

March 13, 2015

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4265 - Review of Power Purchase Agreement Between The Narragansett Electric Company d/b/a National Grid and Orbit Energy Rhode Island, LLC Pursuant to R.I.G.L. § 39-26.1-7
Third Amendment to Power Purchase Agreement dated January 9, 2015

Dear Ms. Massaro:

This letter is to notify the Rhode Island Public Utilities Commission (PUC) that National Grid¹ has executed the following amendment to the Power Purchase Agreement (PPA) between National Grid and Orbit Energy,² which the PUC approved by bench decision on July 28, 2011 in Docket 4265, and which was amended by the First Amendment to Power Purchase Agreement dated as of April 11, 2013 (First Amendment) and the Second Amendment to Power Purchase Agreement and Acknowledgement dated as of December 9, 2013 (Second Amendment), as approved by the PUC on April 11, 2014 in Docket No. 4265. The Company requests that the PUC approve the enclosed amendment:

- Third Amendment to Power Purchase Agreement dated as of January 9, 2015 (Third Amendment) to modify the critical milestone dates set forth in clauses (i) and (vi) of Section 3.1(a) of the PPA to acquire all of the permits necessary to construct the Orbit Energy facility in Johnston, Rhode Island and to achieve the Commercial Operation Date.

The PPA is for a 3.0 MW anaerobic digester biogas project with an initial bundled price of 9.5 cents per kilowatt-hour in 2013, subject to an interconnection cost adjustment with an initial price cap of 10.0 cents per kilowatt-hour in 2013. At the time of the filing, the project was forecasted to be at or below market prices.

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

² Orbit Energy Rhode Island, LLC (herein referred to as "Orbit Energy").

Pursuant to the Second Amendment, the parties agreed to extend the Commercial Operation Date to September 1, 2015 (among other deadlines) and Orbit Energy had agreed that there would be no further extensions of critical milestone dates under the PPA. Nonetheless, Orbit Energy approached the Company regarding a further extension of the deadlines for receiving all permits and to achieve the Commercial Operation Date. The Third Amendment further modifies the date for receipt of all permits set forth in clause (i) of Section 3.1(a) of the PPA to May 30, 2015, and extends the Commercial Operation Date in clause (vi) of Section 3.1(a) to December 31, 2015. Paragraph 3 of the Third Amendment requires Orbit Energy to post additional collateral of \$22,500 in consideration of National Grid's agreement to extend these deadlines. In addition, Paragraph 3 adds language allowing Orbit Energy to further extend either or both of the critical milestone dates relating to receipt of permits and the Commercial Operation Date for an additional 6-month period by posting additional collateral of \$22,500. Paragraph 4 of the Third Amendment provides that the Third Amendment is contingent upon National Grid's receipt of the first additional collateral and PUC approval. Orbit Energy has posted the first additional collateral.

The Company evaluated Orbit Energy's request, and after consultation with the Rhode Island Division of Public Utilities and Carriers (Division), the Company determined that the Orbit Energy PPA continues to be a good project for Rhode Island. Significantly, Orbit Energy has met the financing milestone under the PPA, which the Company believes shows a good faith effort by Orbit Energy to invest in the project and achieve commercial operation. In addition, the changes reflected in the Third Amendment do not alter the bundled price under the PPA or the size and scope of the project. Furthermore, the PPA pricing is still forecasted to be below market³ and will continue to benefit customers. The project also continues to bring diversity to the Company's renewable energy portfolio. For these reasons, the Company continues to support the PPA and urges the PUC to approve the Third Amendment.

As noted above, the Company has consulted with the Division and they have indicated their support for the Third Amendment.

By filing this letter, National Grid requests that the PUC issue a ruling at an Open Meeting that affirmatively approves the Third Amendment and authorizes the Company to proceed under the PPA as amended.⁴

³ See Response of National Grid to Commission Data Request 6-1, Docket No. 4371 (Filed, October 27, 2014).

⁴ In the alternative, the PUC may affirm that the enclosed letter constitutes sufficient notification to the PUC of the Third Amendment and that no further regulatory approvals are required.

Luly E. Massaro, Commission Clerk
Third Amendment to Orbit Energy PPA
March 13, 2015
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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: Docket 4265 Service List
Leo Wold, Esq.
Jon Hagopian, Esq.
Steve Scialabba, Division

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

March 13, 2015

Date

**Docket No. 4265 National Grid – PPA w/ Orbit Energy RI
Service List updated 7/26/11**

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THIRD AMENDMENT TO POWER PURCHASE AGREEMENT

This THIRD AMENDMENT TO POWER PURCHASE AGREEMENT (this “**Amendment**”) is entered into as of January 9, 2015, by and between The Narragansett Electric Company, d/b/a National Grid, a Rhode Island corporation (“**Buyer**”), and Orbit Energy Rhode Island, LLC, a Rhode Island limited liability company (“**Seller**”). Buyer and Seller are individually referred to herein as a “**Party**” and are collectively referred to herein as the “**Parties**”).

WHEREAS, Buyer and Seller are parties to that certain Power Purchase Agreement dated as of May 26, 2011 and approved by the Rhode Island Public Utilities Commission (“PUC”) on August 18, 2011 in Docket No. 4265, as amended by the First Amendment to Power Purchase Agreement dated as of April 11, 2013 and the Second Amendment to Power Purchase Agreement and Acknowledgement dated as of December 9, 2013, as approved by the PUC on April 11, 2014 in Docket No. 4265 (the “**Agreement**”), pursuant to which Seller has agreed to sell and deliver, and Buyer has agreed to purchase and receive, the Products generated by or associated with the Facility during the Services Term (in each case as defined in the Agreement); and

WHEREAS, Seller has exercised all of its rights to extensions of the dates for the Critical Milestones under Section 3.1(c) of the Agreement; and

WHEREAS, Seller has requested a further extension of the deadlines to acquire all of the Permits necessary to construct its Facility and to achieve the Commercial Operation Date under Section 3.1(a) of the Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The text of clause (i) of Section 3.1(a) of the Agreement is deleted in its entirety and replaced with the following:
 - (i) receipt of all Permits necessary to construct the Facility, as set forth in Exhibit B, in final form, by May 30, 2015;
2. The text of clause (vi) of Section 3.1(a) of the Agreement is deleted in its entirety and replaced with the following:
 - (vi) achievement of the Commercial Operation Date by December 31, 2015.
3. In consideration for Buyer’s agreement to extend the Critical Milestone deadlines as set forth in paragraphs 1 and 2 of this Amendment, Seller shall post with Buyer additional Development Period Security of \$22,500 (the “**First Additional Collateral**”). In addition, Seller may elect to extend either or both of the Critical Milestone deadlines in paragraphs 1 and 2

by up to an additional six-month period by posting additional Development Period Security of \$22,500 (the “**Second Additional Collateral**” and, together with the First Additional Collateral, the “**Additional Collateral**”). The Additional Collateral will be added to the required amount of Development Period Security for all purposes of the Agreement. The Additional Collateral shall be deemed to be, and shall comply and with the requirements of, Development Period Security, Credit Support and Posted Collateral for all purposes of the Agreement.

4. This Amendment is conditioned upon and shall not become effective unless and until (i) Buyer has received the First Additional Collateral and (ii) either (a) the PUC confirms, in a manner that is acceptable in form and substance to Buyer in its sole discretion, that PUC approval is not required in order for the effectiveness of this Amendment or (b) the PUC approves this Amendment without material modification or conditions, which approval shall be final and not subject to appeal or rehearing and shall be acceptable to Buyer in its sole discretion.

5. The usage in this Amendment of terms which are defined in the Agreement is in accordance with the usage thereof in the Agreement.

6. Except as specifically amended hereby, all terms and provisions contained in the Agreement shall remain unchanged and in full force and effect, and each of the Parties ratifies and confirms all such terms and provisions. In the event of a conflict between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall govern.


7. Two or more counterparts of this Amendment may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument. Facsimile signatures hereon shall be deemed to have the same effect as original signatures.


8. Interpretation and performance of this Amendment shall be in accordance with, and shall be controlled by, the laws of the State of Rhode Island (without regard to its principles of conflicts of law).

[Signature Page Follows]

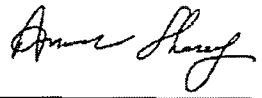
IN WITNESS WHEREOF, each of Buyer and Seller has caused this Amendment to be duly executed on its behalf as of the date first above written.

THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID

By:  _____
Name: John V. Vaughn
Title: Authorized Signatory



ORBIT ENERGY RHODE ISLAND, LLC

By:  _____
Name: Anwar Shareef
Title: Managing Member