

October 8, 2013

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4437 - Review of Power Purchase Agreement – Champlain Wind, LLC  
Pursuant to RI General Laws § 39-26.1 *et seq.*  
Responses to Commission Data Requests – Set 5**

Dear Ms. Massaro:

Enclosed for filing are National Grid's<sup>1</sup> responses to the Commission's Fifth Set of Data Requests concerning the above-referenced proceeding.

Thank you for your attention to this transmittal. If you have any questions, please contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4237 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (hereinafter referred to as "National Grid" or the "Company").

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted to the individuals listed below. Copies of this filing were hand delivered to the RI Public Utilities Commission and to the RI Division of Public Utilities & Carriers.

\_\_\_\_\_  
Joanne M. Scanlon

October 8, 2013  
Date

**Docket No. 4437 - National Grid PPA w/ Champlain Wind, LLC (Bowers Wind Project, Developer) Service List updated 9/24/13**

<b>Name/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
Jennifer Brooks Hutchinson, Esq. National Grid 280 Melrose Street Providence, RI 02907	<a href="mailto:Jennifer.hutchinson@nationalgrid.com">Jennifer.hutchinson@nationalgrid.com</a>	401-784-7288
	<a href="mailto:celia.obrien@nationalgrid.com">celia.obrien@nationalgrid.com</a>	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a>	
	<a href="mailto:corinne.abrams@nationalgrid.com">corinne.abrams@nationalgrid.com</a>	
	<a href="mailto:Brooke.Skulley@nationalgrid.com">Brooke.Skulley@nationalgrid.com</a>	
	<a href="mailto:Raquel.Webster@nationalgrid.com">Raquel.Webster@nationalgrid.com</a>	
Joseph A. Keough Jr., Esquire Keough & Sweeney, Ltd. 41 Mendon Avenue Pawtucket, Rhode Island 02861	<a href="mailto:Jkeoughjr@keoughsweeney.com">Jkeoughjr@keoughsweeney.com</a>	401-724-3600
	<a href="mailto:regulatory@firstwind.com">regulatory@firstwind.com</a>	
	<a href="mailto:MKearns@firstwind.com">MKearns@firstwind.com</a>	
Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:Klyons@riag.ri.gov">Klyons@riag.ri.gov</a>	401-222-2424
	<a href="mailto:Jmunoz@riag.ri.gov">Jmunoz@riag.ri.gov</a>	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>	
Jon Hagopian, Esq. Division of Public Utilities & Carriers	<a href="mailto:jhagopian@ripuc.state.ri.us">jhagopian@ripuc.state.ri.us</a>	401-784-4775
	<a href="mailto:jspirito@ripuc.state.ri.us">jspirito@ripuc.state.ri.us</a>	
	<a href="mailto:Dstearns@ripuc.state.ri.us">Dstearns@ripuc.state.ri.us</a>	
	<a href="mailto:Acontente@ripuc.state.ri.us">Acontente@ripuc.state.ri.us</a>	
	<a href="mailto:Sscialabba@ripuc.state.ri.us">Sscialabba@ripuc.state.ri.us</a>	
Richard Hahn Carrie Gilbert LaCapra Associates One Washington Mall, 9 <sup>th</sup> floor Boston, MA 02108	<a href="mailto:rhahn@lacapra.com">rhahn@lacapra.com</a>	617-778-2467
	<a href="mailto:cgilbert@lacapra.com">cgilbert@lacapra.com</a>	
<b>File an original &amp; 10 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a>	401-780-2017
	<a href="mailto:Amy.dalessandro@puc.ri.gov">Amy.dalessandro@puc.ri.gov</a>	
	<a href="mailto:Nicholas.ucci@puc.ri.gov">Nicholas.ucci@puc.ri.gov</a>	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a>	
	<a href="mailto:Dilip.shah@puc.ri.gov">Dilip.shah@puc.ri.gov</a>	

The Narragansett Electric Company  
d/b/a National Grid  
R.I.P.U.C. Docket No. 4437  
Review of Power Purchase Agreement – Champlain Wind, LLC  
Pursuant to R.I.G.L. § 39-26 *et seq.*  
Responses to Commission’s Fourth Set of Data Requests  
Issued on September 27, 2013

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Commission 5-1

Request:

Other than the revisions made in July 12, 2012 pursuant to Order No. 20768, has the Company made any revisions to the RFP approved by the Commission in Docket 4150 (Order No. 20215) and provided in response to Commission 1-3 (Docket 4150)? If yes, please provide a copy of the RFP that was used in the Third Solicitation.

Response:

Except to update dates and other similar information in the RFP over the prior year, the Company has not made any revisions to the RFP approved by the Commission in Docket 4316 (Order 20768 – issued 7/12/2012).

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Commission 5-2

Request:

Does the Company’s RFP require that the Development Period Security be returned if the PPA is not approved by the PUC? If yes, what section of the Champlain PPA reflects this?

Response:

Section 2.2.3.7 of the RFP states that any posted Development Period Security will be promptly returned if the Commission does not approve the PPA. Section 8.3 of the PPA contains a similar requirement.

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Commission 5-3

Request:

According to the Champlain PPA, is the amount of Development Period Security \$4,500,000?

Response:

Yes. Pursuant to Section 6.2(a) of the Champlain Wind PPA, the Development Period Security is \$4,500,000.

Commission 5-4

Request:

Does the Company’s RFP require a specific calculation for Development Period Security and if so, is the amount of Development Period Security designated in the Champlain PPA in compliance with this RFP provision?

Response:

Yes. Section 2.2.3.7 of the RFP states that the required level of Development Period Security is \$30 per kW multiplied by the proposed project’s nameplate capacity (in kW) of the entire output of the proposed project to be sold.

The amount of Development Period Security designated in the Champlain Wind PPA differs from the amount stated in the RFP as a result of negotiations. The increased level of Development Period Security was agreed to by the parties in exchange for a reduction in the measure of damages in Section 9.3(b)(i) for a default by Champlain Wind, LLC (“Champlain Wind”) prior to the Commercial Operation Date. Prior to that negotiation, the draft PPA provided that upon such a default, the measure of damages would be the same as for a default by Champlain Wind after the Commercial Operation Date, as set forth in Section 9.3(b)(ii). That calculation is based on the difference between the contract value and the market value of the products for the remainder of the term plus any penalties incurred by Champlain Wind. Because the Champlain Wind PPA is forecasted to be significantly below market, Champlain Wind was concerned that the calculation of that amount could result in a significant figure. In exchange for that reduction in the damages, the Company required liquid collateral to backstop the maximum potential damages. In addition, the increased level of Development Period Security provides an appropriate incentive for Champlain Wind to achieve commercial operation by the required date under the PPA.

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Commission 5-5

Request:

According to the Champlain PPA, is the amount of Operating Period Security \$1,485,000?

Response:

Yes. Pursuant to Section 6.2(b) of the PPA, the Operating Period Security is \$1,485,000.

Commission 5-6

Request:

Does the Company’s RFP state that the amount of Operating Period Security shall be the same as the required amount of Development Period Security? If yes, does the Champlain PPA reflect this? If not, why not?

Response:

Yes, Section 2.2.3.7 of the RFP states that “amount of required security (Operating Security) will be the same as the required Development Period Security”. The Champlain Wind PPA reflects an increased Development Period Security as a result of the Company’s negotiations with Champlain Wind for the reasons set forth in the Company’s response to Commission 5-4.



Commission 5-7

Request:

Does the Company’s RFP require National Grid to conduct an analysis of the respective economic benefits in relation to costs under the Champlain PPA? If yes, please provide a copy of the analysis.

Response:

Yes. Section 2.2.3.6 of the RFP requires National Grid to conduct an analysis of the respective economic benefits in relation to the costs under the Champlain PPA. This section also states that “[f]or projects not located in Rhode Island, the benefits of cost savings for Rhode Island customers resulting from competitive pricing will be considered.”

The Champlain Wind PPA price compares favorably to the market price forecast, resulting in a projected cost savings to Rhode Island customers. The analysis that led to this conclusion was provided as Exhibit 2 to the testimony of Ms. Corinne M. Abrams and updated in the Company’s response to COMM 1-1. That analysis, which compared the PPA pricing to the ESAI forecast, indicated that the net present value of the difference between the contract cost and the forecast over the term of the contract is \$49 million below market.