Renewable Energy Standard, R.I.G.L. § 39-26.4-1 *et seq.* and the Distributed Generation Standard Contracts Act, R.I.G.L. § 39-26.2-1 *et seq.*

National Grid initiated its second solicitation for long-term contracts for renewable energy on June 30, 2011, with the issuance of the Company's Request for Proposals for Long-Term Contracts for Renewable Energy Projects ("RFP"). With this solicitation, the Company was required to procure a minimum of fifty percent (50%) of the 90 MW minimum long-term contract capacity required under the Long-Term Contracting Standard. The Company had previously executed Power Purchase Agreements ("PPA") with Rhode Island LFG Genco, LLC for the Town of Johnston Project, with Deepwater Wind, Block Island, LLC for the Town of New Shoreham

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" of the "Company").

project, and Orbit Energy, Rhode Island, LLC, for the biogas project selected in the initial solicitation. Together, these three projects brought the total contract capacity to 46% of the 90 MW requirement. In this second solicitation, the Company selected one proposal for a 3.9 MW run-of-river hydroelectric plant located in Orono, Maine. The Company and the project's developer executed a PPA on February 17, 2012, which the Company will be filing with the Commission for its review and approval pursuant to the Long-Term Contracting Standard and the Regulations. This project, which, if approved, will contribute 3.6 MW of contract capacity, represented the best combination of size and scoring in the evaluation of the bids. Together with the four projects selected in the initial Distributed Generation Standard Contracts Enrollment, which contributed an additional 0.8 MW, this project would bring the total contract capacity to 50.9% of the requirement.

The Company is filing the enclosed summary report to provide the Commission with the results of the Company's second solicitation for long-term contracts for newly developed renewable energy projects, as required by the Regulations. Section 4.12 of the Regulations specifically provides that, "[w]ithin thirty (30) days of the execution of final contracts, or upon a determination that no Commercially Reasonable contracts could be entered into, [National Grid] shall file with the Commission a report on each solicitation regarding the results of such solicitation, even if no contracts are executed following the solicitation." The enclosed summary report includes a brief description of the solicitation process, the number and types of proposals received, and the evaluation of those proposals. Appendix A of the report contains a more detailed summary of the bids received, including pricing data, as well as the price and non-price evaluation of those bids.

This filing also contains a Motion for Protective Treatment in accordance with Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(B). The Company seeks protection from public disclosure of Appendix A to the report as it contains confidential information including pricing data. In compliance with Rule 1.2(g), National Grid is providing one (1) complete unredacted copy of the confidential documents in a sealed envelope marked "**Contains Privileged and Confidential Materials – Do Not Release.**" The Company has provided the Commission with the confidential version of those documents.

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

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba, Division

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

**Summary Report on The Narragansett Electric Company d/b/a National Grid's
Second Solicitation for Long-Term Contracts for Renewable Energy Projects
Pursuant to Rhode Island General Laws Section 39-26.1 et seq.**

**NATIONAL GRID'S REQUEST
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

National Grid¹ hereby requests that the Rhode Island Public Utilities Commission (“Commission”) provide confidential treatment and grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(i)(B). National Grid also hereby requests that, pending entry of that finding, the Commission preliminarily grant National Grid’s request for confidential treatment pursuant to Rule 1.2 (g)(2).

I. BACKGROUND

On March 2, 2012, National Grid filed with the Commission a summary report of its second solicitation for long-term contracts, which includes a brief description of the solicitation process, the number and types of proposals received, the evaluation of those proposals. Appendix A of the report, which is confidential, contains a detailed summary

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

of the bids received, including pricing data, as well as the price and non-price evaluation of those bids.

II. LEGAL STANDARD

The Commission's Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act ("APRA"), R.I.G.L. §38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to the public records law, the Commission has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(i)(B) provides that the following types of records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where disclosure of information would be likely either (1) to impair the Government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001).

The first prong of the test is satisfied when information is voluntarily provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. Providence Journal, 774 A.2d at 47.

In addition, the Court has held that the agencies making determinations as to the disclosure of information under APRA may apply the balancing test established in Providence Journal v. Kane, 577 A.2d 661 (R.I.1990). Under that balancing test, the Commission may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies.

II. BASIS FOR CONFIDENTIALITY

The Company seeks confidential treatment for Appendix A of the report since it contains confidential and proprietary information including pricing information and bid-evaluation information. This information was obtained from bidders under a confidentiality agreement and contains their confidential pricing data. Disclosure of this information would impact the competitive position of these parties, and such disclosure would impede National Grid's future ability to obtain bids and/or this type of proprietary information.

III. CONCLUSION

Accordingly, the Company requests that the Commission grant protective treatment to Appendix A.

WHEREFORE, the Company respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

NATIONAL GRID

By its attorney,

A handwritten signature in blue ink, appearing to read "Jennifer Brooks Hutchinson", with a long horizontal line extending to the right.

Jennifer Brooks Hutchinson
National Grid
280 Melrose Street
Providence, RI 02907
(401) 784-7288

Dated: March 2, 2012

Long-Term Contracting Standards for Renewable Energy
Summary Report on Second Solicitation

The Narragansett Electric Company d/b/a National Grid

March 2, 2012

national**grid**

Long-Term Contracting Standards for Renewable Energy
Summary Report on Second Solicitation
March 2, 2012

Introduction

On June 30, 2011, National Grid¹ issued its second solicitation for proposals from renewable energy developers to enter into long-term contracts for the purchase of capacity, energy and attributes from newly developed renewable energy resources pursuant to the Long-Term Contracting Standard for Renewable Energy, R.I.G.L. 39-26.1 *et seq.* (the “Long-Term Contracting Standard”). Pursuant to Section 4.12 of the Regulations², National Grid has prepared this summary report to provide the Rhode Island Public Utilities Commission (the “Commission”) information regarding the results of the Company’s second solicitation.

Background

National Grid is required to annually solicit proposals from renewable energy developers and, provided commercially reasonable proposals have been received, enter into long-term contracts for the purchase of capacity, energy and attributes from newly developed renewable energy resources.³ The timing and method of this annual solicitation process was approved by the Commission with some limited modifications at its open meeting on June 17, 2010, and the Commission issued a written order on December 1, 2010.⁴

Under the Long-Term Contracting Standard, National Grid is required to reach the 90 MW⁵ minimum long-term contract capacity under contract within four years of the date of its first solicitation and was authorized expressly to procure long-term contracts for two specific projects: (1) the Town of Johnston Project (landfill gas) and (2) the Town of New Shoreham (Block Island) Project (including an undersea transmission cable to the Rhode Island mainland). On May 29, 2010, prior to the first solicitation, National Grid executed a Power Purchase Agreement (“PPA”) with Rhode Island LFG Genco, LLC (“RI LFG Genco”). In accordance with the specific statutory provisions authorizing this PPA, the Rhode Island Division of Public Utilities and Carriers (the “Division”) filed the

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

² The Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy, effective January 28, 2010 (the “Regulations”).

³ See R.I.G.L. §39-26.1-3.

⁴ On March 1, 2012, the Company filed with the Commission certain proposed revisions to the method of annual solicitation under the Long-Term Contracting Standard in accordance with the Commission’s Regulations. The changes are intended to integrate the statutory provisions under the Long-Term Contracting Standard with the recently enacted Net Metering Provision of the Renewable Energy Standard, R.I.G.L. § 39-26.4-1 *et seq.* and the Distributed Generation Standard Contracts Act, R.I.G.L. § 39-26.2-1 *et seq.*

⁵ The requirement is equivalent to 90 MW at a capacity factor of 100 percent, which is 788,400 MWh annually. See R.I.G.L. §39-26.1-2(7).

executed PPA and required certifications with the Commission on July 9, 2010. This 32.1 MW project provides 27.3 MW of contract capacity, as defined under the statute, and represents 30.3 percent of the 90 MW requirement⁶.

The Company also entered into an amended PPA with Deepwater Wind Block Island, LLC (“Deepwater Wind”) for the Town of New Shoreham Project, which the Commission approved on August 17, 2010. The Deepwater Wind project as proposed in this Docket 4185 was comprised of eight 3.6 MW offshore wind turbines, having a total nameplate capacity of 28.8 MW, which would comprise 11.5 MW of the minimum long-term contract capacity requirement. This would bring the total contract capacity to 43.1 percent of the minimum requirement.⁷

As a result of the first solicitation, National Grid filed a PPA with Orbit Energy Rhode Island, LLC with the Commission on June 22, 2011 for a biogas project, which the Commission approved on July 28, 2011. This project contributes 2.6 MW of contract capacity as defined by the Regulations, which brings the Company’s total contract capacity to 46 percent of the 90 MW requirement. Thus, the Company was required to procure a minimum of 4 percent of contract capacity or 3.6 MW to meet the December 30, 2011 target of 50 percent of the long-term contract capacity requirement under the Long-Term Contracting Standard.

Second Solicitation

National Grid issued its request for proposals (“RFP”) on June 30, 2011, with bids due on August 4, 2011. The Company posted the RFP and supporting documents on the power procurement section of the National Grid website and sent notifications to the ISO-NE Markets Committee and to a list of parties who have supplied, or indicated an interest in supplying, renewable energy certificates (“RECs”) to National Grid. The Company also sent notice of the RFP’s release to contacts with various “trade” publications in the energy field. On July 15, 2011, the Company held an information conference for prospective bidders at its office in Cumberland, Rhode Island.

The Company received seven bids in response to its second solicitation. As previously mentioned, National Grid was required to procure only 3.6 MW of contract capacity to reach the target for the second solicitation, which may have impacted the number of bids received during this second solicitation as some developers may have elected to focus on the next solicitation, when a larger requirement must be met.

⁶ The combined cycle generating facility has an output of 32.1 MW under average ambient conditions, and an estimated availability of 85 percent.

⁷ On October 12, 2011, Deepwater Wind and Siemens announced an agreement for the purchase of five 6-MW wind turbine generators. If the project is constructed at 30 MW (with fewer turbines) as permitted under the statute and the amended PPA, the project would comprise 12 MW of contract capacity, and any construction cost savings would be reflected in the bundled energy price.

The following table summarizes the bids received in terms of generation source, location, nominal capacity (MW), and contract capacity⁸.

Generation Type	Location	Nominal Capacity (MW)	Contract Capacity (MW)	Percent of 90 MW Requirement
Biomass (Wood)	Gillman, VT	3.7	3.1	3.4
Hydro	Orono, ME	3.9	3.6	4.0
Solar PV	Hope Valley, RI	3.0	0.57	0.6
Solar PV	North Kingstown, RI	1.0	0.15	0.2
Land-based Wind	Somerset County, ME	51.0	19.7	22.5
Land-based Wind	Carthage, ME	33.0	12.0	13.3
Land-based Wind	North Kingstown, RI	1.5	0.47	0.5

The Company evaluated all of the bids based on price and non-price factors as described in the RFP. In the price evaluation (See Appendix A, Tables 2 and 3), which can award a maximum of 80 points, the submitted pricing is compared to a market forecast for capacity, energy, and RECs. The year-to-year differences between the pricing and forecast are brought to a unitized (\$/MWh) net present value in the first year of operation using a discount rate of seven percent. The project with the lowest unitized difference from the forecast is awarded 80 points. Points for the remaining projects are determined by subtracting 0.5 points for each \$/MWh higher in unitized net present value, and the remainder of the projects are ranked accordingly.

The Company also considered several non-price factors in its evaluation of the bids received in the first solicitation. Appendix B sets forth the non-price bid evaluation protocol method, which includes the following factors: Siting and Permitting, Project Development Status and Operational Viability, Experience and Capability of Bidder and Project Team, Financing, and Economic Benefit to Rhode Island.⁹ A project may receive a maximum of 20 points in the non-price evaluation (See Appendix A, Table 4).

After the Company initially evaluated all proposals, the Company identified two bidders from which it sought additional information. On October 12, 2011, all other bidders were

⁸ Dividing the estimated annual energy production by 8760 hrs/yr determines the amount of contract capacity that would count toward the 90 MW requirement. A more detailed summary including identity of bidders and pricing information is provided in Appendix A, Table 1.

⁹ The non-price scoring methodology was included in the report on the first solicitation. It was concluded in the development of this methodology that for projects not located in Rhode Island, pricing could provide economic benefits, if that pricing was significantly lower than other projects in the solicitation.

notified by email that they had not been selected for further negotiations. After further evaluation of these two bids, including the additional information received, the final scoring of the two bids was virtually equal (See Appendix A, Table 5). The Company selected a proposal for a 3.9 MW Hydro project located in Maine for negotiation of a PPA, due to the combination of its size and scoring. The larger project, a land-based wind project also located in Maine, would have brought the total contract capacity to more than 60 percent of the requirement. The Company and the selected project's developer have executed a PPA, which will be filed with the Commission for its review and approval, pursuant to the Long-Term Contracting Standard and the Regulations. If approved by the Commission, this project will contribute 3.57 MW of contract capacity bringing the total contract capacity to approximately 50 percent of the 90 MW requirement.

As provided in Section 4.9 of the Regulations, following receipt of proposals resulting from the solicitation, the Company consulted with the Division. On August 9, copies of the bids received were provided to the Division. On October 7, 2011, after additional information had been received, and analyses had been completed, the Company met with the Division to review the bid evaluation process in detail.

Distributed Generation Standard Contracts Enrollment

Chapter 26.2 of Title 39 of the Rhode Island General Laws, entitled Distributed Generation Standard Contracts Act, became effective June 29, 2011. The Distributed Generation Standard Contracts Act requires contracting for 40 MW of nameplate capacity, or approximately 10 percent of the long term contracting requirement of 90 MW, in ten enrollment periods over four years. The initial enrollment under the Distributed Generation Standard Contracts Act was concluded in late December 2011 to meet a target of 5 MW. In a report filed with the Commission on January 17, 2012, National Grid reported that it had enrolled 5 MW of nameplate capacity, consisting of 3.5 MW of solar projects and 1.5 MW of wind. Based on the estimated annual energy production of the enrolled projects, the 5 MW of nameplate capacity is equivalent to 0.8 MW of contract capacity under the Long Term Contracting Standard.¹⁰ It is notable that in this solicitation, three bids for small projects located in Rhode Island were received that would qualify for the Distributed Generation Standard Contract ("DG") enrollment. More broadly, it can be stated that some developers who bid small solar or wind projects in the first two competitive solicitations were later successful with projects in the initial DG enrollment.

¹⁰ When combined with the project selected in this second competitive solicitation, the contract capacity associated with the initial DG enrollment brings the total contract capacity to 50.9 percent of the 90 MW requirement. Counting the Deepwater Wind project as a 30 MW project would bring the total to 51.5 percent.

Appendix A

RHODE ISLAND RENEWABLE ENERGY SOLICITATION

RFP Released June 30, 2011

SUMMARY OF BIDS, SCORING AND RANKING

Table 1

2011 Rhode Island Renewable Energy Bid Evaluation June 30, 2011 RFP

Final Bid Summary - Includes Revised Prices

COMPANY NAME	TECHNOLOGY	Net Capacity MW	Yrly MWH	Capacity Factor	Operational Date	Delivery Zone	Bundled \$/MWh (15yr)	Energy \$/MWh (15yr)	REC \$ (15yr)	Capacity Price (\$/ kW-Month)	Esc Rate
	Biomass (wood)	3.7	27,550.0								
	Hydro, Run-of-River	3.9	31,268.0								
		3.9	31,268.0								
	Solar PV	3.0	4,991.0								
	Solar PV	1.0	1,338.0								
	Land-based Wind	51.0	155,000.0								
		51.0	155,000.0								
		51.0	155,000.0								
		51.0	155,000.0								
		51.0	155,000.0								
		51.0	155,000.0								
		51.0	155,000.0								
	Land-based Wind	33.0	104,867.0								
		33.0	104,867.0								
	Land-based Wind	1.5	4,099.7								

Notes:

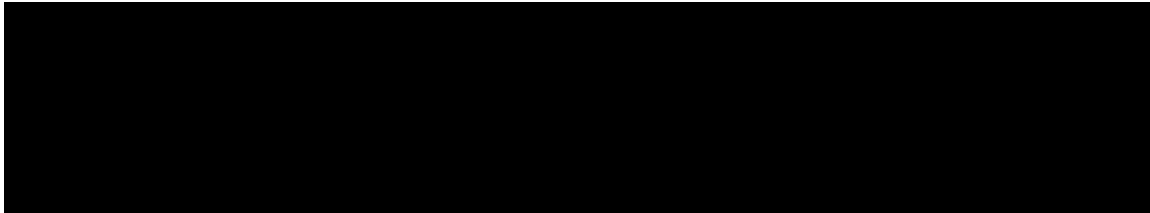


Table 2 Project Ranking Based on Initial Price Evaluation

Initial RFP Submittals	Market Costs 80 Point Award		RANK
	Above Market Cost (\$/MWh)	Points Awarded	
[Redacted Data]			

In determining the point award, a levelized difference between contract price and market price forecast is calculated using a discount rate of 7%. The lowest bid is awarded 80 points; points for the remaining projects are determined by subtracting 0.5 points for each \$/MWh by which a bid exceeds the lowest.

Table 3 Project Ranking Based on Final Price Evaluation

Final Revised Pricing	Market Costs 80 Point Award		RANK
	Above Market Cost (\$/MWh)	Points Awarded	
[Redacted Data]			

In determining the point award, a levelized difference between contract price and market price forecast is calculated using a discount rate of 7%. The lowest bid is awarded 80 points; points for the remaining projects are determined by subtracting 0.5 points for each \$/MWh by which a bid exceeds the lowest.

Table 4
Project Ranking Based on Non-Price Evaluation

Project	Non-Price Score (20 Points Maximum)	Project Ranking (Non-Price)
[Redacted Content]		

Table 5
**Project Ranking Based on Final Combined
Price/Non-Price Evaluation**

COMBINED RANKING WITH REVISED PRICING	Price Evaluation	Non-Price Evaluation	Combined	
Project	Points Awarded	Points Awarded	Total Points	Rank