

DIVISION OF PUBLIC UTILITIES AND CARRIERS
MEMORANDUM

TO: LULY MASSARO, CLERK
PUBLIC UTILITIES COMMISSION

DATE: 6/7/13

FROM: STEPHEN SCIALABBA
DIVISION OF PUBLIC UTILITIES AND CARRIERS

SUBJECT: DOCKET 4397, ADVANCED GAS TECHNOLOGY INCENTIVE FOR A
12.5MW COMBINED HEAT AND POWER SYSTEM.

On May 30, National Grid filed a Reply Memorandum to the Division's May 17 Memorandum on the AGT incentive for Toray's CHP system. The Division's May 17 Memorandum provided background information on the AGT program in general, as well as information on the Toray project. In that Memorandum, the Division concluded that:

“Based on the Division's review of the AGT Incentive, the project is consistent with the intent of the AGT program, and the amount of the rebate does not exceed the parameters established for the AGT program.”

The Memorandum also pointed out areas that needed further clarification and response from NGrid. Please refer to the Division's May 17 Memo for a complete description, but in summary, the issues pertained to:

1. Inspection of Toray's records relative to the CHP performance.
2. Clawback Provision / Clarification of Repayment Terms.
3. Submission of Gas Service Agreement between Toray and NGrid.
4. NGrid capital spending requirement associated with the CHP.

Regarding the inspection of Toray's records, NGrid responded on May 30 that it is not opposed to including language in the final agreement between NGrid and Toray that expressly provides for the right to inspect Toray's records during the four-year AGT payment period. The Division believes this express right to inspect the records during the four year payment period should be included in the agreement with Toray and recommends that the Commission include this directive in its decision should it approve the AGT incentive.

Regarding the clawback provision and repayment terms, NGrid said it is not opposed to including language in the final agreement between Toray and NGrid that specifies a four-year repayment window should there be an issue of the CHP unit underperforming. The Division recommends that this provision be included in the agreement with Toray.

Regarding the gas service agreement with Toray, NGrid has subsequently supplied a draft agreement with the Division and the Commission for its review. The Division recommends that the executed agreement be filed when it is available.

Regarding NGrid's capital spending requirement, NGrid's Reply along with other information submitted by NGrid in the Docket have adequately explained the nature of the capital spending.

Based on a review of the information supplied in this Docket, subject to the recommendations noted above, the Division believes the AGT incentive is appropriate and should be approved.