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February 1, 2012

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

Re: Docket No.: 4288  
Rhode Island Distributed Generation Standard Contract

Dear Luly:

Enclosed for filing please find an original and nine (9) copies of the report of the Rhode Island Distributed Generation Contract Working Group (the "Working Group") along with revised contracts for small and large DG projects.

Please acknowledge receipt of the enclosed by date and time stamping the enclosed copy and returning it with my messenger to my office. Thank you.

Sincerely,



Peter V. Lacouture



PVL:mmv  
Enclosures

cc: Service List

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: RHODE ISLAND OFFICE OF ENERGY  
RESOURCES' PROPOSED DISTRIBUTED  
GENERATION STANDARD CONTRACT,  
CLASSES AND CEILING PRICES

DOCKET NO. 4288

**Report on behalf of the Distributed Generation  
Standard Contract Working Group  
February 1, 2012**

Introduction

The purpose of this report is to present the results of the discussions among representatives of the Office of Energy Resources ("OER"), the Distributed Generation Contract Working Group ("Working Group"), and other interested individuals following the decision of the Public Utilities Commission ("PUC" or "the Commission") in this docket at its November 30, 2011 open meeting. The Working Group was created pursuant to R.I. Gen. Laws § 39-26.2-7(1) and appointments to the Working Group were made by OER pursuant to the statute. At its open meeting, the Commission determined that the Working Group should develop separate standard contracts for small and large distributed generation ("DG") projects by February 1, 2012.

Revised Contract and Working Group Deliberations

In early January, National Grid was asked to prepare a draft of a contract for small DG projects. On January 13, a draft of the contract and a revised form of the contract for large DG projects was circulated among the Working Group and other interested individuals. On January 18, a meeting was convened among the members of the Working Group and other interested individuals<sup>1</sup>. The Working Group and other attendees discussed a number of issues at the meeting on January 18 including National Grid's proposal of 150 kW as the cut off between small and large DG projects<sup>2</sup>.

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<sup>1</sup> Attached to this report is a listing of the individuals who were invited to the meetings of the Working Group with their respective affiliations, and identification of those that were either members of the Working Group or supporting to a Working Group member.

<sup>2</sup> The Distributed Generation Standard Contracts Act ("the Act") defines "Small Distributed Generation Project" as "a Distributed Generation project that has a nameplate capacity no larger than the following: solar: 500 kilowatts (500 kW); wind: 1.5 megawatts (1.5 MW)." R.I. Gen. Laws § 39-26.2-3(12). The definition also provides that the board may lower the nameplate capacity from year to year for any of these categories..." Section 39-26.2-3(3) provides that "until such time as the board [the Distributed Generation Standard Contract Board] is duly constituted, the Office of Energy Resources shall serve as the board with the same powers and duties pursuant to this chapter."

Following the January 18 meeting, National Grid made further revisions to the proposed contract for small DG projects and another draft was circulated among the invitees to the meeting. The Working Group and others convened again on January 25 for further discussions of the contract. Following these further discussions and negotiations, National Grid agreed to make additional changes to the proposed contract for small DG projects and to increase the limit of small DG projects to 500 kW for all technologies. With National Grid's agreement to increase the limit to 500 kW, all of the individuals at the January 25 meeting agreed to support the revised form of contract for small DG projects.

### Analysis

The form of contract for small DG projects which has been approved by the Working Group and agreed to by all participants is filed herewith both in clean and in redlined versions, showing the changes from the contract which was approved by the Commission for 2011 on November 30, 2011. Also attached is a revised form of the contract for large DG projects and a redlined version showing changes from the 2011 approved contract. These changes are necessary (i) to reflect the distinction between large and small projects, (ii) to provide certain clarifications that everyone found helpful, and (iii) to incorporate refinements based on National Grid's experience during the first enrollment period.

In seeking to determine a reasonable limit between small and large DG projects, the Working Group and OER reviewed information that suggested that a 500 kW solar project would have a capital cost of approximately \$2 million and generate annual revenue in excess of \$200,000<sup>3</sup>. Thus it is clear that even at the low end of this scale, DG projects are expensive undertakings. While OER, National Grid, and the other members of the Working Group have endeavored to simplify the standard contract for small projects, we believe that it is necessary to recognize that these are complex transactions involving a complicated regulatory framework (including ISO regulations), and there is a limit to the amount of "simplification" that is prudent under the circumstances. Based on the information provided above and the agreement of the participants during the January 25 meeting, the Working Group and OER believe that the 500 kW limit is a reasonable separation between small and large DG projects, without regard to the technology, for the purposes of the standard contract.

### Conclusion

For the reasons expressed above, the Working Group respectfully requests that the attached forms of standard contract for small and large distributed generation projects be approved.

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<sup>3</sup> The same information suggested that a 150 kW facility would have a capital cost in excess of \$600,000 and generate annual revenues in excess of \$60,000.

Respectfully submitted,

Rhode Island Distributed Generation Contract  
Working Group

By its attorneys,  
Robinson & Cole LLP

A handwritten signature in cursive script, reading "Peter V. Lacouture", written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the within Report of the Distributed Generation Standard Contract Working Group was sent by e-mail to the Docket 4288-4277 service list (listed below) this the 1 day of February, 2012.

Monique Victor

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RI Distributed Generation Contract Working Group  
 2012 DG Contract Revisions – Meeting Attendees

NAME	AFFILIATION	WORKING GROUP MEMBER	1/18/12 MTG.	1/25/12 MTG.
Christopher Kearns	Governor's Office	X	X	X
Seth Handy, Esq.	Handy Law, LLC	X	X	X
Karina Lutz	People's Power & Light	X	X	X
Madison Milhous	National Grid	X	X	X
Corinne Abrams	National Grid	S*	X	X
Paul N. Belval, Esq.	Day Pitney, LLP (National Grid Counsel)	X	X	X
Thomas R. Teehan, Esq.	National Grid	S	X	X
Steven Scialabba	Division of Public Utilities Carriers	X	X	
John G. Hagopian, Esq.	RI Attorney General's Office	S	X	X
Stephan Wollenburg	People's Power & Light	S	X	
Robert Tormey	NERCSolar	S		
Peter V. Lacouture, Esq.	Robinson & Cole, LLC (Working Group Counsel)	X	X	X
Julian Dash	RI Economic Development Corporation	S	X	X
Jerry Elmer, Esq.	Conservation Law Foundation	S		X
John A. Langlois, Esq.	Office of Energy Resources	X	X	
Margaret Janzen	National Grid		X	X
Omay Elphick	RGS Energy/Alteris		X	X
Fred Unger	Heartwood Group		X	X
Hannah Morini	RI EDC		X	X
Patrick McCarthy	RI Office of Energy Resources			X
Ian Springsteel	National Grid			X

\*S-Supporting role to Working Group Member.