

**KEEGAN WERLIN LLP**

ATTORNEYS AT LAW  
99 HIGH STREET, SUITE 2900  
BOSTON, MASSACHUSETTS 02110  
\_\_\_\_\_  
(617) 951-1400

TELECOPIER:  
(617) 951-1354

August 7, 2018

**BY HAND DELIVERY**

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

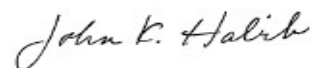
Re: Docket 4822 – In Re: The Narragansett Electric Company d/b/a National Grid's  
Solicitation of Long-Term Contracts Pursuant to R.I. Gen. Laws § 39-26.1 *et seq.*  
Responses to Record Requests

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup>, please find attached the Company's responses to Record Requests issued by the Rhode Island Public Utilities Commission (the Commission) on August 1, 2018 in the above referenced matter. An original and nine sets of the responses will be delivered to the Commission.

Thank you for your attention to matter. If you have any questions, please contact me at (617) 951-1400.

Very truly yours,



John K. Habib

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

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.

*John K. Habib*

August 7, 2018

John K. Habib

Date

**Docket No. 4822 – National Grid – RFP for Long-Term Contracting for Renewable Energy and RECs up to 400 MW**

**Service List updated 6/22/18**

<b>Name/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
<b>National Grid</b> John K. Habib, Esq. Keegan Werlin LLP 99 High Street, Suite 2900 Boston, MA 02110	<a href="mailto:jhabib@keeganwerlin.com">jhabib@keeganwerlin.com</a> ;	617-951-1354
	<a href="mailto:kmahoney@keeganwerlin.com">kmahoney@keeganwerlin.com</a> ;	
	<a href="mailto:Laura.Bickel@nationalgrid.com">Laura.Bickel@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
<b>Jon Hagopian, Esq.</b> <b>Division of Public Utilities &amp; Carriers</b> 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Jon.hagopian@dpuc.ri.gov">Jon.hagopian@dpuc.ri.gov</a> ;	401-784-4775
	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Jonathan.Schrag@dpuc.ri.gov">Jonathan.Schrag@dpuc.ri.gov</a> ;	
	<a href="mailto:Al.contente@dpuc.ri.gov">Al.contente@dpuc.ri.gov</a> ;	
Ellen Cool Levitan & Associates	<a href="mailto:egc@levitan.com">egc@levitan.com</a> ;	
James Crowley, Esq. <b>Conservation Law Foundation</b> 235 Promenade St., Suite 560 Providence, RI 02908	<a href="mailto:jcrowley@clf.org">jcrowley@clf.org</a> ;	401-228-1905
	<a href="mailto:jelmer@clf.org">jelmer@clf.org</a> ;	
<b>NextEra Energy Resources, LLC</b> Joseph A. Keough Jr., Esquire Keough + Sweeney, Ltd.  Brian J. Murphy Esq. NextEra Energy Resources, LLC	<a href="mailto:jkeoughjr@keoughsweeney.com">jkeoughjr@keoughsweeney.com</a> ;	401-724-3600
	<a href="mailto:Brian.J.Murphy@nexteraenergy.com">Brian.J.Murphy@nexteraenergy.com</a> ;	
<b>FirstLight Power Resources</b> Edward D. Pare, Esq.	<a href="mailto:EPare@brownrudnick.com">EPare@brownrudnick.com</a> ;	401-276-2639
	<a href="mailto:JReyes@brownrudnick.com">JReyes@brownrudnick.com</a> ;	
	<a href="mailto:PAfonso@brownrudnick.com">PAfonso@brownrudnick.com</a> ;	

Jesse S. Reyes, Esq. Brown Rudnick LLP	<a href="mailto:Marc.Silver@firstlightpower.com">Marc.Silver@firstlightpower.com</a> ;	
Marc Silver, FirstLight Power Resources	<a href="mailto:Len.Green@firstlightpower.com">Len.Green@firstlightpower.com</a> ;	
<b>Vineyard Wind, LLC</b> Seth Handy, Esq. Handy Law, LLC	<a href="mailto:seth@handylawllc.com">seth@handylawllc.com</a> ;	401-626-4839
Emily Rochon, Vineyard Wind LLC	<a href="mailto:erochon@vineyardwind.com">erochon@vineyardwind.com</a> ;	
<b>Office of Energy Resources</b> Andrew Marcaccio, Esq. Carol Grant, Commissioner Christopher Kearns, OER Nicholas Ucci, OER	<a href="mailto:Andrew.Marcaccio@doa.ri.gov">Andrew.Marcaccio@doa.ri.gov</a> ;	
	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ;	
	<a href="mailto:Nicholas.Ucci@energy.ri.gov">Nicholas.Ucci@energy.ri.gov</a> ;	
	<a href="mailto:Carol.Grant@energy.ri.gov">Carol.Grant@energy.ri.gov</a> ;	
<b>File an original &amp; 9 copies w/:</b> Luly E. Massaro, Commission Clerk Linda George, PUC Counsel 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:Linda.george@puc.ri.gov">Linda.george@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a> ;	
	<a href="mailto:Margaret.Hogan@puc.ri.gov">Margaret.Hogan@puc.ri.gov</a> ;	
Francis Fullaro, Executive Director RENEW Northeast	<a href="mailto:fpullaro@renew-ne.org">fpullaro@renew-ne.org</a> ;	646-734-8768
Melissa Reynolds, Director Bus. Dev.	<a href="mailto:Melissa.reynolds@eversource.com">Melissa.reynolds@eversource.com</a> ;	860-728-4637
David Peloquin, Eversource	<a href="mailto:david.peloquin@eversource.com">david.peloquin@eversource.com</a> ;	860-665-3554
Steven Zuretti, Director, Gov. Affairs Brookfield Renewable	<a href="mailto:Steven.Zuretti@brookfieldrenewable.com">Steven.Zuretti@brookfieldrenewable.com</a> ;	310-849-3210
Sebastian Hald Buhl, Orsted	<a href="mailto:sehb@orsted.com">sehb@orsted.com</a> ;	857-260-8362
Frederick Zalcmann, Orsted	<a href="mailto:FRZAL@orsted.com">FRZAL@orsted.com</a> ;	617-792-4333
Liam Paskvan	<a href="mailto:lpaskvan@PierceAtwood.com">lpaskvan@PierceAtwood.com</a> ;	207-791-1306
Michelle Carpenter, Green Development	<a href="mailto:mc@green-ri.com">mc@green-ri.com</a> ;	401-295-4998
Buzz Becker, Hexagon Energy	<a href="mailto:bbecker@hexagon-energy.com">bbecker@hexagon-energy.com</a> ;	434-326-4623
Seth Handy, Esq.	<a href="mailto:seth@handylawllc.com">seth@handylawllc.com</a> ;	401-626-4839
Ram Seetharaman, Solar Micronics	<a href="mailto:ramsee72@gmail.com">ramsee72@gmail.com</a> ;	
Ganesan Visvabharathy, Solar Micronics	<a href="mailto:visva@solarmicronics.co">visva@solarmicronics.co</a> ;	
Yolanda Yolanda, Solar Micronics	<a href="mailto:yolanda@solarmicronics.co">yolanda@solarmicronics.co</a> ;	
Jamie Dickerson, NECEC	<a href="mailto:jdickerson@necec.org">jdickerson@necec.org</a> ;	
Janet Besser, NECEC	<a href="mailto:jbesser@necec.org">jbesser@necec.org</a> ;	

Record Request No. 1

Request:

Is it the Company's intent and understanding that using expected (50/50) values for all variables in its chosen model for energy market price forecasting will, in combination, provide a final model result that represents the expected (50/50) energy market prices?

Response:

The statement of "50/50" simplifies the complex manner in which the Company's consultant, Tabors Caramanis Rudkevich (TCR), develops forecasts for exogenous variables in the cost benefit analyses. The forecast components of the model are based on the best available information from the most reliable resources. For example, the load forecast is provided by the ISO-New England (ISO-NE), and the fuel forecasts are provided by the Energy Information Administration (EIA). In each of these forecasts, many assumptions are used and each cannot be broken down to a simple statistical analysis. As such, the simplified concept of 50% above and 50% below is not applicable.

TCR will assist the Company in evaluating the costs and benefits of each bid that meets the Stage 1 threshold criteria. As part of that evaluation, TCR will develop a projection of energy market prices to be used for a "Base Case" and for each "Proposal Case" by modeling the operation of the ISO-NE energy market using ENELYTIX.

- The Base Case will provide a projection of expected energy market prices under a future in which the Company does not acquire any energy or renewable energy certificates ("RECs") from eligible projects under one or more long-term power purchase agreements ("PPAs") with proposals received and selected in response to its proposed 2018 RFP. The Base Case will serve as a common reference point or benchmark against which National Grid can measure the incremental costs and benefits of each bid received in response to the proposed 2018 RFP.
- Each Proposal Case will provide a projection of expected energy market prices under a future in which the Company does acquire some quantity of energy and RECs under one or more PPAs with a specific bid or portfolio of bids, assuming that specific bid or portfolio is selected in response to the proposed 2018 RFP.

ENELYTIX will provide reasonable, unbiased, and consistent forecasts of energy market prices for each case, and jointly for all cases, for the following reasons. First, the ENELYTIX modeling will rely on the most recent, documented projections of values for each key input variable such as load forecast, fuel price forecast, scheduled generation additions, scheduled generation

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retirements and power imports and exports. Second, ENELYTIX accurately represents the ISO-NE electrical network. Third, ENELYTIX closely replicates the price formation mechanism used in the ISO-NE market engine.

Record Request No. 2

Request:

Please provide the percentage of Long-term Contracts products (combined energy and RECs) that were below market prices at the time the products were delivered.

Response:

The table below presents monthly generation from Long-Term Contracts that was transferred at below-market prices at the time the Products were delivered, as a percentage of total contract generation. The Products include energy and RECs, as well as capacity (when applicable).

Mostly, the delivery of Products at below-market prices occurred during 2013, 2014, and February 2015. The REC prices at those times were significantly higher than they have been in more recent years. In those instances, the combination of higher REC prices with the seasonal winter increase in the value of energy revenue resulted in the value of the Products exceeding the cost of the contract payments.

The table below includes contract payments and Product revenue through June 2018. However, the 2018 second quarter REC revenue will not be actually known or received until the RECs are delivered at the opening of the NEPOOL-GIS Trading Period on October 15, 2018. For the table, the Company used the REC transfer price for the first quarter of 2018 as a proxy for the second quarter price. Also, the Company has not yet received June 2018 capacity revenue for the distributed generation projects that it recently bid into the reconfiguration auction of the Forward Capacity Market. However, it is unlikely that the inclusion of capacity revenue would alter the results shown in the table below.

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Unit Name	Commercial Operation Date	Unit Capacity MW	% MWH Below Market Price
RI LFG Genco Asset No. 40054	5/28/2013	32.1	11%
Black Bear Orono B Hydro Asset No. 38083	11/22/2013	3.958	12%
Deepwater Wind Asset No. 38495	12/12/2016	30	0%
Wind Energy Dev. NK Green LLC Asset No. 42394	3/1/2013	1.5	10%
Con Edison Development Plain Mtg House Asset No. 43512	7/19/2013	2	0%
ACP Land LLC 28 Jacome Way Asset No. 43527	7/18/2013	0.5	0%
Comtram Cable Asset No. 43586	9/30/2013	0.499	0%
CCI New England 500 kW Asset No. 43607	10/25/2013	0.498	1%
Conanicut Marine Services (CMS) Solar Asset No. 43685	10/21/2013	0.128	0%
West Davisville Solar Asset No. 43716	12/6/2013	2.34	2%
Forbes Street Solar Asset No. 43762	12/20/2013	3.71	1%
CCI New England 181 kW Asset No. 43921	2/27/2014	0.181	0%
100 Dupont Solar Asset No. 44003	3/25/2014	1.5	0%
225 Dupont Solar Asset No. 44004	3/25/2014	0.3	0%
0 Martin Solar Asset No. 44005	3/27/2014	0.5	0%
35 Martin Solar Asset No. 44006	3/27/2014	0.5	0%
Gannon & Scott Solar Asset No. 44010	4/29/2014	0.406	0%
All American Foods Solar Asset. No. 46721	10/24/2014	0.331	0%
Brickle Group Solar Project Asset. No. 46911	12/4/2014	1.084	0%
T.E.A.M. Inc. Solar Asset. No. 46913	12/11/2014	0.182	0%
Newport Vineyards Solar Asset. No. 46917	12/15/2014	0.053	0%
SER Solar 23 Appian Way Asset. No. 46926	12/17/2014	0.052	0%
Randall Steere Farm Asset. No. 46998	3/18/2015	0.091	0%
Nexamp 76 Stilson Rd. Asset. No. 47020	2/28/2015	0.498	0%
Johnston Solar Asset No. 47357	8/3/2015	1.7	0%
North Kingstown Solar 1720 Davisville Rd.- Asset No. 47487	10/20/2015	0.5	0%
Wilco 260 South County Trail - Asset No. 48664	8/11/2016	1.246	0%
Foster Solar - Asset No. 48774	9/8/2016	1.25	0%
Brookside Equestrian Center No. 48899	10/19/2016	1.246	0%
Orbit Energy Asset No. 50057	8/24/2017	3.2	0%
Frenchtown Road Solar - Asset No. 50731	1/30/2018	1.25	0%

Record Request No. 3

Request:

Please provide a revised version of 2.3.1, last paragraph, to clarify how the Company will consider economic benefits in this RFP.

Response:

2.3.1 Initial Evaluation Using Price-Related Evaluation Criteria

...

All projects, regardless of their location, shall provide other direct economic benefits to the State of Rhode Island. The projected change a project may produce in locational marginal prices and REC market prices will be evaluated in the price analysis of Stage Two. Economic benefits such as employment effects and increased revenues a project may provide will be evaluated in the non-price analysis of Stage Two.



Record Request No. 4

Request:

Does Section 2.3.2.1 Purpose of Non-Price Evaluation Criteria, as currently proposed, adequately capture all of the ways the non-price criteria will be used for evaluating bids. In other words, will the non-price criteria be used to establish more than just “the likelihood of a project coming to fruition,” such as the relative value of benefits not included in the price evaluation and that do not directly affect the “feasibility and viability of each project and the likelihood of meeting the proposed commercial operation date.”

Response:

Most of the non-price evaluation factors are designed to assess the likelihood of a project coming to fruition based on various factors critical to successful project development. The objectives of the criteria are to provide an indication of the feasibility and viability of each project and the likelihood of meeting the proposed commercial operation date. The one non-price evaluation factor unrelated to these objectives is the economic benefit to the State of Rhode Island such as job creation, increased property tax revenues or similar revenues. This factor is consistent with the statutory requirement that all approved projects must “provide other direct economic benefits to Rhode Island, such as job creation, increased property tax revenues, or other similar revenues, deemed substantial” R.I. Gen. Laws § 39-26.1-5(e); Section 5.2 of the Regulations. Proposals are preferred that can demonstrate, based on the current status of project development and past experience, that the project will likely be successfully developed and operated as proposed. As currently proposed, the Non-Price Evaluation Criteria does not utilize quantitative bid data in the same manner as the price analysis. The Non-Price Evaluation Criteria and non-price evaluation consider aspects of proposed projects that are not considered in the price analysis.