

September 28, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Dockets 4277/4288
Rhode Island Office of Energy Resources' Report and Recommendations Regarding
Distributed Generation Classes and Ceiling Prices;
Rhode Island Office of Energy Resources' Proposed Standard Contract;
The Narragansett Electric Company d/b/a National Grid's Proposed Distributed
Generation Enrollment Applications and Process Rules

Dear Ms. Massaro:

On behalf of National Grid,¹ I am submitting these comments in support of the Office of Energy Resources' ("OER") September 20, 2012 motion requesting that the Rhode Island Public Utilities Commission ("Commission") amend its Order No. 20676 to permit the OER to reallocate the remaining megawatts ("MW") from the 2012 Distributed Generation ("DG") Standard Contracts program into the calendar year 2013 program. The Company also supports the OER's request for an extension of time while it works to formulate new proposed ceiling pricing.

As background, the DG Standard Contracts Act (the "Act") requires that "ceiling prices" be established through an annual October 15 filing by the OER,² subject to review and approval by the Commission. R.I.G.L. §39-26.2-5(a). In each of the three annual DG Standard Contracts enrollments conducted over the course of a program year, the ceiling prices are available to small DG projects on a "first-come, first-serve" basis. The ceiling prices also serve as the pricing level below which large DG projects can submit pricing during a given enrollment. R.I.G.L. §39-26.2-6(c). The Act provides several factors to be considered when ceiling prices are set, including "[p]ricing for standard contracts received during the previous program year." R.I.G.L. §39-26.2-5(a).

The Act also provides the flexibility during a program year to modify the program for that year where there is a determination that the ceiling prices are too high. While a request to modify the program, such as the OER's recent request, is pending before the Commission, the electric distribution company may suspend its enrollment process. R.I.G.L. §39-26.2-5(c).

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

² The filing is to be made by the DG Standard Contracts Board, or until that board is appointed, as is currently the case, by the OER.

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The DG Standard Contracts enrollments that have been conducted thus far have experienced a full and growing level of participation. For example, in the last enrollment, the Company received 21 project applications with proposals for 21 MW of contracting, well in excess of the targeted five MW of contracting for that enrollment. Moreover, since the inception of the DG Standard Contracts enrollment and contracting process in these consolidated dockets, the targeted contracting goals for each enrollment have been either met or exceeded. Meanwhile, the pricing proposals from larger projects, which are required to provide a bid price not to exceed ceiling prices, have resulted in pricing significantly below the ceiling prices currently in effect.

Based on the recent over-subscription of enrollments and bid prices that are significantly lower than the established ceiling prices, the Company concurs with the OER that ceiling prices may have to be adjusted downward to reflect this recent experience. Thus, the Company supports the OER's request that the remaining enrollment for the current program year be suspended and that the remaining MW from the 2012 DG Standard Contracts program be re-allocated into the calendar year 2013 program. This approach will allow for a deliberative review of current ceiling prices, in order to assess the reasonableness of those prices, which ultimately impacts all of the Company's electric distribution customers.

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: Docket 4277/4288 Service List
Steve Scialabba, Division
Leo Wold, Esq.
Marion Gold, Administrator, OER
Michael D. Mitchell, Esq.

Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate has been electronically transmitted, sent via U.S. mail or hand-delivered to the individuals listed below.

Joanne M. Scanlon

September 28, 2012
Date

Docket No. 4288 – Office of Energy Resources Filings: 1) Proposed Distributed Generation (DG) Standard Contract Act Classes and Ceiling Prices for 2011; and 2) Proposed DG Standard Contract; and

Docket No. 4277 – National Grid National Grid – Distributed Generation Enrollment Application & Enrollment Process Rules

Service Lists updated 9/27/12

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