

April 9, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4308 - Tariff Advice Filing for Approval of Long-Term Contracting For Renewable Energy Recovery Provision and to Amend R.I.P.U.C. No. 2036, Transmission Service Cost Adjustment Provision; and Application for Approval of Long-Term Contracting for Renewable Energy Recovery Factor
Responses to Record Requests**

Dear Ms. Massaro:

Attached are National Grid's¹ responses to Record Requests that were issued at the Commission's Evidentiary Hearing on March 27, 2012, concerning the above-captioned proceeding.

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 4308 Service List
Steve Scialabba, Division
Jon Hagopian, Esq.

¹ Submitted on behalf of The Narragansett Electric Company d/b/a National Grid.

The Narragansett Electric Company
d/b/a National Grid
Docket No. 4308
In re: Tariff Advice Filing to Amend
R.I.P.U.C. 2036 and to add R.I.P.U.C. 2081
Related to Long-Term Contract Cost Recovery
Responses to Record Requests
Issued at Evidentiary Hearing on
March 27, 2012

Record Request #1

Request:

What is the status of the Federal Investment Tax Credit (“ITC”) and Production Tax Credit (“PTC”) for wind generating facilities?

Response:

In order to qualify for the ITC or the PTC, a wind generating facility must be “placed in service” by December 31, 2012. While legislation has been introduced to extend that deadline for certain offshore wind projects, no such legislation has been adopted by the Congress.

Prepared by or under the supervision of: Legal Department

Record Request #2

Request:

Has Deepwater Wind Block Island (“DWBI”) sought to extend the Commercial Operation Date under Section 3.1 of the PPA? Also, what are the various deadlines under the PPA, and how can those dates be extended?

Response:

While we understand from DWBI that they will seek to extend the Commercial Operation Date, DWBI has not yet exercised its extension right under Section 3.1 of the PPA. The following are the critical dates, and related extension and termination rights under the PPA:

- Commercial Operation Date, Section 3.1(b), (c) – If the DWBI wind facility does not achieve commercial operation by December 31, 2012, either National Grid or DWBI can terminate the PPA upon 60 days written notice. DWBI can extend that deadline once for up to five (5) years.
- Transmission Cable Conditions, Section 8.5 – Either National Grid or DWBI can terminate the PPA if certain transmission cable conditions (relating to the construction and/or purchase of the undersea cable between Block Island and the mainland) are not satisfied within two (2) years after the Commission’s approval of the PPA became final and not subject to appeal. DWBI may propose an amendment to the PPA to adjust the pricing if the transmission cable conditions are not satisfied by this two-year deadline, and National Grid and DWBI will negotiate in good faith to reach an agreement within 60 days; however, neither party is required to agree to the amendment. If DWBI does not notify National Grid that it is exercising its right to propose a change in price within 15 days following the two-year deadline, then either party may terminate the PPA.
- Security, Section 6.1 – DWBI is required to provide certain credit support for its obligations under the PPA by (i) 15 days after the satisfaction or waiver of the transmission cable conditions and (ii) 10 days following commercial operation. Under Sections 9.2(c) and 9.3(b), National Grid may terminate the PPA if DWBI fails to provide that collateral for longer than 30 days after National Grid has given written notice to DWBI of such failure.
- Tax Credits, Section 8.4 - DWBI may terminate the PPA upon written notice if Congress does not act by December 31, 2011 to extend the in-service deadline for the ITC and the PTC, and the grant-in-lieu-of-tax credit program under Section 1603 of the American

Record Request #2 (continued, p2)

Recovery and Reinvestment Act (in which the value of the ITC is paid to a project owner through a U.S. Treasury grant) through December 31, 2015. DWBI has not exercised that termination right. Under Section 5.4(b) of the PPA, the terms of the PPA are not dependent upon the availability of any federal or state tax credits except as stated in Section 8.4.

- Force Majeure, Section 10.1(c) – If a party claiming Force Majeure is prevented from performing its obligations for 36 months, the other party may terminate the Agreement.

Prepared by or under the supervision of: Legal Department