

March 20, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4227 – 2012 RES Reconciliation Filing
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed are the responses of National Grid¹ to the Division's First Set of Data Requests in the above-referenced proceeding. This filing is also accompanied by a Motion for Protective Treatment in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure and R.I.G.L. §38-2-2(4)(i)(B). Consequently and pursuant to Commission rules, the Company has provided the Commission with one copy of the confidential materials for its review, and has otherwise included redacted copies of those materials.

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

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Leo Wold, Esq.
Steve Scialabba, Division

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

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

National Grid
2012 Renewable Energy Standard Reconciliation Filing

Docket No. 4227

**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY,
D/B/A NATIONAL GRID
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

Now comes The Narragansett Electric Company, d/b/a National Grid (“Company”) and hereby requests that the Rhode Island Public Utilities Commission (“Commission”) 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).

I. BACKGROUND

On March 20, 2012, the Company filed with the Commission its responses to Division Data Requests - Set 1 concerning its 2012 RES Reconciliation Filing in Docket 4227. The Company’s response to Division 1-2 and the Attachment DIV 1-3 contain confidential pricing information regarding recent and projected REC prices. This information is competitively sensitive, proprietary information that the Company wishes to keep confidential. For the reasons stated below, the Company requests that this information be protected from public disclosure. The Company has also filed redacted copies of its filing deleting the competitively sensitive information in question.

II. LEGAL STANDARD

Rule 1.2(g) of the Commission's Rules of Practice and Procedure 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 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 the determination as to whether this exemption applies requires the application of a two-pronged test set forth in Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001). The first prong of the test assesses whether the information was provided voluntarily to the governmental agency. Providence Journal, 774 A.2d at 47. If the answer to the first question is affirmative, then the question becomes whether the information is "of a kind that would customarily not be released to the public by the person from whom it was obtained." Id.

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 by the Court in Providence Journal v. Kane, 577 A.2d 661 (R.I.1990). Under this 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.

III. BASIS FOR CONFIDENTIALITY

The Company's response to DIV 1-2 and the attachment to its response to DIV 1-3 contain information regarding recent and projected REC pricing. The release of this type of information would be commercially harmful to the Company and to its customers since potential bidders could use this information in such a way that would impede the Company's ability to obtain the best possible bid for its customers.

V. CONCLUSION

In light of the foregoing, the Company respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY**

By its attorney,



Thomas R. Teehan (RI #4698)
280 Melrose Street
Providence, RI 02907
(401) 784-7667

Dated: March 20, 2012

Division 1-1

Request:

Did National Grid have an opportunity to secure RECs earlier in 2011?

Response:

In compliance with National Grid's 2011 Renewable Energy Standard Procurement Plan (approved August 5, 2010), National Grid (the "Company") solicited RECs through Standard Offer Service ("SOS") RFPs and standalone REC RFPs. The Company issued eight (8) SOS RFPs from October 2010 through July 2011 which included the option to accept an RES adder to satisfy the 2011 RES Obligations. In the July 2011 RFP, a bid for RES pricing was awarded to the Industrial Group winning SOS bidder for October through December 2011 because the submitted RES pricing was lower than the estimated market price at that time. The Company also issued standalone REC RFPs in April 2011, October 2011 and January 2012.

Prepared by or under the supervision of: Margaret Janzen

Redacted Version
Division 1-2

Request:

If the response is yes to Division 1-1, at what price?

Response:

National Grid was able to secure 2011 New RECs at an average price of [REDACTED] from the April 2011 REC RFP for the full amount requested. In its July 2011 SOS RFP, the Company awarded RES pricing at approximately [REDACTED] for New RECs. [REDACTED]

[REDACTED] In these two solicitations, the Company paid average prices for New RECs of [REDACTED] and [REDACTED], respectively, as New REC market prices began to reflect the shortfall in 2011 Tier 1 RECs across New England.

National Grid was able to secure 2011 Existing RECs at an average price of [REDACTED] from its April 2011 REC RFP, [REDACTED] from the RES pricing awarded in its July 2011 SOS RFP, and [REDACTED] from its October 2011 RFP [REDACTED]. The Company did not solicit 2011 Existing RECs in its January 2012 RFP. The remaining 2011 Existing REC obligations will be procured once the 2011 loads are fully reconciled to avoid oversupply.

Prepared by or under the supervision of: Margaret Janzen

Division 1-3

Request:

Please provide workpapers and assumptions for the \$6.63 million of additional REC expense for 2011 on page 2 of attachment 1.

Response:

The additional 2011 REC expense estimate on page 2 of Attachment 1 was for \$6.663 million. Please see Attachment DIV 1-3 for workpaper that demonstrates this calculation.

Prepared by or under the supervision of: Margaret Janzen

Redacted Version

Attachment DIV 1-3

As permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(i)(B),
Attachment DIV 1-3 has been redacted.

Division 1-4

Request:

What is the source of the numbers on line 2 of Attachment 2, page 2? Why is RES revenue negative for May to December of 2011 and January of 2012 on pages 1 and 2 of Attachment 2?

Response:

The numbers on line 2 of Attachment 2, page 2 show the RES expense by obligation year. The source of these numbers is the expenses reported in each of the annual reconciliations as filed in Dockets 4011 (2008), 4041 (2009), 4226 (2010) and 4227 (2011). The source of the RES expense is the actual invoices received from REC suppliers. The Company records expenses in the reconciliation during the month that the expense is actually incurred. Because RECs for an obligation year can be procured for up to six months after the end of the calendar year, expenses for each obligation year are generally recorded in two different reconciliation periods. In Attachment 2, all expenses incurred for each obligation year are aggregated and shown on line 2 and compared to the revenue billed during the same calendar year. This schedule is shown for informational purposes to demonstrate the comparison between expenses incurred to procure RECs for each obligation year to the revenues designed to collect the costs for each year. A schedule showing the breakdown of RES expense by obligation year and by reconciliation year is attached as Attachment DIV 1-4, Attachment 1.

The RES factor for the period April 2011 through March 2012 is a credit factor of \$0.00031 per kWh as approved in Docket No. 4149, reflecting an estimated over collection of RES expense for obligation year 2010.

Prepared by or under the supervision of: Jeanne A. Lloyd

The Narragansett Electric Co.
RES Expenses by Calendar Year and Obligation Year

Calendar Year	Total RES Expense (a)	Obligation Year				
		2011 (b)	2010 (c)	2009 (d)	2008 (e)	2007 (f)
2011	\$ 1,673,510	\$ 1,071,158	\$ 602,352			
2010	\$ 3,781,692		\$ 1,489,800	\$ 2,268,481	\$ 23,411	
2009	\$ 6,733,623			\$ 3,229,683	\$ 3,503,940	
2008	\$ 5,667,519				\$ 1,727,079	\$ 3,940,440
2007	\$ -					
Total	\$ 17,856,344	\$ 1,071,158	\$ 2,092,152	\$ 5,498,164	\$ 5,254,430	\$ 3,940,440
Total Expenses by Obligation Year per 2012	(g) \$ 17,870,559	(h) \$ 1,071,158	(i) \$ 2,096,152	(j) \$ 5,508,379	(k) \$ 5,254,430	(l) \$ 3,940,440
Difference	(m) \$ (14,215)	(n) \$ -	(o) \$ (4,000)	(p) \$ (10,215)	(q) \$ -	(r) \$ -

Note: Difference in year 2009 and 2010 due to transaction fees not included in expenses for recovery

Column Descriptions

- (a) 2011 RES calendar year expenses per R.I.P.U.C. Docket No. 4227, Attachment 2, page 1, column (c)
- 2010 RES calendar year expenses per R.I.P.U.C. Docket No. 4226, Attachment 2, page 1, column (c)
- 2009 RES calendar year expenses per R.I.P.U.C. Docket No. 4041, Schedule Attachment 2, page 1, column (c)
- 2008 RES calendar year expenses per R.I.P.U.C. Docket No. 4011, Schedule JAL-8, page 1, column (c)
- (b) - (f) RES expense by obligation year
- (g) - (l) RES Expense by obligation year as reported in Docket No. 4227, Attachment 2, page 2, line 2
- (m) (a) Total - (g)
- (n) (b) Total - (h)
- (o) (c) Total - (i)
- (p) (d) Total - (j)
- (q) (e) Total - (k)
- (r) (f) Total - (l)