

Rhode Island Renewable Distributed Generation Standard Contract Enrollment Application and Enrollment Process Rules

I. Introduction and Overview

1.1 Purpose of the Enrollment

The Narragansett Electric Company d/b/a National Grid (“National Grid”) or the “Company”), is seeking applications to enter into standard contracts for the supply of electric capacity and energy and Renewable Energy Certificates and related attributes (including Certificates issued in the New England Power Pool Generation Information System) (collectively, “RECs”) from eligible Distributed Generation projects pursuant to Chapter 26.2 of Title 39 of the Rhode Island General Laws, entitled Distributed Generation Standard Contracts Act (the “Act”), which became effective June 29, 2011, and solicitation and enrollment process rules promulgated thereunder. In addition, National Grid is conducting this enrollment in accordance with the Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy (the “Regulations”) promulgated under Chapter 26.1 by the Rhode Island Public Utilities Commission (“Commission”), which became effective January 28, 2010.¹ In the enrollment periods for the current program year, National Grid is soliciting capacity, energy, RECs and all other environmental attributes and market products that are available or may become available from Distributed Generation facilities pursuant to standard contracts for fifteen (15) year terms.

1.2 Statutory Framework

Pursuant to the provisions of the Act, National Grid is required to procure 10% of the minimum long-term contract capacity under the long-term contracting standard for renewable energy in section 39-26.1-2, or 9 MW, based on annual class targets set by the Board² and approved by the Rhode Island Public Utilities Commission (“Commission”). National Grid shall enter standard contracts for an aggregate nameplate capacity of at least 40 MW of Distributed Generation projects by the end of 2014, as set forth in the following four (4) year schedule:

By December 31, 2011: a minimum of five megawatts (5 MW) nameplate capacity

¹ Except as expressly differentiated in the Act, the standard contracts entered into shall be treated for all purposes as long-term contracts entered into under the provisions of the long-term contracting standards for renewable energy found in chapter 26.1 of Title 39 of the Rhode Island General Laws, and all such provisions shall apply to such contracts. R.I.G.L. §39-26.2-9.

² The Distributed Generation Standard Contract Board, or if not yet constituted, the Rhode Island Office of Energy Resources.

By December 31, 2012³: a minimum aggregate of twenty megawatts (20 MW) nameplate capacity

By December 31, 2013: a minimum aggregate of thirty megawatts (30 MW) nameplate capacity

By December 31, 2014: a minimum aggregate of forty megawatts (40 MW) nameplate capacity

Thus, under a single enrollment in 2011, the initial program year, National Grid entered standard contracts for a minimum of 5 MW nameplate capacity. Thereafter, the Company must conduct three enrollments annually. Each enrollment will be open for a two-week period. National Grid is not required to enter into more than one-third of the annual target per enrollment, with the exception of the 2011 program year. The attached Schedule 1 sets out a schedule of anticipated dates for the 2013 Enrollment process. The classes and annual targets for the 2013 program year are listed in Schedule 2 of this application.

1.2.1 Applications

Applicants are required to complete and submit a short-form application (“Application”) which Application shall require the applicant to provide the project owner’s identity and the project’s proposed location, nameplate capacity, and renewable energy class and, as described in Section II below, allows for additional information including information relative to the permitting, financial feasibility, ability to build, and timing for deployment of the proposed projects. For Large Distributed Generation Projects the Application also requires the applicant to bid a fixed bundled price for the sale of the energy, capacity, renewable energy certificates, and all other environmental attributes and market products that are available or may become available from the distributed generation facility on a fixed per kilowatt-hour basis for the output of the project. The Application to be used by facilities with a nameplate capacity greater than 500 kW is attached as Attachment A1. The Application to be used by facilities with a nameplate capacity of 500 kW or less is attached as Attachment A2.

Successful applicants will be selected in accordance with the process set forth in this application, which encompasses the solicitation and enrollment process rules. Standard contracts will be finalized between National Grid and successful applicants, based on the ceiling prices and annual targets for each renewable energy technology class set by the Board and approved by the Commission. A blank Standard Contract, which has been approved by the Commission, is included in this application as Appendix B. The Standard Contract to be used by facilities with a nameplate capacity greater than 500 kW is attached as Attachment B1. The Standard Contract to be used by facilities with a nameplate capacity of 500 kW or less is attached as Attachment B2. Applicants are responsible for reading and understanding the Standard Contract to the extent necessary to submit an application, and to promptly execute this contract if selected in the enrollment. There will be no exceptions to the Standard Contract.

³ The Rhode Island Office of Energy Resources filed a motion of relief to reallocate remaining 3.8 MWs from 2012 program year to 2013 program year; thus the 2013 annual target is 13.8 MW total.

1.2.2 Eligibility Requirements

To be eligible under this enrollment, a distributed generation facility must be a “newly developed renewable energy resource” under the Long-Term Contracting Standard and the Regulations. A “newly developed renewable resource” is defined as an electric generation unit that uses exclusively an eligible renewable energy resource (as defined under R.I.G.L. § 39-26-5 and Section 5 of the Rules and Regulations governing the Implementation of a Renewable Energy Standard, effective July 25, 2007), that has neither begun operation, nor have the developers completed financing for construction.⁴ The eligible technologies include biogas generated as a result of anaerobic digestion, but specifically exclude all other listed biomass fuels. Further, the unit must be located in the Narragansett Electric Company ISO-NE load zone, with a nameplate capacity no greater than five (5) MW, and be connected to the electric distribution company’s power system.

a. Small Distributed Generation Projects

National Grid shall enter into standard contracts for fifteen (15) year terms at the applicable Ceiling Price with Small Distributed Generation projects on a first-come first-serve basis, provided the applicants meet the minimum threshold requirements set forth in this application and enrollment process rules. If there are more small projects than what is specified for a class target, National Grid shall review the applications submitted, and select first those projects that appear to be the furthest along in development and most likely to be deployed utilizing a competitive non-price scoring method described later. Small Distributed Generation Projects must have a nameplate capacity no larger than the following: Solar: 500 kW; Wind: 1.5 MW; Anaerobic Digestion: 500kW and Other Technologies: 1 MW. The applicant must submit an affidavit confirming that the project is not a segment of a larger project.

b. Large Distributed Generation Projects

Large Distributed Generation projects must bid a fixed bundled price for the sale of energy, capacity, and renewable energy certificates (“RECs”) and all other environmental attributes and market products that are available or may become available from the distributed generation facility on a per kilowatt-hour basis for the output of the project for a contract term of fifteen (15) years. Alternative Pricing is allowed for a contract term different than fifteen (15) years, but the Applicant must demonstrate why the alternative term is appropriate, and if the Company agrees to the different term it must be approved by the Commission. Selection will be based on the lowest price received and on competitive non-price scoring, but not to exceed the applicable ceiling price, provided the applicants meet the minimum threshold requirements set forth in this application. Large Distributed Generation Projects are

⁴ Under Section 3.16 of the Regulations, projects located within the State of Rhode Island which obtained financing on or after January 1, 2009, which have not begun operation, would also be considered a “newly developed renewable energy resource.”

larger than the Small Distributed Generation Project sizes set forth above, but are no greater than 5 MW.

II. Bid Evaluation and Selection Criteria and Process

2.1 Overview of Bid Evaluation and Selection Process

Applications received by National Grid, will be subject to a consistent and defined review, evaluation and selection process. All projects will be evaluated only against other projects submitted in the same approved class for that current enrollment. The first stage consists of a review of whether the bids satisfy specified eligibility and minimum threshold requirements. National Grid will conduct any additional evaluation as required, consistent with the requirements set forth above, and select applicants for execution of Standard Contracts. Consultation with the Rhode Island Office of Energy Resources and/or the Rhode Island Division of Public Utilities and Carriers may also be utilized in this further assessment. Applicants selected by National Grid will be required to indicate in writing whether they intend to proceed with their proposals within five business days of being notified, and to execute contracts within two business days thereafter.

2.2 Interconnection Progress Prior to Enrollment

The Act requires that the distributed generation facility owner be liable for the cost of interconnection, and sufficient progress in the interconnection process must be made prior to the enrollment. Project owners must have submitted an Interconnection application and have a completed Feasibility study as defined in the Rhode Island Distributed Generation Interconnection Act and The Narragansett Electric Company Standards for Connecting Distributed Generation, and must provide copies with this application for enrollment. If the project has a completed Impact study, this would also be acceptable, since it is a more comprehensive study.

Information regarding Interconnection of Generators in Rhode Island can be found at the following link:

https://www.nationalgridus.com/narragansett/business/energyeff/4_interconnect.asp

2.3 Minimum Threshold Requirements

The Distributed Generation Standard Contracts Act requires that Standard Contracts include a requirement that distributed generation facility owners make a performance guarantee deposit to National Grid⁵. Should the distributed generation

⁵ The performance guarantee deposit is fifteen dollars (\$15.00) for small distributed generation projects and twenty-five dollars (\$25.00) for large distributed generation projects for every renewable energy certificate (REC) estimated to be generated per year under the contract, but at least five hundred dollars (\$500) and not more than seventy-five thousand dollars (\$75,000), paid at the time of contract execution. Should this milestone be achieved, the deposit shall be refunded, without interest, on a prorated basis of renewable energy actually delivered over the course of the first year of the project's operation.

facility not produce the output proposed in its enrollment application within eighteen (18) months of contract execution, the contract is automatically voided, and the performance guarantee deposit is forfeited. It is a threshold requirement, therefore, that the construction schedule for a project lead to accomplishment of this critical milestone within eighteen months of contract execution. The Proposed Hourly Output ⁶ which is the maximum amount of energy and related products available for Delivery to National Grid at the Point of Delivery (kWh AC per hour)⁷, must be demonstrated for at least four complete hours (which do not need to be four consecutive hours), which amount shall be adjusted to the extent required to reflect a lack of availability of energy (such as lower than expected wind speed or seasonally reduced insolation), and other factors, as proposed by the Applicant's engineer and accepted by National Grid in its reasonable discretion (the "Output Demonstration").

As a second threshold requirement, project developers submitting applications must have also submitted applications for interconnection and received a Feasibility study, or an Impact study, which should be submitted as part of the application.

Applications that meet all the eligibility requirements and the above minimum threshold requirements will be further evaluated to determine compliance with a broader set of requirements, which have been designed to screen out proposals that are insufficiently mature from a project development perspective; lack technical viability; or fail to satisfy minimum standards for bidder experience and ability to finance the proposed project. The categories of information necessary to complete this further evaluation are set forth below.

- Energy Resource Plan
- Financial/Legal Capability
- Site Control
- Permit Acquisition Plan
- Interconnection
- Technical/Engineering
- Project Schedule
- Project Management and Experience
- Economic Benefit to Rhode Island

National Grid is interested in projects that can demonstrate the ability to develop, permit, finance, and construct the proposed project within the required eighteen month schedule.

Applicants must use this application to provide responses. Applicants are requested to provide all reasonably available information in each section of the application. If any of the information requested is inconsistent with the type of technology or product

⁶ The Proposed Hourly Output is the maximum amount of energy and related products available for delivery to National Grid at the Point of Delivery (kWh AC per hour). See page 3 of Appendix A.

⁷ If net metering, distinguish between total project generation and deliveries to the electric distribution system.

proposed, or otherwise unavailable, the Applicant should include “N/A” and describe the basis for this designation. It is anticipated that larger projects may provide a higher level of detail in the responses than smaller projects. It is emphasized however, that Applicants who do not provide complete and credible information in any of the above categories will be scored accordingly in the Scoring Process. The forms are included in this Application in MS Word format as Appendix A.

2.4 Project Scoring

In conducting evaluations of each project, National Grid will employ the scoring methodology described in Schedule 3. The non-price evaluation criteria 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. Applications 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 will have a higher likelihood of success.

For Small Distributed Generation projects, National Grid plans to weight completion schedule at fifty percent (50%) and non-price factors at fifty percent (50%). For Large Distributed Generation projects, price is weighted at eighty percent (80%) and non-price factors at twenty percent (20%).

National Grid reserves the right to reject any project not receiving a minimum score in the non-price evaluation, regardless of the completion date or pricing.

If the situation arises where multiple projects share the same interconnection facilities, and in the event that such projects receive equivalent scores in the evaluation, the project with the earliest interconnection application will be taken first. In addition, National Grid will reject any application for which interconnection is not technically feasible.

2.5 Projects at Customer Sites Involving Net Metering

A distributed generation project that is also being employed by a customer for net metering purposes may submit an application to sell the excess output from the project.⁸ In this case, the applicant must be the project owner. The class in which the project is submitted is determined by the total project size, and not by the excess output offered for sale under a Standard Contract. The application forms in Appendix A require that both the project size and the excess output being offered for sale be specified.

⁸ In such case, at the election of the self-generator all of the renewable energy certificates pertaining to the energy consumed on site may be sold on a month-to-month basis outside of the terms of the standard contract.

2.6 Coordination with Annual Solicitations under the Long-Term Contracting Standard

The DG Enrollment process is separate and distinct from the annual competitive solicitations conducted under the Long-Term Contracting Standards. National Grid will provide reports to the Commission on both the solicitation and the annual enrollment process in order to track compliance with the Long-Term Contracting Standard. Projects submitted, but not yet selected, in an annual solicitation under the Long-Term Contracting Standard, may be submitted in a Distributed Generation enrollment. In this case, should the submitted pricing in one of the large DG classes be higher than that submitted in the competitive solicitation, a fully documented explanation must be provided. Additionally, the Applicant agrees that entering into a DG Standard Contract will automatically rescind the Applicant's bid relative to that project in the annual solicitation under the Long-Term Contracting Standard.

2.7 Delivery of Energy into ISO-NE Market

Energy will be delivered to National Grid in the Narragansett Electric Company ISO-NE load zone at the delivery node associated with the distributed generator. This will be accomplished through registration of the generator as a generation asset and assignment of the energy to National Grid.

2.8 Participation in ISO-NE Forward Capacity Market (FCM)

National Grid shall be the "Project Sponsor" for all Large Distributed Generation Facilities and may qualify the Facility as an Existing Capacity Resource in the Forward Capacity Market (FCM) after the Commercial Operation Date and participate in every Capacity Commitment Period in the FCM with respect to the Facility. National Grid also reserves the right to be the "Project Sponsor" for Small DG Facilities, after consultation with the Division and the Board. If and when National Grid participates as "Project Sponsor" on behalf of any Facility, that Facility must support National Grid, as required, to qualify the Facility as an Existing Capacity Resource in the Forward Capacity Market. Generation owners are required to take commercially reasonable actions to maximize performance against any FCM Capacity Supply Obligations.

2.9 RPS Qualification and NEPOOL Generation Information System ("GIS") Certificates

The Distributed Generation projects must obtain qualification as a renewable resource per the Rhode Island Renewable Energy Standard ("RES"), and it must register as a Participant Account Holder with the NEPOOL-GIS. Once qualified, National Grid must be designated to receive all of the RECs produced by the project and tracked in the

NEPOOL-GIS⁹ under the operating rules found at http://www.iso-ne.com/committees/comm_wkgrps/mrkts_comm/geninfo_sys/operating/index.html

2.10 Official Contact for the Enrollment

Any questions on the Enrollment should be directed to the attention of the Official Contact for National Grid at the address listed below:

Corinne Abrams
Manager, Environmental Transactions
Energy Procurement
National Grid
100 East Old Country Road
Hicksville, NY 11801

Questions may be submitted to the Official Contact at following email address:
renewablecontracts@nationalgrid.com

2.11 Submittal of Enrollment Applications

The Standard Contract Enrollment Application and Appendices are posted on the National Grid energy supply procurement website.

https://www.nationalgridus.com/narragansett/business/energyeff/4_dist_gen.asp

Completed applications should be submitted electronically to renewablecontracts@nationalgrid.com, following the instructions on the site for the Rhode Island Standard Contract Enrollment for renewable energy. Electronic submittal will assure that the time of submittal is documented.

⁹ The Rhode Island Distributed Generation Standard Contract Act requires that an electric meter which conforms with standard industry norms be installed to measure the electrical energy output of the distributed generation facility, and require a system or procedure by which the distributed generation facility owner shall demonstrate creation of renewable energy credits, in a manner recognized and accounted for by the GIS; such demonstration of renewable energy credit creation to be at the distributed generation facility owner's expense.

Schedule 1

Event	Anticipated Dates
Enrollment begins	March 4, 2013 – 9am EPT
Due Date for Submission of Applications	March 15, 2013 – 5pm EPT
Execute Contracts	March 29, 2013
File Contracts with PUC	April 5, 2013

Note: Schedule 1 to be updated as required for each enrollment period.

Schedule 2
Classes and Targets Applicable to Current Enrollment Period

Class Nameplate	Target Nameplate	Ceiling Price (cents/kWh)
Wind (50 kW – 1500 kW) 50-100 kW 200-999 kW 1,000-1,500 kW	1500 kW In Total	24.65 16.20 14.80
Solar-PV (50 - 100 kW DC)	300 kW	29.95
Solar-PV (101 - 250 kW DC)	250 kW	28.80
Solar-PV (251 - 499 kW DC)	750 kW	28.40
Anaerobic Digestion (400 – 500 kW)	500 kW	18.55
Solar PV/Anaerobic Digestion (501 kW – 5000 kW) ¹⁰	1300 kW	24.95 / 18.55

Note: Schedule 2 to be updated as required for each enrollment period.

¹⁰ Any unused allocation from a specific class shall roll over into the next open enrollments for that same class; with exception to the Small Solar (50 – 100 kW). Any unused allocation from the Small Solar (50 – 100kW) class is to be added to the Large Solar PV/Anaerobic Digestion class in future enrollments.

Schedule 3
Project Evaluation and Scoring Methodology

Non-Price Scoring for All Projects (20 points)

Non-price scoring is the same methodology employed National Grid in the initial competitive solicitation, and documented in the report on that solicitation, filed with the RI PUC on April 11, 2011. The scoring methodology is summarized as follows, and is based on the responses in Appendix A.

Evaluation Factors	Max Points	Criteria Considered in Each Factor
A. Siting and Permitting	4.0	<ul style="list-style-type: none"> • Extent to which site control has been achieved and acquisition of any necessary real property rights, including right of ways (1.5 points) • Identification of required permits and approvals and status of plan to obtain permits and approvals (1.5 points) • Community relations/support (1.0 points)
B. Project Development Status and Operational Viability	6.0	<ul style="list-style-type: none"> • Reasonableness of critical path schedule and demonstrated ability to meet major milestones (1.5 points) • Credibility of energy resource plan (1.5 points) • Commercial access to and reliability of the proposed technology (1.0 points) • Progress in interconnection process (2.0 points)
C. Experience and Capability of Bidder and Project Team	3.0	<ul style="list-style-type: none"> • Project development experience (1.0 points) • Project financing experience (1.0 points) • Operations and maintenance experience (1.0 points)
D. Financing	4.0	<ul style="list-style-type: none"> • Credibility of the financing plan (2.0 points) • Financial strength of the bidder (2.0 points)
E. Economic Benefit	3.0	<ul style="list-style-type: none"> • Project provides direct employment benefits (1.0 points) • Project provides indirect employment benefits (1.0 points) • Project provides tax revenues or other similar revenues (1.0 points)
Total	20.0	

Score on Completion Date for Small Projects (20 points)

For each class, the project with the nearest completion date (commercial operation) will receive 20 points. Other projects will receive a deduction of two points per month of additional schedule duration.

Score on Submitted Price for Large Projects (80 points)

For each class, the project with the lowest price relative to the ceiling price will receive 80 points. For other projects, one point will be deducted for each \$MWh higher than the lowest submitted price.

Total Scoring

Small Projects	
Non-Price Scoring	20
Score on Completion Date	20
Total	40
Large Projects	
Price Scoring	80
Non-Price Scoring	20
Total	100

For small projects, the scoring methodology is intended to discriminate between a project with a near-term completion date, and a “credible” project with a near-term completion date, that is most likely to be deployed.

For large projects, the scoring methodology is intended to discriminate between a project with competitive pricing, and a “credible” project with competitive pricing, that is most likely to be successfully deployed.

National Grid reserves the right to reject any project not receiving a minimum score in the non-price evaluation, regardless of the completion date or pricing.¹¹

¹¹ There is the possibility that projects might meet (or even exceed) the threshold requirements, yet not make a credible demonstration that the project is likely to be completed and operated as proposed. It is not feasible to establish such a score in advance, as non-price scoring as a general matter is often driven by how projects compare on a relative basis. It would be expected, however, that some projects may clearly rank well below others in the same, or similar classes.