

January 30, 2015

BY HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4536-A - Tariff Advice Filing for Renewable Energy Growth Program and Solicitation and Enrollment Process Rules
Responses to Division Data Requests – Set 1

Dear Ms. Massaro:

I have enclosed ten (10) copies of National Grid's¹ responses to the Division's First Set of Data Requests issued on January 14, 2015 in the above-referenced docket.

Please be advised that the Company's response to Division 1-8 is pending, and the Company will file the response to this question on or before the deadline of February 4.

Thank you for your attention to this matter. If you have any questions concerning this filing, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4536-A Service List
Steve Scialabba, Division
Leo Wold, Esq., Division
Karen Lyons, Esq., Division

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

Service List

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

January 30, 2015

Date

Docket No. 4536-A National Grid Tariff Advice Filing for Renewable Energy Growth Program (RE Growth Program) and Solicitation & Enrollment Process Rules for 2015

Docket No. 4536-B RI Distributed Generation Board (DG Board) Report and Recommendation Regarding 2015 Renewable Energy Growth Classes, Ceiling Prices and Targets

Service List updated 1/9/15

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Division 1-1

Request:

In terms of segmentation (p. 13), please describe if the individual customers located on contiguous parties need to be different. Indicate where in Schedule NG-1 and Schedule NG-2 the discussion of this prohibition is located.

Response:

Distributed generation projects that are located on contiguous parcels and serve different customers will not be considered to be in violation of the segmentation requirement of the Renewable Energy Growth Program statute. This provision is included in the Renewable Energy Growth Program for Residential Customers, RIPUC No. 2151 (Schedule NG-3) on Sheet 3 and in the Renewable Energy Growth Program for Non-Residential Customers, RIPUC No. 2152 (Schedule NG-4) on Sheet 5. However, this provision is not explicitly included in either the Solicitation and Enrollment Process Rules for Small-Scale Solar Projects (Schedule NG-1) or the Solicitation and Enrollment Process Rules for Solar (Greater Than 25kW), Wind, Hydro and Anaerobic Digester Projects (Schedule NG-2). To ensure consistency between the tariffs and the solicitation and enrollment process rules, the Company will add the language currently included in the two tariffs to the appropriate sections of the solicitation and enrollment process rules.

Division 1-2

Request:

On p. 21 of their testimony, the Company's witnesses describe threshold requirements that must be met. Please explain if all facilities (including small solar) have to register at ISO-NE. Explain this process and the purpose of this registration. Indicate whether small solar facilities will require third party meter readers and how this service will be provided.

Response:

All projects, other than residential small-scale solar projects, must be registered with ISO-NE to facilitate the Company's purchase of energy and Renewable Energy Certificates (RECs) from these projects as required under the Renewable Energy Growth Program statute¹. These projects must be registered with ISO-NE as outlined in the ISO-NE's Operating Procedure 14 via the generator asset registration process. Once a project is registered and the energy is assigned to the Company, it is recognized in ISO-NE's Market Settlement System (MSS). Meter data for the project's energy production will be transmitted to ISO-NE's MSS for settlement purposes. When meter data for the project's energy production is submitted to the ISO-NE MSS, this generation information is also transferred to NEPOOL GIS and RECs are automatically created for each MWh of energy the project generates and deposited into the Company's NEPOOL GIS account. To enable the project to report its energy production to ISO-NE through MSS, the project must have a bi-directional interval meter with communication capabilities installed for reporting, as required by ISO-NE Operating Procedure No. 18. Under the Company's proposed revisions to the Standards for Connecting Distributed Generation tariff (R.I.P.U.C. No. 2078),² projects larger than 25 kW are required to have a bi-directional interval meter with these capabilities to achieve the automated reporting for energy and RECs.

The Company does not require residential small-scale solar projects to register their energy with ISO-NE because the energy produced by these projects is not transferred to the Company.³ However, because these projects will not be registered with ISO-NE and the energy production will not be settled as an MSS asset, the RECs will not be automatically created as explained above. Instead, the process for the Company to acquire title to the RECs would require the following steps:

¹ See R.I. Gen. Laws § 39-26.6-21(a)(3).

² On January 15, 2015, the Company filed proposed revisions to its Standards for Connecting Distributed Generation tariff (R.I.P.U.C. No. 2078) with the Rhode Island Public Utilities Commission (PUC), which are currently pending in Docket No. 4483.

³ See R.I. Gen. Laws § 39-26.6-21(a)(3).

Division 1-2, page 2

1. The project must register with NEPOOL and designate the Company as the "Responsible Party" and account holder in order to receive the RECs in the Company's NEPOOL account.
2. A third-party meter reader must provide meter data to the NEPOOL GIS, as required by the NEPOOL GIS rules.
3. The third-party meter readers must be approved by the energy regulatory agency within the state if the state requires verification and submission of data from generators that are not registered in the ISO-NE MSS.
4. The PUC has required such verification and submission of data for aggregations of customer-sited and off-grid generation facilities. Once approved by the PUC, the third-party meter reader sends the data to the NEPOOL GIS and those RECs will be assigned to the Company's NEPOOL account.
5. In order to monetize the RECs, they will need to be qualified by the PUC as an eligible renewable energy resource under the Renewable Energy Standard.⁴ This can be accomplished in two ways: 1) Each individual project is qualified by the PUC; or 2) the projects can be aggregated and qualified by the PUC.

The Company is currently conducting an analysis of the costs and benefits of this REC registration and qualification process for projects smaller than 25 kW.

⁴ R.I. Gen. Laws § 39-26-6.

The Narragansett Electric Company
d/b/a National Grid
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Responses to Division's First Set of Data Requests
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Division 1-3

Request:

Please indicate whether the "output certification" discussed on pp. 22-23 is redundant to the requirement that facilities register at ISO-NE.

Response:

No. The Output Certification is used to verify that the project has been installed as stated on the Certificate of Eligibility, and that it is capable of producing the proposed output as required by the Renewable Energy Growth Program statute. The requirement that the project register with ISO-NE and/or NEPOOL GIS is to ensure that the energy and/or Renewable Energy Certificates are assigned to the Company's ISO-NE settlement account and NEPOOL GIS account, respectively.

Division 1-4

Request:

Please describe how "output" is measured and defined in terms of certification and in terms of the demonstration test. Will the 4-hour test use the maximum output or some other metric?

Response:

As stated on page 24 of the Company's pre-filed testimony, the Company previously required an Output Demonstration Test under the DG Standard Contracts Program. Under the DG Standard Contract Program, the Output Demonstration Test measured the actual output of the project and compared that actual output to the project's design output, which could be adjusted to account for the lack of motive energy (wind or sun). Adjustments for lack of motive energy are necessary for intermittent resources to compare those projects' performance at the time of the Output Demonstration Test to the output that is expected under those less than optimal conditions. For example, if a solar project achieves operation during the month of December, it is unreasonable to expect that the project will produce at its maximum or design capacity during the winter months. Therefore, the Output Demonstration Test provided flexibility to account for those factors.

However, the Company is not proposing to require the Output Demonstration Test under its Renewable Energy Growth Program proposal. Instead, the Company is proposing to require an Output Certification by a licensed professional engineer certifying that the DG Project is capable of producing at least 90 percent of the maximum hourly output in lieu of the Output Demonstration Test. The Output Certification streamlines the verification process and achieves the same result as the Output Demonstration Test, which is to assure the Company that the project is built as designed and capable of producing the proposed generation. The Company believes that this requirement is reasonable considering the intermittent nature of the technologies under the Renewable Energy Growth Program.

Division 1-5

Request:

Please describe how the adjustments for “lack of motive energy” will be made (as described on p. 24). Please confirm that projects only get paid for actual production.

Response:

Please see the Company's response to data request Division 1-4. The adjustments for lack of motive energy are made to reflect a project's expected output during conditions that are less favorable than the optimal conditions for which the project was designed. Less than optimal conditions would include periods of limited wind or sun availability. To eliminate the need for these adjustments, the Company is proposing to not require an Output Demonstration Test under the Renewable Energy Growth Program.

Pursuant to the Company's proposed Renewable Energy Growth Program tariffs, projects will only receive compensation for actual production. Section 6.c of the proposed tariff for residential customers, RIPUC No. 2151, states that “[t]he Performance-Based Incentive Payment will be the fixed per-kWh Performance-Based Incentive applied to the measured kWh produced by the Project” Section 8.c of the proposed tariff for non-residential customers, RIPUC No. 2152, states that “[t]he Performance-Based Incentive Payment will be the fixed per-kWh Performance-Based Incentive, plus any Zonal Incentive where applicable, applied to the measured kilowatt-hours (kWh) produced by the DG Project, net of any Station Service”

Division 1-6

Request:

Please describe how the Companies' customers are harmed if a DG project seeks termination "in order to get better pricing elsewhere," as described on p. 27. Please indicate any harm to customers from developers, seeking termination in general (assuming that all required deposits have been made).

Response:

The Company provides the following two scenarios as examples of how customers may potentially be harmed by projects that seek to terminate participation in the Renewable Energy Growth Program in order to get better pricing elsewhere.

- 1) A project gets an award for a 15-year tariff at a fixed price. At the time of the award, and for the first ten years of the tariff, the price was above-market. In other words, under the tariff, the Company's customers paid more for the products purchased from the project than the market value of those products during those years. In year 11, a significant market event occurs that causes market prices to spike and the fixed price under the tariff is now below the market value of the products. Through the prospective RE Growth Factor and RE Growth Reconciliation Factor proposed by the Company, customers will begin to receive net revenue from the value of the products purchased through the Renewable Energy Growth Program. Under this circumstance, a project's owner is incented to seek termination of its participation under the tariff in order to receive the higher revenue by directly selling its products in the market, as opposed to receiving the lower fixed price under the tariff. If a project terminates participation in the Renewable Energy Growth Program, customers lose the value of receiving the net revenue from the sale of the products associated with that project.
- 2) A project gets an award for a 15-year tariff at a fixed price in the first program year. The project is expected to take 24 months to construct and become operational under the tariff. One year into the project's development, the ceiling prices set by the DG Board are increased for that project's particular technology class. The project seeks termination in the Renewable Energy Growth Program so that it may reapply into the program at a higher tariff rate. If the developer is allowed to terminate without cause, customers would pay more for the same project than they would have if the project remained under the first program year's tariff rate.

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Division 1-7

Request:

Please describe the purpose of registering with ISO for facilities at residential customers' locations if they will not be selling energy and capacity to the Company (as described on p. 28).

Response:

Please see the Company's response to data request Division 1-2. Residential customers are not required to register their energy with ISO-NE.