

February 8, 2017

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4676 - Proposed National Grid Proposal to Bid Capacity of Customer-Owned DG Facilities into the Forward Capacity Market
Revised Proposal**

Dear Ms. Massaro:

National Grid¹ and staff from the Division of Public Utilities and Carriers (Division) have continued to discuss the outstanding issues in the above-referenced docket as presented in the pre-filed direct testimony of Richard S. Hahn of Daymark Energy Advisors filed on behalf of the Division, to which the Company responded in its rebuttal testimony. The Company and the Division have reached an agreement regarding a revised proposal, the terms of which are as follows:

- 90/10 incentive sharing allocation (90 percent to customers and 10 percent to the Company) of Net FCM Proceeds, either positive or negative. Net FCM Proceeds is defined in the Company's original filing as all payments received from ISO-NE for participation in the FCM, net of ISO-NE fees, charges, or penalties that may be assessed under FCM market rules.
- Full administrative cost recovery through the RE Growth and LTCRER recovery and reconciliation factors, as originally proposed in the Company's filing, with the added objective to eventually roll any recurring labor costs into base rates. To the extent there are other administrative costs that are incremental (i.e., the nature of which not being recovered in base rates at the time the costs are incurred), the Company would continue to propose recovery of those costs through the factors provided for in the respective tariff provisions.
- No deferral of administrative costs.
- No cap on administrative costs, with the understanding that such costs will be subject to PUC review in a separate filing.

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

Luly E. Massaro
Proposal to Bid Capacity of Customer-Owned DG Facilities
into the Forward Capacity Market
February 8, 2017
Page 2 of 2

- No RFP requirement for the first year, with the acknowledgement that the Company will continue to assess the options in the market in the event that additional resources are needed in the second year or beyond.

The Company has consulted with Division staff regarding this submittal, and they have indicated their concurrence with the terms and representations contained herein. Accordingly, the Company presents the above revised proposal for the PUC's consideration in this proceeding.

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

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4676 Service List
Leo Wold, Esq.
Jon Hagopian, Esq.
Steve Scialabba, Division

Certificate of Service

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

The paper 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

February , , 2017

Date

**Docket No. 4676 National Grid – Forward Capacity Market Proposal
Service List updated 12/22/16**

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