

November 18, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket No. 4288
Distributed Generation Standard Contracts Act Classes and Ceiling Prices for 2011;
Distributed Generation Standard Contract
Responses to Commission's Data Requests – Set 1

Dear Ms. Massaro:

Attached are ten (10) copies of National Grid's¹ responses to the Commission's First Set of Data Requests in the above-captioned proceeding.

Please be advised that the Company is seeking protective treatment of the response and confidential attachment to Commission Data Request 1-1, as permitted by Commission Rule 1.2(g) and by R.I.G.L. § 38-2-2(4)(i)(B). The Company has submitted a Motion for Protective Treatment along with a copy of the confidential response and pages 2 and 3 of the attachment to the Commission pending a determination on the Company's Motion. The Company has submitted a redacted version of the response in this filing for the public record. In addition, the Company plans to provide a copy of the confidential attachment to the Division upon the execution of a nondisclosure agreement.

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

cc: Docket 4288 Service List
Leo Wold, Esq.
Jon Hagopian, Esq.
Steve Scialabba, Division

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

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

**Distributed Generation Standard Contracts
Classes and Ceiling Prices ;
Distributed Generation Standard Contracts**

Docket 4288

**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 November 18, 2011, National Grid is filing with the Commission its Responses to the Commission’s First Set of Data Requests in this proceeding. The Company requests confidential treatment for the average price for RECs in the Company’s most recent solicitations in 2011, which information is provided in its un-redacted response to COMM 1-1 (b). In addition, the Company requests confidential

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

treatment for the market comparison using price forecasts for energy, capacity and renewable energy certificates (“REC”) prepared by Energy Security Analysis, Inc. (“ESAI”). Under National Grid’s arrangement with ESAI, the energy, capacity and REC forecasts are considered proprietary. Therefore, National Grid requests that the Commission give the information contained in the un-redacted version of pages 2 and 3 of the attachment to its response to COMM 1-1 confidential treatment.

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

Disclosure of the confidential average price for RECs in the Company's most recent solicitations in 2011, which is found in its response to COMM 1-1 (b), would negatively impact National Grid's ability to obtain competitive pricing in future solicitations. Regarding the ESAI forecasts contained in pages 2 and 3 of the attachments to COMM 1-1, those forecasts were developed by ESAI through its proprietary methods of analysis and was provided to National Grid on a confidential basis. Disclosure of this information could adversely affect ESAI's competitive position and would tend to make it less likely that such information would be provided voluntarily

REDACTED
Commission 1-1

Request:

Assuming the proposed 2011 DG technology classes, targets, and prices are approved, and there is full enrollment at the ceiling price levels for each class target, please calculate the following:

- a) the total ratepayer cost of implementing the statutory requirement of achieving 5 MW of distributed generation in 2011, broken out by each technology and size class; and,
- b) the estimated above or below market costs paid by/to National Grid ratepayers that are associated with implementing the 5 MW statutory requirement in 2011. Please break out the energy, capacity and REC components, if possible, drawing upon National Grid's recent solicitations (i.e. spot market purchases, REC solicitations).

Response:

Because the following response includes confidential National Grid REC pricing and the attached files contain the ESAI forecasts, the REC pricing below and portions of the attached files are considered confidential and are being provided to the Commission subject to a motion for protective treatment. A PDF version RI DG Ceiling Price Analysis with the columns containing the ESAI forecasts redacted is being provided as part of the public filing.

- a) Please see the attached Table showing the total contract cost for each technology and the estimated above-market cost. Sample calculations for two classes have also been attached.

The market comparison was developed using energy, REC and capacity forecasts provided by ESAI. Note that in the analysis, all capacity revenues are realized for all classes. As the Standard Contract is presently structured, National Grid will be collecting capacity revenues only for large projects, reserving the right to act as project sponsor for small projects in the future. The large projects are assumed to be priced at the ceiling price, although under the statute, they may be bid lower.

- b) According to ISO-NE, the average real time LMP for RI zone was \$39.03 for the month of October 2011 and the average of the monthly price from October 2010-October 2011 was \$48.90. The FCM clearing price for 2012-2013 is \$2.95/kW-month, which is approximately equivalent to \$4.04/MW-hour. The average price for RECs in National Grid's most recent solicitations for 2011 was [REDACTED]

Prepared by or under the supervision of: Madison N. Milhous, Jr. and Corinne M. Abrams

**2011 RI DG Standard Contract
Ceiling Price Analysis**

WITH WIND

Class/Size	Price \$/MWh	2011 Target	Contract Cost (yr 1)	Above Market Cost (yr 1)	Total Contract Cost (15 yr)	Total Contract Cost - NPV (15 yr)	Total Above Market Cost (15 yrs)	Total Above Market Cost - NPV (15 yrs)
Small Solar (10 - 150 kW)	\$ 333.50	0.5 MW	\$ 197,198.55	\$ 146,011.72	\$ 2,856,658.86	\$ 1,745,355.25	\$ 1,687,929.02	\$ 1,062,754.78
Medium Solar (151 - 500 kW)	\$ 316.50	1 MW	\$ 373,701.60	\$ 271,327.93	\$ 5,413,518.45	\$ 3,307,539.78	\$ 3,076,058.77	\$ 1,942,338.84
Large Solar (501 - 5000 kW)	\$ 289.50	2 MW	\$ 684,725.40	\$ 479,978.06	\$ 9,919,073.36	\$ 6,060,333.97	\$ 5,244,154.00	\$ 3,329,932.09
Wind (1500 kW)	\$ 133.50	1.5 MW	\$ 438,547.50	\$ 154,176.20	\$ 6,578,212.50	\$ 3,994,252.92	\$ (148,619.69)	\$ 85,878.69
Sum		5 MW	\$ 1,694,173.05	\$ 1,051,493.91	\$ 24,767,463.17	\$ 15,107,481.91	\$ 9,859,522.10	\$ 6,420,904.40

WITHOUT WIND

Class/Size	Price \$/MWh	2011 Target	Contract Cost (yr 1)	Above Market Cost (yr 1)	Total Contract Cost (15 yr)	Total Contract Cost - NPV (15 yr)	Total Above Market Cost (15 yrs)	Total Above Market Cost - NPV (15 yrs)
Small Solar (10 - 150 kW)	\$ 333.50	1 MW	\$ 394,397.10	\$ 292,023.43	\$ 5,713,317.73	\$ 3,490,710.50	\$ 3,375,858.05	\$ 2,125,509.56
Medium Solar (151 - 500 kW)	\$ 316.50	1.5 MW	\$ 560,552.40	\$ 406,991.90	\$ 8,120,277.67	\$ 4,961,309.67	\$ 4,614,088.15	\$ 2,913,508.26
Large Solar (501 - 5000 kW)	\$ 289.50	2.5 MW	\$ 255,934.17	\$ 855,906.75	\$ 12,398,841.70	\$ 7,575,417.46	\$ 6,555,192.49	\$ 4,162,415.11
Sum		5 MW	\$ 1,210,883.67	\$ 1,554,922.08	\$ 26,232,437.10	\$ 16,027,437.63	\$ 14,545,138.69	\$ 9,201,432.94

Note: Market comparison using EISA annual load-weighted 7x24 Energy price forecast.

Assumptions:

All capacity is assumed to be qualified in the FCM.

Discount rate used in NPV calculation is assumed to be 7%.

REDACTED

RI DG - Wind (1500 kW)

ESAI RI Forecast					15 Yr PPA				
	RI Energy 7x24 \$/MWh	RI REC Forecast \$/MWh	Energy & RECs	Capacity \$/kW-mo	Delivered Energy MWh	Bundled Energy Rate \$/MWh	Market Value	Contract Cost	Above Market Cost
2011									
2012									
2013					3,285	\$ 133.50		\$ 438,547.50	
2014					3,285	\$ 133.50		\$ 438,547.50	
2015					3,285	\$ 133.50		\$ 438,547.50	
2016					3,285	\$ 133.50		\$ 438,547.50	
2017					3,285	\$ 133.50		\$ 438,547.50	
2018					3,285	\$ 133.50		\$ 438,547.50	
2019					3,285	\$ 133.50		\$ 438,547.50	
2020					3,285	\$ 133.50		\$ 438,547.50	
2021					3,285	\$ 133.50		\$ 438,547.50	
2022					3,285	\$ 133.50		\$ 438,547.50	
2023					3,285	\$ 133.50		\$ 438,547.50	
2024					3,285	\$ 133.50		\$ 438,547.50	
2025					3,285	\$ 133.50		\$ 438,547.50	
2026					3,285	\$ 133.50		\$ 438,547.50	
2027					3,285	\$ 133.50		\$ 438,547.50	
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
Total								\$ 6,578,213	\$ (148,620)
NPV								\$ 3,994,253	\$ 85,879

2011 Target
Capacity Factor for FCM
Discount Rate

1.5 MW
25%
7.0%

Attachment
Docket No. 4288
In re: RI Office of Energy Resources'
Proposed Distributed Generation Standard Contract,
Classes, and Ceiling Prices
Responses to Commission Data Requests (Set 1)
Page 3 of 3

RI DG - Large Solar (501 kW to 5000 kW)

ESAI RI Forecast					15 Yr PPA				
	RI Energy 7x24 \$/MWh	RI REC Forecast \$/MWh	Energy & RECs	Capacity \$/kW-mo	Delivered Energy MWh	Bundled Energy Rate \$/MWh	Market Value	Contract Cost	Above Market Cost
2011									
2012									
2013					2,365	\$ 289.50		\$ 684,725.40	
2014					2,353	\$ 289.50		\$ 681,301.77	
2015					2,342	\$ 289.50		\$ 677,895.26	
2016					2,330	\$ 289.50		\$ 674,505.79	
2017					2,318	\$ 289.50		\$ 671,133.26	
2018					2,307	\$ 289.50		\$ 667,777.59	
2019					2,295	\$ 289.50		\$ 664,438.70	
2020					2,284	\$ 289.50		\$ 661,116.51	
2021					2,272	\$ 289.50		\$ 657,810.93	
2022					2,261	\$ 289.50		\$ 654,521.87	
2023					2,250	\$ 289.50		\$ 651,249.26	
2024					2,238	\$ 289.50		\$ 647,993.02	
2025					2,227	\$ 289.50		\$ 644,753.05	
2026					2,216	\$ 289.50		\$ 641,529.29	
2027					2,205	\$ 289.50		\$ 638,321.64	
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
							Total	\$ 9,919,073	\$ 5,244,154
							NPV	\$ 6,060,334	\$ 3,329,932

2011 Target	2 MW
Capacity Factor for FCM	14%
Discount Rate	7.0%
Annual Solar Degradation Rate	0.5%

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

11/18/2011
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 Service List updated 11/10/11

Name/Address of Parties in Docket	E-mail Address	Phone/FAX
Peter Lacouture, Esq. Robinson & Cole LLP One Financial Plaza, Suite 1430 Providence, RI 02903-2485	placouture@rc.com	401-709-3314
John A. Langlois, Esq. Dept. of Administration	John.Langlois@doa.ri.gov	401-222-4889
Kenneth Payne RI Office of Energy Resources One Capitol Hill Providence, RI 02908-5850	Kenneth.Payne@energy.ri.gov	401-574-9125
	Joyce.discuillo@energy.ri.gov	
Thomas R. Teehan, Esq. National Grid 280 Melrose St. Providence, RI 02907	Thomas.teehan@us.ngrid.com	401-784-7667 401-784-4321
	Joanne.scanlon@us.ngrid.com	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Lwold@riag.ri.gov	401-222-2424 401-222-3016
	Sscialabba@ripuc.state.ri.us	
	Dstearns@ripuc.state.ri.us	
	Acontente@ripuc.state.ri.us	
Jon Hagopian, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	jhagopian@riag.ri.gov	
	mcorey@riag.ri.gov	
	dmacrae@riag.ri.gov	
Jerry Elmer, Esq.	jelmer@clf.org	401-351-1102

Conservation Law Foundation 55 Dorrance Street Providence, RI 02903	akullenberg@clf.org	Ext. 12
Richard Hahn Lacapra Associates 1 Washington Mall, 9th floor Boston, MA 02108	rhahn@lacapra.com	
	apereira@lacapra.com	
Alan M Shoer, Esq. Adler Pollock & Sheehan P.C. One Citizens Plaza, 8th Floor Providence, RI 02903	ashoer@apslaw.com	
Mike McElroy, Esq. Schacht & McElroy PO Box 6721 Providence, RI 02940-6721	Michael@McElroyLawOffice.com	401-351-4100
Joseph E. Donovan, Esq. Constellation Energy Resources, LLC	Joseph.donovan@constellation.com	410-470-3582
Bryan S. Miller, VP Energy Policy Constellation Energy	Bryan.Miller@constellation.com	410-470-3266
Jeffrey W. Garrison, Regulatory Associate Constellation Energy	Jeffrey.Garrison@constellation.com	410-470-3160
Daniel Allegretti, VP Energy Policy Constellation Energy Commodities	Daniel.W.Allegretti@constellation.com	603-224-9653
File an original & 10 copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Lmassaro@puc.state.ri.us	401-780-2107
	Adalessandro@puc.state.ri.us	401-941-1691
	Anault@puc.state.ri.us	
	Dshah@puc.state.ri.us	
	Nucci@puc.state.ri.us	
Interested Public/Parties		
Laurence W. Ehrhardt	LARRY4REP@aol.com	
Kristie Caltabiano, Tecta Solar	kcaltabiano@tectaamerica.com	
Julian Dash, RIEDC	jdash@riedc.com	
Karina Lutz	karina@ripower.org	401-497-5968
Stephan Wollenberg	stephan@ripower.org	617-524-3950
Seth Handy, Esq.	seth@handylawllc.com	
Paul Raducha	paulraducha@gmail.com	
Kevin Stacom	Kevin.stacom@gmail.com	
Fred Unger, Hartwood Group	unger@hrtwd.com	
Robert J. Tomey, Conanicut Energy LLC	conanicutenergy@cox.net	
Michelle Mulcahy, Alteris, Inc.	mmulcahy@alterisinc.com	
Omay Elphick, Alteris, Inc.	oelphick@alterisinc.com	
Kirt Mayland	dkm@soltasenergy.com	
Brian Dunphey	bdunpheygcts@gmail.com	
Christopher Kearns, Governor's Policy Office	Christopher.Kearns@governor.ri.gov	

Dan Richardson	Dan.richardson@rterra.com	401-619-5297
Karl Munzel	kmunzel@alterisinc.com	