

November 2, 2022

**VIA ELECTRONIC MAIL**

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

**RE: Docket No. 22-43-EL- 2023 Renewable Energy Standard Procurement Plan**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), enclosed, please find the Company’s Renewable Energy Standard (“RES”) Procurement Plan for 2023 (“2023 RES Plan”) which is described herein. The 2023 RES Plan is being submitted to the Public Utilities Commission (“PUC” or “Commission”) in accordance with 810-RICR-40-05-2.9. Pursuant to 810-RICR-40-05-2.9(C), all the components of the 2023 RES Plan are subject to PUC review and approval. The Company respectfully requests that the PUC approve the 2023 RES Plan as filed.

In support of the 2023 RES Plan, the Company has included the joint pre-filed testimony of James M. Rouland and James Ruebenacker. As detailed in the pre-filed testimony, the Company respectfully requests the Commission approve all components of the 2023 RES Plan which include the: (1) RES Plan for 2023; (2) Certificate Purchase Agreement (“CPA”); (3) RES Request for Proposal (“RFP”) Notice Template; and (4) RES RFP Summary (Template). The CPA, RFP Notice Template, and RES RFP Summary Template have been updated to reflect the recent Company sale.

The Rhode Island Renewable Energy Standard, R.I. Gen. Laws § 39-26-4, requires the Company to obtain a statutorily established percentage of its energy supply from eligible renewable energy resources. The 2023 RES Plan is designed to meet the statutory obligations set forth by the RES. The 2023 RES Plan does not include significant adjustments to the 2022 RES Plan which was approved by the PUC at an Open Meeting on July 21, 2021 in Docket No. 5190.

# Robinson+Cole

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
November 2, 2022  
Page 2

In the 2023 RES Plan, the Company has incorporated the recent amendments to the statute which increased the percentages of its energy supply from renewable energy resources for 2023. It has also updated its Last Resort Service load forecasts to include the expected migration of customers to municipal aggregation in 2023. Additionally, it updated the forecasted Renewable Energy Certificates (“RECs”) supply to include most recent information. Due to the variability in creation of RECs from its portfolio and the required RECs to meet the new RES, the Company has altered Section VII of the 2023 RES Plan to adjust its transaction methodology.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-709-3337.

Sincerely,



Leticia C. Pimentel

cc: Docket 22-43-EL Service List  
John Bell, Division  
Jon Hagopian, Esq.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were 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.

Heidi J. Seddon

November 2, 2022

Date

**Docket No. 22-43-EL - Rhode Island Energy – Renewable Energy Standard (RES) Procurement Plan  
Service List updated 11/2/2022**

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**PRE-FILED JOINT DIRECT TESTIMONY**

**OF**

**JAMES M. ROULAND**

**AND**

**JAMES RUEBENACKER**

**November 2, 2022**

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a RHODE ISLAND ENERGY  
RIPUC DOCKET NO. 22-43-EL  
2023 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESSES: ROULAND AND RUEBENACKER**

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**TABLE OF CONTENTS**

I.	Introduction.....	1
II.	Purpose of Testimony .....	5
III.	Current 2022 Renewable Energy Standard Procurement Plan .....	6
IV.	Proposed 2023 Renewable Energy Standard Procurement Plan.....	9
V.	Conclusion .....	14

1 **I. Introduction**

2 **JAMES M. ROULAND**

3 **Q. Please state your full name and business address.**

4 A. My name is James M. Rouland. I work for PPL Services Corporation (“PPL Services”)  
5 and my business address is 827 Hausman Rd, Allentown, PA 18104.

6  
7 **Q. Please describe by whom you are employed and in what capacity.**

8 A. I am the Manager of Regulatory Policy for PPL Services. My responsibilities include  
9 managing the procurement of energy, capacity and related services for The Narragansett  
10 Electric Company d/b/a Rhode Island Energy’ (“Rhode Island Energy” or the  
11 “Company”) Last Resort Service (“LRS”) Procurement Plan, including the purchase and  
12 sale of Renewable Energy Certificates (“RECs”). Further, I manage the Renewable  
13 Energy Growth (“RE Growth”) Program, Long-term Clean Energy Program, and related  
14 renewable energy contracts. In addition to my responsibilities for Rhode Island Energy, I  
15 also manage the procurement of the PPL Electric Utilities Corporation (“PPL Electric”)  
16 Default Service Program Plan and Alternative Energy Credit Programs. I also manage  
17 regulatory policy and compliance activities, and various strategic initiatives for PPL  
18 Electric.

19  
20 **Q. Please describe your professional and educational background.**

21 A. I graduated from Albright College in 2005 with a Bachelor of Arts in Environmental

1 Policy and a Bachelor of Science in Environmental Science. I graduated from the  
2 University of Phoenix in 2008 with a Master of Business Administration. I began my  
3 career in 2005 with PPL Services Corporation, in the PPL Environmental Management  
4 Department, as an Environmental Auditor and was later promoted to Lead Environmental  
5 Auditor in 2007. In 2008, I joined PPL Development Company and was promoted to the  
6 position of Senior Energy and Climate Change Professional. In 2009, I joined the Energy  
7 Acquisition Department within PPL Electric as a Senior Analyst of Business Operations  
8 Analysis. In 2012, I was promoted to Supervisor of Energy Procurement within the  
9 Distribution Regulatory and Business Affairs Department of PPL Electric. In 2016, my  
10 role expanded to include the management of PPL EU Services Corporation's Settlement  
11 and Scheduling Team. In 2018, I assumed the role of Regulatory Policy Manager; and  
12 finally, in July 2022, I was promoted to Manager-Regulatory Policy, which is the position  
13 I currently hold.

14  
15 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**  
16 **(“PUC”)?**

17 A. No, I have not.

18  
19 **Q. Have you testified before any other state regulatory agencies?**

20 A. Yes, I have previously testified before the Pennsylvania Public Utility Commission (“PA  
21 PUC”). Most recently, I testified before the PA PUC concerning PPL Electric's Petition



1 for Approval of its Default Service Plan for the Period of June 1, 2021 through May 31,  
2 2025 in Docket No. P-2020-3019356. Further, I have testified before the PA PUC in  
3 support of: PPL Electric’s Petition for the Approval of a Pilot Time-of-Use Program in  
4 Docket No. P-2013-2389572; PPL Electric’s Default Service Program and Procurement  
5 Plan for the Period June 1, 2015 through May 31, 2017, in Docket No. P-2014-2417907;  
6 PPL Electric’s 2015 base rate case, in Docket No. R-2015-2469275; a net metering  
7 complaint in Docket No. C-2013-2375440; PPL Electric’s Default Service Program and  
8 Procurement Plan for the Period of June 1, 2017 through May 31, 2021, in Docket No. P-  
9 2016-2526627; and PPL Electric’s Time-of-Use Program in Docket No. P-2016-  
10 2578051.

11  
12 **James Ruebenacker**

13 **Q. Please state your name, place of employment, and business address.**

14 A. My name is James Ruebenacker. I work for National Grid Service Company (“NGSC”),  
15 and my business address is 100 E. Old Country Road, Hicksville, New York 11801.

16  
17 **Q. Please describe your position and responsibilities for National Grid USA (“National  
18 Grid”).**

19 A. I am the Manager of Wholesale Electric Supply, New England for National Grid. In this  
20 role, I manage the procurement of energy, capacity, and ancillary services, portfolio  
21 hedging strategies, and other energy supply-related activities for National Grid’s

1 Massachusetts operating companies.

2

3 **Q. Please describe your involvement with the Company.**

4 A. Prior to the sale of the Company,<sup>1</sup> I managed the Company's procurement of power for  
5 LRS and transactions of Rhode Island Renewable Energy Standard ("RES") RECs. I will  
6 continue to procure power for LRS and RECs pursuant to the Transition Services  
7 Agreement between NGSC, National Grid, and the Company.

8

9 **Q. Please describe your educational background.**

10 A. I graduated from the University of Notre Dame with a Bachelor of Science degree in Pre-  
11 professional Studies Science-Business Sequence. I graduated with distinction from  
12 New York University's Leonard N. Stern School of Business with a Master of Business  
13 Administration degree.

14

15 **Q. Please describe your professional experience.**

16 A. In 2002, I was hired as a Retail Electric Pricing Analyst at Peoples Energy Services. I  
17 joined National Grid as a Senior Analyst in the Wholesale Electric Supply department in  
18 2009 and became Manager in 2011.

19

20 **Q. Have you previously testified before the PUC?**

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<sup>1</sup> On May 25, 2022, PPL Rhode Island Holdings, LLC acquired 100 percent of the equity interest in The Narragansett Electric Company from National Grid.

1 A. Yes, I have testified before the PUC on several occasions involving LRS and the RES.

2

3 **Q. Have you testified before any other state regulatory agency?**

4 A. Yes. I have submitted pre-filed testimony before the Massachusetts Department of  
5 Public Utilities in several dockets.

6

7 **II. Purpose of Joint Testimony**

8 **Q. What is the purpose of your joint testimony?**

9 A. The purpose of our testimony is to provide a brief overview of the existing 2022  
10 Renewable Energy Standard Procurement Plan (“2022 RES Plan”), which the PUC  
11 approved in Docket No. 5190 at an Open Meeting on December 21, 2021 and highlight  
12 the changes being proposed in the Company’s 2023 Renewable Energy Standard  
13 Procurement Plan (“2023 RES Plan”). We also describe the minor changes made to the  
14 Company’s Certificate Purchase Agreement (“CPA”), RES Request for Proposals  
15 (“RFP”) Notice Template, and RES RFP Summary Template of which the Company is  
16 also seeking PUC approval.

17

18 **Q. Why does the Company seek PUC approval of its RES Plans?**

19 A. The RES was enacted by the Legislature on June 29, 2004 and is codified at R.I. Gen.  
20 Laws § 39-26-1 *et seq.* On December 8, 2005, the PUC promulgated Rules and  
21 Regulations Governing the Implementation of a Renewable Energy Standard, effective

1 January 1, 2006 (“RES Regulations”). The RES Regulations are codified as 810-RICR-  
2 40-05-2. Pursuant to R.I. Gen. Laws § 39-26-4<sup>2</sup> and 810-RICR-40-05-2.4, beginning on  
3 January 1, 2007, the Company and all other Obligated Distribution Companies, as  
4 defined in 810-RICR-40-05-2.3(25), are required to obtain a specified percentage of their  
5 energy supply from a mix of new and existing renewable energy resources. 810-RICR-  
6 40-05-2.9(B) and 810-RICR-40-05-2.9(C) require the Company and all Obligated  
7 Distribution Companies to annually submit a Renewable Energy Procurement Plan to the  
8 PUC that demonstrates its procedures for obtaining resources that satisfy the Company’s  
9 RES obligations.

10  
11 **Q. Are you sponsoring any schedules in your testimony?**

12 A. Yes. We are sponsoring the following schedules:

13 Schedule 1 – Proposed RES Plan for 2023

14 Schedule 2 – Certificate Purchase Agreement (CPA)

15 Schedule 3 – RES Request for Proposals (RFP) Notice (Template)

16 Schedule 4 – RES RFP Summary (Template)

17  
18 **III. Current 2022 RES Plan**

19 **Q. Please provide an overview of the existing 2022 RES Plan.**

20 A. The 2022 RES Plan is designed to meet the Company’s 2022 obligations under the Rhode  
21 Island Renewable Energy Standard by obtaining the statutorily established percentage of

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<sup>2</sup> R.I. Gen. Laws § 39-26-4 amended June 27, 2022.

1 its energy supply from eligible renewable energy resources through the procurement of  
2 qualifying New England Power Pool (“NEPOOL”) Generator Information System  
3 (“GIS”) certificates. PUC-approved existing renewable energy resources create  
4 NEPOOL GIS certificates known as Existing RECs. PUC approved new renewable  
5 energy resources create NEPOOL GIS certificates known as New RECs.  
6 The 2022 RES Plan allows the Company to purchase New RECs from renewable  
7 generation projects that have executed contracts with the Company under the Long-Term  
8 Contracting Standard for Renewable Energy and Distributed Generation Standards  
9 Contracts Act (collectively, “Long-Term Renewable Contracts”). Pursuant to the 2022  
10 RES Plan, the Company may purchase New RECs from the renewable generation  
11 projects enrolled in the RE Growth Program. Additionally, the Company can procure  
12 New or Existing RECs through standalone RES RFPs or through environmental brokers,  
13 online broker platforms, or from other market participants. Finally, the 2022 RES Plan  
14 permits the Company to sell RECs if New RECs obtained from the Long-Term  
15 Renewable Contracts and the RE Growth Program exceed the RES obligation and the  
16 banking limit.

17  
18 **Q. Pursuant to the 2022 RES Plan, what does the Company do if the RECs from Long-**  
19 **Term Renewable Contracts and the RE Growth Program are greater or less than**  
20 **those needed to satisfy the RES requirement?**

21 A. If the Long-Term Renewable Contracts and the RE Growth Program do not provide the  
22 RECs necessary to comply with the New RES obligations, the Company can solicit New

1           RECs through standalone RES solicitations.

2

3           In the event that the Long-Term Renewable Contracts and the RE Growth Program  
4           provide RECs in excess of the amounts necessary to comply with the New RES  
5           obligations, the Company may “bank” up to 30% of the New RES obligation or sell the  
6           RECs. According to the RES Regulations, 30% of the New RES Obligation for a  
7           compliance year may be banked in order to satisfy the RES requirement over the  
8           following two years. Once the excess RECs from Long-Term Renewable Contracts and  
9           RE Growth Program exceed the New RES obligation as well as the allowable banking  
10          limit, the Company must sell these RECs through standalone RES Requests for Bids or  
11          by engaging a third party to broker the sale or they will expire worthless. Delivery  
12          customers are credited the revenue of any New RECs sales to third parties.

13

14   **Q.    What is the current purchase, sales, and banking strategy?**

15    A.    As first approved in the 2021 Renewable Energy Standard Procurement Plan (“2021 RES  
16          Plan”), the Company makes quarterly REC sales when the supply of New RECs in a  
17          quarter exceed the LRS customers’ New RES requirement.

18          First, in determining its quarterly REC purchases from Long-Term Renewable Contracts  
19          and the RE Growth Program, the Company considers any banked RECs from a prior  
20          year. The Company evenly allocates any banked RECs to the New RES obligations over  
21          each quarter of the next year. Second, the Company purchases New RECs from Long-

1 Term Renewable Contracts and the RE Growth Program equal to LRS customers' New  
2 RES requirement minus the banked allocation. Third, Company attempts to sell excess  
3 New RECs quarterly as they are created. The quarterly sales quantities are the supply of  
4 New RECs from Long-Term Renewable Contracts and the RE Growth Program minus  
5 the RECs transferred for New RES obligations. Finally, in the fourth quarter the  
6 Company decides whether to bank or sell RECs based on market conditions.

7  
8 **IV. The 2023 RES Plan**

9 **2023 RES Obligations**

10 **Q. Has the Company estimated its RES obligations for 2023?**

11 A. Yes, the Company has developed an estimate of its RES obligations for Last Resort  
12 Service in 2023 in Schedule 1. This estimate of the 2023 RES obligation is calculated by  
13 multiplying the 2023 required percentage from New or Existing renewable energy  
14 resources by the estimated LRS load for 2023.

15  
16 **Q. Will the New RECs obtained under the Long-Term Renewable Contracts and the  
17 RE Growth Program satisfy the Company's 2023 New RES requirements?**

18 A. Most likely. The Company analyzed its New RES requirement and how it might be met  
19 by RECs obtained under the Long-Term Renewable Contracts and the RE Growth  
20 Program. This analysis is shown in Schedule 1 on the graph named "LRS New RES  
21 Requirements and Forecast of RECs Supplied by Long-Term Renewable Contracts and

1 the RE Growth Program.” In its analysis, the Company made various assumptions  
2 regarding its Long-Term Renewable Contracts and the RE Growth Program including  
3 commercial operation dates, project size, output, and contract capacity. The graph shows  
4 that the forecasted output of New RECs from the Long-Term Renewable Contracts and  
5 RE Growth Program will meet the Company’s New RES requirement in 2023.

6  
7 **Q. What are the changes in 2023 for REC demand for the New RES requirement and**  
8 **the New REC Supply from Long-Term Renewable Contracts?**

9 A. The statutorily established percentage of the energy supply from eligible renewable  
10 energy resources was amended in June 2022. The number of New RECs required to  
11 satisfy the RES Regulations has increased in 2023 and in future compliance years due to  
12 new legislation (2022-H 7277A, 2022-S 2274A) that increases the RES. The new  
13 legislation accelerates the previous 1.5% annual increase to levels which will achieve a  
14 100 percent RES in 2033. In addition to a higher New RES requirement percentage, the  
15 LRS load in 2023 is changing compared to prior years. Six municipal aggregations  
16 representing approximately 24% of the Company’s LRS load are expected to switch to  
17 nonregulated power producers in May 2023.

18 The projected New REC supply from Long-Term Renewable Contracts has also changed  
19 for 2023 compared to the Company’s estimates in the 2022 RES Plan. In 2022 the Power  
20 Purchase Agreement (“PPA”) between the Company and Gravel Pit Solar II, LLC was  
21 terminated. In prior RES Procurement Plans, the Company had anticipated significant



1 New REC quantities beginning in 2023 from this PPA. Additionally, an operational wind  
2 farm has delivered significantly less RECs in 2022 compared to its historical output and  
3 the Company's estimates. It is possible, due to similar market conditions for 2023, that  
4 the wind unit will again deliver less RECs than prior years.

5  
6 **Changes Proposed in 2023**

7 **Q. Please describe the changes the Company is proposing in the 2023 RES Plan.**

8 A. In the 2023 RES Plan, the Company proposes to modify its purchase, sales, and banking  
9 strategy. As noted in our testimony, currently when the Company has more RECs than  
10 needed in the first three quarters of a year, the Company is required to sell the surplus  
11 RECs. In the fourth quarter, the Company may decide to bank RECs up to its 30% New  
12 RES Obligation or sell the surplus RECs. In the 2023 RES Plan, the Company proposes  
13 that it continue to make quarterly REC sales when necessary, however, that it be given  
14 the discretion to sell or keep the excess RECs after evaluating its overall position in the  
15 given year. The Company will first estimate each quarter and the compliance year's  
16 expected REC supply from Long-Term Renewable Contracts and the RE Growth  
17 Program, the New RES requirement for LRS customers, the allocation of RECs banked  
18 from the prior year, and determine if the REC supply and banked RECs exceed the New  
19 RES requirement. After this determination for each quarter, the Company may decide to  
20 sell excess RECs in a particular quarter, or it may decide to purchase the RECs for its  
21 LRS customers to meet a different quarter's New RES requirement when there is

1 expected to be insufficient RECs.

2

3 **Q. Why is the Company proposing this change to its purchase, sales, and banking**  
4 **strategy?**

5 A. The 2022 RES Plan is formulaic in its REC sales strategy for each quarter. The  
6 Company sells RECs in quarters that the allocated banked RECs and the RECs from the  
7 Long-Term Renewable Contracts and RE Growth Program exceed the New RES  
8 requirement. This sales strategy was suitable when the expected quarterly REC supply  
9 frequently exceeds the New RES requirement. However, because of changing supply and  
10 demand, the Company is requesting more flexibility in its RECs sales in the 2023 RES  
11 Plan.

12

13 Due to the uncertainty in the supply and demand discussed herein, the Company proposes  
14 more flexibility in managing this REC portfolio than the formulaic sales strategy in the  
15 2022 RES Plan. The Company proposes these modifications due to revised expectations  
16 for the New RECs demand for its LRS customers and because of the expected decrease in  
17 REC supply from Long-Term Renewable Contracts.

18

19 **Q. Is the Company proposing any other changes to its to its purchase, sales, and**  
20 **banking strategy or to its 2023 RES Plan?**

1 A. No, the Company is not proposing any other modification to its purchase, sales, and  
2 banking strategy or to its 2023 RES Plan.

3  
4 **Q. Is the Company seeking approval of the CPA?**

5 A. Yes, the Company is seeking approval of its standard CPA, which is included as  
6 Schedule 2, because it made three minor changes. First, the Company updated any  
7 “National Grid” reference to “Rhode Island Energy” to reflect the recent sale and new  
8 business name of The Narragansett Electric Company. Second, the Company updated the  
9 contact information of the representatives of the parties in the “Notices” section of the  
10 CPA. Lastly, in the signature block for The Narragansett Electric Company, the  
11 Company changed the term “Authorized Signatory” to “Title.”

12  
13 **Q. Are there other documents for which the Company is requesting approval?**

14 A. Yes, the Company is requesting approval for the standard RES RFP Notice, which is  
15 included as Schedule 3, and the standard RES RFP Summary, which is included as  
16 Schedule 4. The changes made to the standard RES RFP Notice is to reflect the new  
17 business name of The Narragansett Electric Company as well as to explain the Transition  
18 Service Agreement between National Grid USA (“National Grid”) and PPL Energy  
19 Holdings, LLC. The changes made to Schedule 4 are non-substantive and are also to  
20 reflect the new business name of The Narragansett Electric Company.

21

1 V. Conclusion

2 Q. Does this conclude your testimony?

3 A. Yes.

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 22-43-EL  
2023 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESSES: ROULAND AND RUEBENACKER  
SCHEDULES**

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**INDEX TO SCHEDULES**

Schedule 1	Proposed 2023 RES Plan
Schedule 2	Certificate Purchase Agreement (CPA)
Schedule 3	RES RFP Notice (Template)
Schedule 4	RES RFP Summary (Template)

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 22-43-EL  
2023 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESSES: ROULAND AND RUEBENACKER  
SCHEDULES**

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Schedule 1  
Proposed 2023 RES Plan

## 2023 Renewable Energy Standard Procurement Plan

### I. Objectives

- A. This plan satisfies 810-RICR-40-05-2.9(B) and 810-RICR-40-05-2.9(C) of the Rhode Island Public Utilities Commission’s (“PUC”) Rules and Regulations Governing the Implementation of a Renewable Energy Standard (“RES Regulations”), which is codified as 810, RICR-40-05-2. Under the RES Regulations, The Narragansett Electric Company (“the Company”) is required to submit annually a Renewable Energy Standard Procurement Plan (“RES Plan”) that details the Company’s procedures for obtaining resources that satisfy its obligations under the Rhode Island Renewable Energy Standard (“RES”), R.I. Gen. Laws § 39-26-1 et seq.
  
- B. The plan is for the procurement of the RES renewable energy certificates (“RECs”) to meet the obligations associated with provision of Last Resort Service (“LRS”) for 2023. The Company will use a competitive procurement process for all 2023 requirements for Existing Renewable Energy Resources (“Existing RECs”). The Company expects to use New Energy Resources (“New RECs”) obtained through the Distributed Generation Standard Contracts Act and the Long-Term Contracting Standard for Renewable Energy (collectively, “Long-Term Renewable Contracts”) and the Renewable Energy Growth (“RE Growth”) Program for all 2023 requirements for New RECs.
  
- C. This plan includes the sale of the New RECs for when the Company acquires RECs more than its RES obligation for its LRS customers.

### II. Requirements

The following table details the anticipated number of RECs that will be necessary to satisfy RES Regulations in 2023.

Year	Percentage from New Renewable Energy Resources	Percentage from <i>either</i> New <i>or</i> Existing Renewable Energy Resources	Total RES Target Percentage	Estimated LRS Load (MWhs)	LRS Existing RES Obligation (RECs)	LRS New RES Obligation (RECs)
2023	21.0	2.0	23.0	3,630,004	72,601	762,301

### III. REC Procurement

The Company would obtain RECs through the following market-based actions to meet the 2023 RES requirement for its LRS customers.

- A. Under the RES Regulations, the Company may bank 30% of the New RES Obligation for a compliance year to satisfy the RES requirement over the following two years. The Company will use any New RECs it banked in previous years to satisfy its 2023 RES requirement. RECs banked from prior years would have been obtained through market-based actions.
- B. To comply with the Long-Term Renewable Contracts, the Company enters into transactions with renewable energy resources that include New RECs. As first approved in PUC Docket No. 4315, the Company proposes to continue using these RECs to satisfy its New RES requirements for the LRS load. The Company believes that LRS customers will benefit from this approach because it minimizes transaction expenses.

To comply with the RE Growth Program, codified at R.I. Gen. Laws § 39-26.6-1 et seq., the Company enrolls eligible renewable energy resources and pays them a fixed price for their generation. Under the RE Growth Law, the Company receives title to the RECs for all projects that participate in the RE Growth Program. Effective June 27, 2016, pursuant to Rhode Island law, the Company has the option of selling these RECs or using them to comply with the RES.<sup>1</sup> As first approved in PUC Docket No. 4556, the Company proposes to continue using these RECs to satisfy its New RES requirements for the LRS load to further minimize transaction expenses.

- C. The Company will issue standalone REC Requests for Proposals (“RFPs”) to procure the remaining REC amounts for each REC class necessary to satisfy the RES Regulations. The Company intends to issue one or more REC RFPs in 2023 for Existing RECs. The Company does not anticipate issuing an RFP for New RECs because it expects that New RECs from the Long-Term Renewable Contracts and RE Growth Program will meet its New RES requirement. However, in the event the New RECs from the Long-Term Renewable Contract and RE Growth Program do not meet its New RES requirement, the Company will solicit New RECs in its RFPs.

The principal criteria to be used in evaluating REC RFP proposals will be the lowest evaluated bid price. In the event of identical low bids, the Company will allocate the offered RECs to all bidders with identical prices based on the quantities bid and the quantities solicited. For example, the Company solicits 5,000 RECs and receives two identical low bid prices. Bidder A offers 5,000 RECs and Bidder B offers 2,500

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<sup>1</sup> See R.I. Gen. Laws § 39-26.6-21(3).



RECs. Bidder A will receive 3,333 RECs ( $5,000 / 7,500 * 5,000$ ) and Bidder B will receive 1,667 RECs ( $2,500 / 7,500 * 5,000$ ).

- D. The Company may also evaluate offers or make bids to purchase RECs through environmental brokers, online broker platforms, or from other market participants.
- E. If the Company still has an obligation shortfall in a calendar year, the Company will make an Alternative Compliance Payment to the Rhode Island Commerce Corporation for the unmet obligation.

#### **IV. Transfer Prices**

The Company proposes to determine the market costs for reconciliation of the New RECs from Long-Term Renewable Contracts and the RE Growth Program that are used for the LRS New RES requirements by using the most representative data sources, such as recent solicitation results, broker sheets, and market indices. This procedure is described and first approved in Docket No. 4338. The market costs will be charged to LRS customers for the New RECs used for their RES obligation, and the same amount will be credited to all delivery customers. On a quarterly basis, the Company will obtain market prices for a period of ten business days before the opening of a NEPOOL GIS trading period and ten business days after. The Company will then average those market prices to calculate a REC market value which be used to reconcile the Long-Term Contracting for Renewable Energy Recovery (“LTC Recovery”) Factor and RE Growth Factor. Any difference between this REC market value and the estimate used to forecast the LTC Recovery Factor and RE Growth Factor will flow through the reconciliation mechanism. The price used to charge LRS customers and credit delivery customers is referred to as the Transfer Price.

#### **V. REC Sales**

Prior to 2023, the Company had anticipated that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will exceed the RES obligation and the allowable banking limit in the foreseeable future. Under the RES Regulations, the Company may bank 30% of the New RES obligation for a compliance year to satisfy the RES requirement over the following two years. Once the RECs from Long-Term Renewable Contracts and the RE Growth Program exceed the allowable banking limit, the Company must sell these RECs or they will expire with no value.

However, in 2023 the Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will exceed the RES obligation but will not exceed the allowable banking limit. The Company expects the New RECs will be less than the allowable banking limit until the Revolution Wind Farm becomes operational. The number of

New RECs required to satisfy the RES Regulations has increased in 2023 and in future compliance years due to new legislation (2022-H 7277A, 2022-S 2274A) that increases the RES. The new legislation accelerates the previous 1.5% annual increase to levels which will achieve a 100 percent RES in 2033.

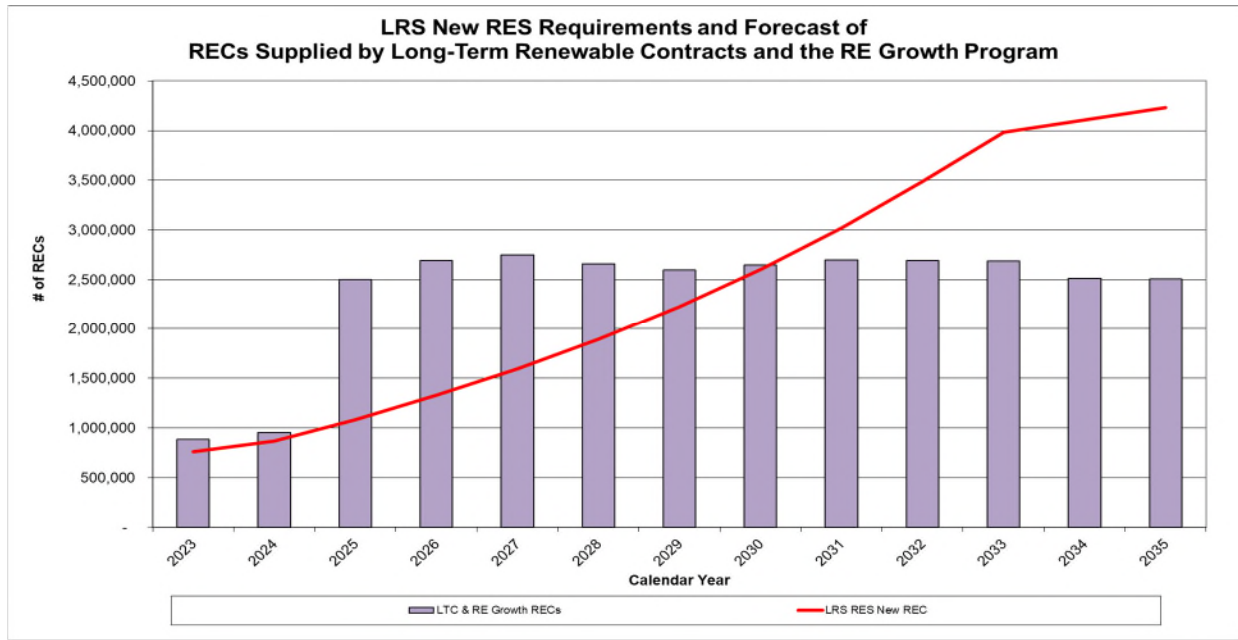
In addition to RECs that are sold when the New RECs exceed the allowable banking limit, the Company may sell RECs rather than bank if it is financially advantageous to do so as described in Section VII. Therefore, the Company will perform REC sales transactions to manage the REC portfolio in the event that the New REC inventory exceeds the RES obligation and/or the banking limit.

The Company will sell the RECs in a timely manner to monetize the value of the RECs on behalf of delivery customers. The Company will sell the RECs using methods that are similar to the methods the Company uses to procure RECs. These methods include:

- A. The Company may issue a Request for Bids (“RFB”) or auction for RECs to solicit bids for the sale of the RECs. The RFB would allow multiple participants to bid for various volumes up to the quantity offered.
- B. The Company may participate in REC RFPs or auctions in the market conducted by utilities, brokers, or other market participants.
- C. The Company may also make offers or evaluate bids to sell RECs through environmental brokers, online broker platforms, or to other market participants.

## **VI. Forecast of RECs from Long-Term Renewable Contracts and the RE Growth Program and RES Requirements**

The chart below shows a projection of the New RES requirement for LRS customers compared to the estimated output of RECs obtained through the Long-Term Renewable Contracts and the RE Growth Program.



## VII. Procurement, Sales, and Bank Strategy

As first approved in the 2021 RES Plan, the first step of the Company’s strategy to satisfy its RES requirement is to allocate RECs banked from the prior year. In the event the Company has banked RECs from a prior compliance year, it proposes to allocate the banked RECs evenly over each quarter of the current year to partially satisfy its New RES requirements for LRS load in each quarter.

The Company then proposes quarterly purchases of New RECs from Long-Term Renewable Contracts and the RE Growth Program equal to LRS customers’ RES requirement minus the banked allocation.

Finally, in the event the New RECs from Long-Term Renewable Contracts and the RE Growth Program exceed the New RES requirements for LRS load in a quarter, the Company may sell and/or bank the excess RECs. In the first three quarters of 2023, the Company will assess its expected New RES requirements and expected New REC supply, both quarterly and annually, and decide to sell or purchase the excess RECs as they are created. In the fourth quarter the Company proposes to use New RECs from Long-Term Renewable Contracts and the RE Growth Program for its New RES requirements for LRS load. The Company also proposes to bank 5% of the 2023 New RES obligation for the 2023 compliance year (to prevent the possibility of a shortfall) with New RECs from Long-Term Renewable Contracts and the RE Growth Program.

Finally, the Company then proposes to bank or sell the New REC's that exceed the total of the REC's banked (5%) and the New RES requirements for LRS load.

This strategy is illustrated in the following table assuming 40,000 banked REC's from the prior year and a RES requirement of 760,000 REC's:<sup>2</sup>

	<b>(a) REC Supply</b>	<b>(b) RES Requirement</b>	<b>(c) Banked REC's</b>	<b>(d) REC's to Purchase (= b - c)</b>	<b>(e) Banked &amp; Purchased REC's (= min(a,d) + c)</b>	<b>(f) 4th Qtr Bank 5%</b>	<b>(g) Surplus or Shortfall REC's (= a + c - b - f)</b>
Q1	200,000	220,000	10,000	210,000	210,000	0	-10,000
Q2	235,000	170,000	10,000	160,000	170,000	0	75,000
Q3	200,000	200,000	10,000	190,000	200,000	0	10,000
Q4	250,000	170,000	10,000	160,000	170,000	38,000	42,000
Total	885,000	760,000	40,000	720,000	760,000	38,000	127,000

In this example, in the fourth quarter there are 80,000 REC's in excess of the RES requirement for LRS customers (250,000 REC's in column (a) plus 10,000 REC's in column (c) minus 170,000

<sup>2</sup>(a) REC Supply is the expected New REC's from Long-Term Renewable Contracts and the RE Growth Program. In this illustration, the Company included examples of the quarterly number of REC's that may be produced throughout the year and totaling to 885,000 REC's.

(b) RES requirement is the expected number of New REC's required to meet the LRS customers' RES requirement. In this illustration, the Company included examples of the quarterly number of REC's necessary to meet the LRS customers' New RES requirements throughout the year and totaling to 760,000 REC's.

(c) Banked REC's are the number of REC's from the prior year that will be banked for the next year's RES compliance. In this illustration, the Company included 40,000 banked REC's from the prior year. The Company's proposal in the 2023 RES Plan is to equally allocate banked REC's evenly from the prior year. Therefore, the quarterly REC's of 10,000 is 40,000 divided by four quarters.

(d) REC's to Purchase are the quarterly number of REC's to purchase from the REC Supply, if available, to meet the quarterly LRS customers' RES requirement. In this illustration the Company calculated the LRS RES requirement for the quarter, subtracted the allocated Banked REC's for the quarter, and determined the number of New REC's to purchase from the REC Supply.

(e) Banked & Purchased REC's are the sum of Banked REC's and REC's available to purchase. If this column equals column (b), RES Requirement, it demonstrates that the quarterly RES requirements were fully met by a supply of New REC's from Banked REC's and RES Purchases from the REC Supply.

(f) In the fourth quarter the 2023 RES Plan requires REC's to bank equal to 5% of the New RES obligation.

(g) Surplus or Shortfall REC's are the number of New REC's that may be sold, that may be purchased for the RES Requirement for a different quarter, or that may be below the New RES Requirement in the first three quarters. The quarterly amounts for the first three quarters are the REC Supply and Banked REC's in excess of the RES Requirement. In the fourth quarter, the number of New REC's in Column (g) are the REC Supply and Banked REC's in excess of the RES Requirement and the 5% bank.

RECs in column (b) minus the 10,000 RECs that were not purchased in the first quarter column (g). As described above, the Company proposes to bank 38,000 of these RECs (5% x 760,000 RES requirement). The remaining 42,000 RECs (80,000 RECs minus 38,000 RECs), will either be banked or sold. In the fourth quarter the Company will bank the 42,000 RECs if the current year's price, as determined by the proposed procedure to establish market costs for the reconciliation, is materially lower than next year's spot market price. If the current year's price is higher than the next year's price, the Company will sell the 42,000 RECs. The decision to bank or sell RECs will be made immediately following the procedure to establish market costs.

The market costs will be charged to LRS customers for their RES obligation, and the same amount will be credited to delivery customers. For the first three quarters, the Company will charge LRS customers only the number of RECs necessary to meet that quarter's RES obligation for LRS customers and any RECs it purchases to meet a different quarter's New RES Requirement. The Company may also sell the RECs above the quarterly RES obligation as described in Section V. In the fourth quarter the Company will charge LRS customers for the number of RECs necessary to meet that quarter's RES obligation in addition to any RECs it purchases for a prior period's New RES Requirement and for the RECs equal to 5% (or less) of the New RES obligation for the following compliance year. The Company may sell the excess RECs above the quarterly RES obligation and the 5% bank, bank the excess RECs and charge LRS customers, or a combination of the two. Any banked RECs will be included in the fourth quarter's valuation as determined by the proposed procedure to establish market costs for the reconciliation and will be credited to delivery customers.

The decision to bank or sell RECs will be made immediately following the procedure to establish market costs for the fourth quarter RES obligations which occurs at the end of April or beginning of May. At that time, the Company's Transfer Price methodology will charge LRS customers for its remaining New RES obligation and also RECs banked equal to 5% of its 2023 RES obligation. If the current year's Transfer Price is lower than next year's spot market price, it will bank the excess RECs above the 5% of its banking allowance up to its 30% limit. The Company's Transfer Price methodology will charge LRS customers for these additional banked RECs. Any excess RECs above the 30% banking limit will be sold.

If the current year's Transfer Price is higher than next year's spot market price, the Company will sell the excess RECs above the 5% of its banking allowance. It is possible that the Company may not be able to sell the excess RECs above the 5% of its banking allowance. If the Company cannot sell RECs to the banked amount of 5% because of market liquidity, or if the market prices decrease and the financial incentive to sell RECs is removed, the Company will bank the 2023 RECs for 2024 compliance to prevent them from expiring worthless.

In the event the Company is unable to sell the RECs and decides to bank REC for a future compliance year, the Company proposes to use a similar Transfer Price methodology to establish the value of these additional banked RECs. LRS customers will be charged a new Transfer Price for these RECs that are in excess of the 5% banked which have already been valued. This

Transfer Price methodology will be for a period of ten business days prior to the decision to bank rather than sell, and ten business days after. For example, if prices decrease and on May 15th the Company decides there is no longer a financial advantage to sell, the Company will obtain market prices for ten business days before May 15th and ten days after. The new average market price will be the Transfer Price for any banked RECs above the 5% that had already been banked. If ten business days after the decision date are not available, the Company will use available data for the smaller time period.

If there are sales of excess New RECs in a quarter, the Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program. The revenue from the sales of excess New RECs will be separate and independent from the market costs for reconciliation for the New RECs used for New RES requirements for LRS load. REC Sales are further described in Section V.

The following processes describe the step by step compliance with the New RES obligation and the revenue for New RECs from the Long-Term Renewable Contracts and the RE Growth Program.

The Company, for each quarter and the compliance year, will project the REC supply from Long-Term Renewable Contracts and the RE Growth Program, the New RES requirement for LRS customers, the allocation of RECs banked from the prior year, and determine if the REC supply and banked RECs exceed the New RES requirement. Intermittent renewable generation, increased migration of load to nonregulated power producers, and the increase in the RES may increase the possibility that the New RES requirement may be higher than the expected REC supply and banked RECs in a given quarter. Therefore the Company may not sell excess RECs in a particular quarter to meet the shortfall of RECs from a different quarter.

First, Second, and Third Quarters:

1. Determine REC supply from Long-Term Renewable Contracts and the RE Growth Program.
2. Determine the New RES requirement for LRS customers using actual load data.
3. Determine the number of RECs required to meet the New RES requirement for LRS customers by subtracting the allocated banked RECs from the prior year for the quarter from the New RES requirement (which is determined in step 2).
  - a. The number of RECs used to meet the New RES requirement will be valued using the Transfer Price methodology in Section IV.
4. Determine the number of banked RECs and REC supply (which is determined in step 1) that can be used to meet the New RES requirement (which is determined in step 3).
5. In the event the banked RECs and REC supply are lower than the New RES requirement, no action is required.
6. In the event that the banked RECs and REC supply are higher than the New RES requirement, determine number of RECs to sell or to purchase for the annual New RES requirement. After projecting the REC supply and New RES requirement for all quarters,

the Company may decide to purchase the excess RECs to make up for a different quarter that may have a shortfall of RECs.

- a. Sell the RECs by the methods included in Section V.
- b. The Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program (as applicable). The revenue from the sales of excess New RECs will be separate and independent from the Transfer Price methodology.
- c. The number of RECs purchased to meet the New RES requirement will be valued using the Transfer Price methodology in Section IV.

Fourth Quarter:

1. Determine REC supply from Long-Term Renewable Contracts and the RE Growth Program.
2. Determine the New RES requirement for LRS customers using actual load data.
3. Determine the number of RECs required to meet the New RES requirement by subtracting the allocated banked RECs from the prior year for the quarter from the New RES requirement (which is determined in step 2).
  - a. The number of RECs used to meet the New RES requirement will be valued using the Transfer Price methodology in Section IV.
4. Determine the number of RECs that are equal to 5% of the current year's New RES requirement.
  - a. The number of RECs that are equal to 5% of the New RES requirement will be valued using the Transfer Price methodology in Section IV.
5. Determine the number of RECs, if any, that exceed the maximum allowable bank. The Company is allowed to bank RECs up to 30% of the current year's New RES requirement.
  - a. Sell these RECs that exceed the 30% of the current year's New RES requirement by the methods included in Section V.
  - b. The Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program (as applicable). The revenue from the sales of excess New RECs will be separate and independent from the Transfer Price methodology.
6. Determine the number of RECs, if any, that exceed the 5% bank (which is determined in step 4) and below the maximum 30% allowable bank (which is determined in step 5). These RECs will either be sold in the fourth quarter or banked for a future compliance year.
  - a. If the current year's fourth quarter Transfer Price is lower than next year's spot market price, the Company will bank RECs.
    - i. The number of RECs that are banked will be valued using the Transfer Price methodology in Section IV.
  - b. If the current year's fourth quarter Transfer Price is higher than next year's spot market price, the Company will sell the excess RECs above the 5% of its banking allowance.

- i. Sell the RECs by the methods included in Section V.
- ii. The Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program (as applicable). The revenue from the sales of excess New RECs will be separate and independent from the Transfer Price methodology.
- iii. If the Company cannot sell the RECs it planned to sell in excess of the 5% bank because of market liquidity, or if the market prices decrease and the financial incentive to sell RECs is removed, the Company will bank the RECs for future compliance to prevent them from expiring worthless.
  1. The number of RECs that are banked will be valued using the Transfer Price methodology in Section IV, but for a different period of prices. This Transfer Price methodology will be for a period of ten business days prior to the date that the decision is made to bank rather than sell, and ten business days after.



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 22-43-EL  
2023 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESSES: ROULAND AND RUEBENACKER  
SCHEDULES**

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Schedule 2  
Certificate Purchase Agreement (CPA)

## RHODE ISLAND CERTIFICATE PURCHASE AGREEMENT

This **CERTIFICATE PURCHASE AGREEMENT** (“Agreement”) is dated as of \_\_\_\_\_ and is by and between **THE NARRAGANSETT ELECTRIC COMPANY d/b/a Rhode Island Energy**, a Rhode Island corporation (“Buyer”) and \_\_\_\_\_ a \_\_\_\_\_ Corporation (“Seller”). This Agreement provides for the sale by Seller of NEPOOL-GIS Certificates, as defined herein, to Buyer. The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

### **ARTICLE 1. BASIC UNDERSTANDINGS**

Seller, in response to a Request for Proposal dated [DATE] issued by the Buyer, has been selected to supply a quantity of NEPOOL-GIS Certificates to meet a portion of the Buyer’s requirements to comply with the RES Regulations, as defined herein. This Agreement sets forth the terms under which Seller will supply a quantity of NEPOOL-GIS Certificates to the Buyer. It is the intent of Buyer and Seller that the transactions hereunder shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the Parties intend to physically settle the transactions, and are therefore not subject to swap regulation.

### **ARTICLE 2. DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

**Affiliate** means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by or is under common control with such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

**Alternative Compliance Payment Rate** means the value as published by the Rhode Island Public Utilities Commission in accordance with Section 3.2 of the RES Regulations.

**Business Day** means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Providence, Rhode Island are authorized by law or other governmental action to close.

**Buyer** means The Narragansett Electric Company, its successors, assigns, employees, agents and authorized representatives.

**Commission** means the Federal Energy Regulatory Commission, or its successor.

**Credit Rating** means with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody’s, S&P and/or the

other specified rating agency or agencies to such Party's (or its Credit Support Provider's, as the case may be) or entity's unsecured, senior long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody's and/or S&P as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody's, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a "split rating"), the lowest rating assigned shall control.

**Credit Support Provider** means the entity providing a guaranty substantially in the form set forth in Appendix A of this Certificate Purchase Agreement guaranteeing the financial obligations of a Party for the benefit of the other Party.

**EPT** means Eastern Prevailing Time.

**Existing Renewable Energy Resource** means as defined in Section 3.10 of the RES Regulations.

**Generating Unit** means [\_\_\_\_\_].

**Governing Documents** means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

**Interest Rate** means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

**Investment Grade** means (i) if any entity has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to "BBB-" and a Credit Rating from Moody's equal to "Baa3"; or (ii) if an entity has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to "BBB-" or a Credit Rating from Moody's equal to "Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to in writing by the Parties in each Party's sole and exclusive judgment.

**ISO** means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the

Commission's regulations, and any successor organization (including, but not limited to, a Regional Transmission Organization).

**ISO Tariff** means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

**ISO New England Operating Documents** means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

**Market Rules and Procedures** means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

**Material Adverse Effect** means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

**Moody's** means Moody's Investors Service, its successors and assigns.

**MWh** means Megawatt-hour.

**NEPOOL-GIS** means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

**NEPOOL-GIS Certificates** means an electronic record produced by the NEPOOL-GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL-GIS that complies with the RES Regulations. NEPOOL-GIS Certificates shall represent the Generation Attributes (as such term is defined in the RES Regulations) of either New Renewable Energy Resources or Existing Renewable Energy Resources and conform to the eligibility criteria set forth in the RES Regulations, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation from either a New Renewable Energy Resource or Existing Renewable Energy Resource.

**NEPOOL-GIS Certificate Purchase Price** means \_\_\_\_\_.

**NEPOOL-GIS Certificate Quantity** means \_\_\_\_\_.

**NEPOOL Agreement** means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

**NEPOOL GIS Operating Rules** means the New England Power Pool Generation Information System Operating Rules as may be amended from time to time pursuant to the NEPOOL Agreement.

**NEPOOL Rules** means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

**Net Worth** means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

**New Renewable Energy Resource** means as defined in Section 3.23 of the RES Regulations.

**PUC** means the Rhode Island Public Utilities Commission, or its successor.

**RES** means Renewable Energy Standard.

**RES Regulations** means the Rules and Regulations Governing The Implementation Of A Renewable Energy Standard promulgated pursuant to the Renewable Energy Standard Law Section 39-26-1 et seq. of the General Laws of Rhode Island that implement a Renewable Energy Standard to facilitate the development of renewable energy resources for the benefit of customers in Rhode Island.

**Security Amount** means the sum of:

- A) the product of (i) the RES Existing NEPOOL-GIS Certificate Quantity in a year and (ii) the positive difference between the RES Existing Alternative Compliance Payment Rate and the RES Existing NEPOOL-GIS Certificate Purchase Price, plus
- B) the product of (i) the RES New NEPOOL-GIS Certificate Quantity in a year and (ii) the positive difference between the RES New Alternative Compliance Payment Rate and the RES New NEPOOL-GIS Certificate Purchase Price

**S&P** means Standard & Poor's Rating Group, its successors and assigns.

**Trading Period** means the term as defined in the NEPOOL GIS Operating Rules.

**Vintage** means the calendar year that a NEPOOL-GIS Certificate represents as the relevant generation attributes for an energy resource.

ARTICLE 3.       **Effective Date; Filing Obligation; Term**

Buyer will file the results of the RES solicitation with the PUC no later than one Business Day after pricing was submitted.

The term of this Agreement (“Term”) shall commence on the Effective Date and expire effective on the later of (i) the date on which all performances of the Parties under this Agreement have been completed, including, but not limited to, the delivery of all NEPOOL GIS-Certificates and the payment of all amounts due as required by this Agreement, and (ii) the date that all disputes, if any, arising under this Agreement are resolved in a final manner. As of the expiration of this Agreement or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to audit rights, remedies for default, damages claims, indemnification and defense of claims shall survive the termination or expiration of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run, subject to any time limits specifically set forth in this Agreement with respect thereto.

#### **ARTICLE 4. SALE AND PURCHASE**

##### **Section 4.1 Provision Delivery and Receipt**

Seller shall sell and deliver and the Buyer shall purchase and receive RES New and Existing NEPOOL-GIS Certificates equal in number to the corresponding RES New and Existing NEPOOL-GIS Certificate Quantity. Seller shall utilize the NEPOOL-GIS to transfer the number of NEPOOL-GIS Certificates required to be transferred hereunder for each Trading Period to an account within the NEPOOL-GIS designated by the Buyer at least five (5) Business Days prior to the end of the applicable Trading Period.

##### **Section 4.2 Seller Representations and Warranties:**

###### **Seller represents, warrants, and agrees that:**

(a) The NEPOOL-GIS Certificates sold and delivered to the Buyer’s account under this Agreement are and shall be free and clear of any liens, encumbrances and title defects;

(b) Seller has obtained, and will maintain, all necessary regulatory approvals required to enable it to provide the NEPOOL-GIS Certificates as required by this Agreement and that the NEPOOL-GIS Certificates sold hereunder are and will be compliant with the RES Regulations; and

(c) The NEPOOL-GIS Certificates sold hereunder have not been, and shall not be, sold, retired, claimed or represented as part of electricity output or sales, or used to satisfy obligations in any other jurisdiction.

#### **ARTICLE 5. AMOUNT, BILLING and PAYMENT**

### Section 5.1 Amount

The amount payable by Buyer to Seller for NEPOOL-GIS Certificates shall be the sum of:

- A) the product of (a) the number of RES Existing NEPOOL-GIS Certificates transferred and confirmed during a Trading Period and (b) the RES Existing NEPOOL-GIS Certificate Purchase Price for such Trading Period, plus
- B) the product of (a) the number of RES New NEPOOL-GIS Certificates transferred and confirmed during a Trading Period and (b) the RES New NEPOOL-GIS Certificate Purchase Price for such Trading Period.

### Section 5.2 Billing and Payment

(a) After each NEPOOL-GIS Certificate transfer has been confirmed, the Seller shall calculate the amount due and payable to Seller pursuant to this Article and provide an invoice ("Invoice") for such amount. The Invoice shall be provided to the Buyer and shall include sufficient detail for the Buyer to verify its formulation and computation.

(b) The Buyer shall pay Seller the amount due and owing in accordance with Section 5.1 on the fifteenth (15th) Business Day after receiving the Invoice (the "Due Date"). If all or any part of such amount remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at a rate per annum equal to the Interest Rate in effect on the Due Date.

(c) Each Party shall notify the other Party upon becoming aware of any error in an Invoice (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at a rate per annum equal to the Interest Rate in effect on the Due Date from the date of the receipt of the overpayment until the date paid or deducted.

### Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Invoices (or the data utilized in the forgoing) and payments no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

### Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies ("Taxes") which may be assessed by any entity upon the Seller's provision of NEPOOL-GIS Certificates to the Buyer.

**Section 5.5    Netting and Setoff**

Except for security provided pursuant to Section 6.3 (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another written agreement between the Parties, if the Parties are required to pay an amount on the same date each to the other under this Agreement or any other agreement between the Parties, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or such other written agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other written agreement between the Parties may be netted against each other, set off or recouped there from.

**ARTICLE 6.            DEFAULT AND TERMINATION**

**Section 6.1    Events of Default**

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to the Buyer:

(i) Failure of the Buyer

(A) in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except attributable to Seller's' wrongful act or failure to act in breach of this Agreement): and

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days), provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:



(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement): and

(B) after receipt of written notice from the Buyer such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect a cure (but in no event longer than thirty (30) days), provided that Seller (x) commences within such five (5) Business Day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

(ii) Failure of Seller to transfer NEPOOL-GIS Certificates in the amounts and/or at the times required by, and otherwise in accordance with, Article 4.

(iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with Section 6.3.

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

(i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;

(ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any

applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action; and

- (iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.

## Section 6.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a "Termination Notice"). Termination shall be effective on the date set forth in the Termination Notice, which date shall be no more than twenty (20) Business Days after the date such Termination Notice is provided to the Defaulting Party in accordance with Article 7. Termination of this Agreement shall in no way limit or restrict any Party's right to pursue any legal or equitable remedies available to it arising from an Event of Default.

(b) Notwithstanding any other provision of this Agreement, the cure of an Event of Default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Agreement shall not release such defaulting Party from its liability to indemnify, save harmless and defend the non-defaulting Party for any claims, demands, suits, losses, liabilities, damages, obligations, payments, costs and expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) relating to, arising out of or resulting from such Event of Default or any failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement.

(c) In the event Seller causes or suffers an Event of Default, and the Buyer elects to terminate this Agreement, then, on or before five (5) Business Days following issuance of a Termination Notice by Buyer, Seller shall pay the Buyer an amount equal to the positive amount, if any, equal to the product of (i) the number of NEPOOL-GIS Certificates to be transferred to Buyer under this Agreement during the Term that have not been so transferred ("Undelivered Certificates"), and (ii) the positive difference, if any, of the applicable Alternative Compliance Payment rate or rates determined in accordance with the RES Regulations less the applicable NEPOOL-GIS Certificate Purchase Price the Buyer would have had to pay Seller for each

Undelivered Certificate if the same had actually been delivered hereunder as and when required, plus all costs, fees and expenses incurred by Buyer in connection with making Alternative Compliance Payment(s) for the Undelivered Certificates. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

(d) In the event the Buyer causes or suffers an Event of Default, and Seller elects to terminate this Agreement, then, on or before five (5) Business Days following issuance of the Termination Notice by Seller, the Buyer shall pay Seller the positive amount, if any, equal to the product of (i) the number of NEPOOL-GIS Certificates required to be transferred by Seller under this Agreement during the Term that have not been so transferred (“Untransferred Certificates”) and (ii) the positive difference, if any, of the NEPOOL-GIS Certificate Purchase Price less the average market price as of the date of issuance of such Termination Notice for the number of Untransferred Certificates of a vintage equivalent to the calendar year in which such Untransferred Certificates were to be delivered hereunder as specified in Article 4. Such average market price is to be determined based upon the average of prices quoted by three independent third party brokerage services selected by Seller and reasonably acceptable to the Buyer. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

### Section 6.3 Security

(a) Seller, at all times during the term of this Agreement, shall either (i) maintain (A) a Credit Rating at least equal to Investment Grade (the “Credit Requirements”) or (ii) provide collateral equal to the calculated Security Amount in accordance with Section 6.3(b). Prior to the Commencement Date and at any time upon the request of Buyer, Seller (or its Credit Support Provider at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect) shall establish that it meets the Credit Requirements by providing (x) a certificate of an authorized officer, accompanied by supporting certified financial statements and (y) documentation of all Credit Ratings. Seller shall inform the Buyer within one (1) Business Day of any failure of it or its Credit Support Provider (at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect) to meet Credit Requirements, or of it being placed by S&P or Moody's on credit watch, under review for a downgrade or with negative implications.

(b) If, at any time during the Term of this Agreement, Seller fails to meet the Credit Requirements, then Seller shall provide collateral (i) equal to the Security Amount to the Buyer; and (ii) in one of the following forms, within five (5) Business Days of the occurrence of such failure to meet the Credit Requirements:

- (A) A guaranty of Seller's obligations hereunder issued by an Affiliate of Seller that meets the Credit Requirements and in substantially the form set forth in Appendix A attached hereto;
- (B) An irrevocable, transferable standby letter of credit (x) issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least “A-” from S&P or “A3” from Moody's, (y) in a form acceptable to Buyer, including a provision permitting the

Buyer, upon an Event of Default by Seller to draw down, on one or more occasions, in whole or in part, as the case may be, on the letter of credit and also permitting the Buyer to draw down an amount equal to the amount specified in Section 6.2(c) without giving effect to Section 5.5 (Netting and Setoff), and (z) that shall terminate no earlier than 120 days following the later of the termination or expiration of this Agreement. If Seller is required to provide the bank with a guarantee or any other form of financial assurance from one or more other entities to secure its letter of credit obligations, then such entities shall also guarantee all of Seller's obligations to the Buyer under this Agreement;

- (C) U.S. Dollars delivered by wire transfer of immediately available funds; or
- (D) Any alternate form of credit support proposed by Seller that the Buyer deems acceptable, in its sole discretion; provided however, the Buyer is under no obligation to accept any alternate form of credit support and may withhold consent to any such alternate form for any reason.

#### Section 6.4 Forward Contract.

Each Party represents and warrants to the other that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 6, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

## **ARTICLE 7. NOTICES, REPRESENTATIVES OF THE PARTIES**

### Section 7.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by electronic mail (with receipt confirmed by telephone), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by electronic mail confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Director, Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801  
(516) 545-4110 (phone)  
ElectricSupply@NationalGrid.com

and

With a copy to:

Wendy E. Stark  
SVP, General Counsel, Corporate Secretary & CLO  
PPL  
2 N 9th St.  
GEN TW16  
Allentown, PA 18101  
(610) 774-6872 (phone)  
wstark@pplweb.com

Notices and other communications by the Buyer to Seller shall be addressed to:

**[Name]**  
**[Company]**  
**[Address]**  
**[City, State & Zip]**  
**[Phone]**  
**[EMAIL]**

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 7.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 15.

**ARTICLE 8. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES**

Section 8.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 8.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING

ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN 13.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

## Section 8.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successors, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of

any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 8.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of NEPOOL-GIS Certificates.

**ARTICLE 9. ASSIGNMENT**

Section 9.1 General Prohibition Against Assignments

Except as provided in Section 9.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 9.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, and (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent; provided, that, any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

**ARTICLE 10. SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of, and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

**ARTICLE 11. WAIVERS**

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

## **ARTICLE 12. LAWS AND REGULATIONS**

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting *sua sponte* shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 12(c) then, without further action of either Party, Article 12(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 12 is intended to modify any Party's right to enforce the terms of this Agreement as written.

## **ARTICLE 13. INTERPRETATION, DISPUTE RESOLUTION**



### Section 13.1 Governing Law

The Agreement shall be governed by, and construed and performed in accordance with, the laws of the State of Rhode Island, without giving effect to its conflict of laws principles.

### Section 13.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 13.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any rights or remedy it has under this Agreement, including those in Article 6. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the

arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment

### Section 13.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of Rhode Island; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

### **ARTICLE 14. SEVERABILITY**

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

### **ARTICLE 15. MODIFICATIONS**

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

### **ARTICLE 16. ENTIRE AGREEMENT**

This Agreement, including the Appendices, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby.

### **ARTICLE 17. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

## **ARTICLE 18. INTERPRETATION; CONSTRUCTION**

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

## **ARTICLE 19. REPRESENTATIONS; WARRANTIES AND COVENANTS**

Each Party represents to the other Party, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Agreement and to consummate and perform the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by it, and, assuming that this Agreement constitutes a valid and binding agreement of the other Party, constitutes its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Agreement by it or the performance by it of its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Agreement by it will nor the performance by it of its obligations under this Agreement will or does (i) conflict with or result in

any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

## **ARTICLE 20. CONSENTS AND APPROVALS**

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

## **ARTICLE 21. SURVIVAL**

Subject to Section 3(b), as of the expiration of this Agreement in accordance with Article 3 or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to indemnification and defense of claims.

## **ARTICLE 22. CONFIDENTIALITY**

Neither Seller nor the Buyer shall provide copies of **[BIDDERS: Insert sections -]** or disclose the contents or terms thereof , (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency requesting and/or requiring such Confidential Terms, provided that any such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

**THE NARRAGANSETT ELECTRIC COMPANY**

\_\_\_\_\_

Name (print): \_\_\_\_\_

Title: \_\_\_\_\_

**[COMPANY]**

\_\_\_\_\_

Name (print): \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX A  
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [\_\_\_\_\_], **YEAR** (the “Effective Date”), is made and entered into by [ \_\_\_\_\_ ], a [ \_\_\_\_\_ ] corporation (“Guarantor”).

**W I T N E S S E T H:**

WHEREAS, The Narragansett Electric Company (“the Buyer”) and [ \_\_\_\_\_ ], a corporation organized under the laws of the State of [ \_\_\_\_\_ ] (“Seller”) and a [ \_\_\_\_\_ ] of Guarantor, have entered into the Certificate Purchase Agreement dated as of [ \_\_\_\_\_ ], 2008 (as such agreement may be amended and modified by the Buyer and Seller from time to time, the “Agreement”); and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- (1) GUARANTY. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the “Obligations”). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Buyer but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
  
- (2) DEMANDS AND NOTICE. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to perform or pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a “Demand”). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to perform or pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must perform the Obligations within two (2) Business Days, or pay the Obligations within five (5) Business Days, after its receipt of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or

Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the State of Rhode Island.

- (3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:
- (a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [ ] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;
  - (b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both), contravene, conflict with or result in a breach of or default under any provision of its constitutional or organizational documents or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and
  - (c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and
  - (d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.
- (4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.
- (5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.
- (6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy,



reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes, including, without limitation, in the time of payment of and other changes in, the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers thereunder.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder or made by Seller in connection with the Agreement is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the Term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by electronic mail, as follows:

To the Buyer:

Director, Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801

ElectricSupply@NationalGrid.com  
Phone No.: (516) 545-4110

To Guarantor:

Email:  
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by electronic mail shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the State of Rhode Island, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement (“Assigned Agreement”), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on \_\_\_\_\_, but it is effective as of the Effective Date.**

[GUARANTOR]

BY:

NAME:

TITLE:

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 22-43-EL  
2023 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESSES: ROULAND AND RUEBENACKER  
SCHEDULES**

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Schedule 3  
RES RFP Notice (Template)

**Request For Proposals  
To Provide NEPOOL-GIS  
Certificates in Compliance  
With the Rhode Island  
Renewable Energy  
Standard**

For the Period:

Calendar Year[S] [YEARS]

**[ISSUE DATE]**

## REQUEST FOR PROPOSALS

### 1. Overview and Transition Service Agreement

#### 1.1 Overview

On June 29, 2004 Rhode Island enacted a Renewable Energy Standard (“RES”) that promotes the development of renewable energy resources in Rhode Island and New England “with the goals of stabilizing long-term energy prices, enhancing environmental quality, and creating jobs in Rhode Island in the renewable energy sector”.<sup>1</sup> The RES requires a retail supplier of electricity to obtain a minimum portion of its supply from certain new and existing renewable energy resources. The Rhode Island Public Utilities Commission (“PUC”) established rules and regulations implementing these requirements (“RES Rules”). The RES rules can be found at:

[http://www.ripuc.org/rulesregs/commrules/RESRules\(7-25-07\).pdf](http://www.ripuc.org/rulesregs/commrules/RESRules(7-25-07).pdf)

These rules require The Narragansett Electric Company (“Narragansett” or the “Company”) to demonstrate that a portion of its Rhode Island electricity sales are supplied from a mix of renewable energy generation resources. They are:

- **New** consists of new renewable generators that began commercial operation after December 31, 1997.
- **Existing** consists of existing renewable generators that began commercial operation before December 31, 1997.

The renewable requirements as a percent of sales are divided into two separate classes and summarized below:

<b>Year</b>	<b>Percentage from New Renewable Energy Resources</b>	<b>Percentage from <i>either</i> New or Existing Renewable Energy Resources</b>	<b>Total Target Percentage</b>
[YEAR]	[NUMBER] %	[NUMBER] %	[NUMBER] %
[YEAR]	[NUMBER] %	[NUMBER] %	[NUMBER] %

A retail supplier may satisfy these requirements by providing attribute certificates from the NEPOOL Generation Information System (“NEPOOL-GIS Certificate” or “REC”), contracting for the output of existing or new renewable energy resources, or making an Alternative Compliance Payment (“ACP”) to the Renewable Energy Development Fund (“REDF”) of the Rhode Island Commerce Corporation.

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<sup>1</sup> R.I.G.L. § 39-26-1, et seq., Renewable Energy Standard.

Narragansett<sup>2</sup> is seeking proposals for the supply of RECs from generating facilities in Rhode Island, New England and surrounding regions that have been approved by the PUC as either existing or new renewable energy resources that meet the RES requirements. Narragansett is seeking proposals that provide RECs that comply with the RES for calendar year[s] [YEARS]. It is the intent of Narragansett and supplier(s) that the resulting transactions shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the parties intend to physically settle the transactions, and are therefore not subject to swap regulation.

Nothing in this RFP, or in any proposal that may be submitted in response to this RFP, shall create any obligation on the part of Narragansett.

## 1.2 Transition Service Agreement

In 2021, National Grid USA (“National Grid”) announced that it had entered into an agreement with PPL Energy Holdings, LLC (“PPL”), pursuant to which PPL will acquire National Grid’s electric and gas distribution business in Rhode Island through the acquisition of National Grid’s wholly owned subsidiary, Narragansett. Upon the closing of this transaction, PPL acquired the outstanding shares of common stock of Narragansett, and Narragansett will continue as a subsidiary of PPL. The Transaction closed on May 25, 2022.

Pursuant to the grant of agency authority by Narragansett to National Grid USA Service Company, Inc. (referred to herein as the “Service Provider”), the Service Provider is designated to act as Narragansett’s agent under the Transition Services Agreement between the Service Provider, National Grid and Narragansett in connection with Renewable Energy Certificate transactions, including the solicitation and evaluation of this RFP, and the purchase, confirmation, billing and administration of the transactions resulting from this RFP.

## 2. Quantity of Certificates Sought and Description of Proposals

### 2.1. Quantity of Certificates

Narragansett may purchase up to the following quantity of NEPOOL-GIS Certificates to meet its RES obligations in Rhode Island:

Year	NEPOOL-GIS Certificates	NEPOOL-GIS Certificates	Total NEPOOL-
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<sup>2</sup> The contracting entity will be The Narragansett Electric Company.

	From Existing Energy Resources	From New Energy Resources	GIS Certificates
[YEAR]	[NUMBER]	[NUMBER]	[NUMBER]
[YEAR]	[NUMBER]	[NUMBER]	[NUMBER]

## 2.2. Description of Proposals

Service Provider will consider the following types of proposals for the purchase of RECs that meet the Rhode Island RES requirements:

- Firm RECs issued by the NEPOOL-GIS in the current trading period.
- Firm RECs to be issued by the NEPOOL-GIS in future trading periods.
- 

## 2.3 Proposal Documents and Information

To assist Respondents in responding to this RFP, Service Provider is providing the RFP and Certificate Purchase Agreement (“CPA”) on a Wholesale Energy supplier website. Please use the following link to access the site:

<http://www.nationalgridus.com/energysupply/>

This site is open to anyone with the above link. No user id or password is required to access the data on the site.

## 3. General Provisions

### 3.1 Terms and Conditions

Narragansett is seeking to purchase NEPOOL-GIS Certificates that are least cost and in the best interests of its customers. The winning supplier(s) will be required to execute a Certificate Purchase Agreement with Narragansett for the purchase of NEPOOL-GIS Certificates within two (2) business days of being notified that it has been selected as a winning supplier. A copy of the proposed Certificate Purchase Agreement is provided in Appendix A.

Any proposed changes to the Certificate Purchase Agreement are to be included with Respondent’s response to this RFP.

Under Article 6 of the Certificate Purchase Agreement, failure of the winning supplier to deliver the NEPOOL-GIS Certificates would constitute an event of default under the agreement, allowing Narragansett to terminate and recover liquidated damages from the supplier.

### 3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.

Process Step	Date
Issue Request for Proposal	<span style="color: red;">[DATE]</span>
Submit Respondent Proposal Information and Proposed Contract Modifications (if applicable)	<span style="color: red;">[DATE]</span> – 5pm EPT
Submit Pricing	<span style="color: red;">[DATE]</span> – 10am EPT
Company reviews Pricing with the Division of Public Utilities and Carriers and informs winning suppliers	<span style="color: red;">[DATE]</span> – 5pm EPT
Company submits solicitation process summary to PUC	No later than one business day after Pricing
Winning bidder(s) and Company execute CPA(s)	No later than two business days after Pricing

One (1) copy of a Respondent’s Proposal Information must be submitted by e-mail or facsimile or mailed to the following address. If mailed, four (4) copies must be submitted.

[EMPLOYEE]  
 Wholesale Electric Supply  
 National Grid  
 100 East Old Country Road  
 Hicksville, NY 11801  
 (516) 545- XXXX

e-mail: ElectricSupply@nationalgrid.com

Service Provider is conducting the procurement process in two steps. The first step is for Respondents to provide Service Provider with their background, financial information, and proposed contract modifications by 5:00 p.m. EPT on [DATE]. Upon receipt, Service Provider will evaluate each Respondent’s qualifications and will notify any Respondent that does not qualify at least one business day before the Proposals are due.

The second step in this process is for Respondents to provide pricing information by 10:00 a.m. EPT on [DATE] to the above Service Provider contact. Service Provider



intends to evaluate the pricing and select a Supplier(s) that day. Narragansett will share a copy of each bid received with the Rhode Island Division of Public Utilities and Carriers (“Division”) and the Office of Energy Resources (“OER”). Narragansett will review the pricing received with the staff of the Division to determine the number of NEPOOL-GIS Certificates it will purchase, if any, and begin to inform Respondents from which it will make such purchases.

Pricing shall be binding until execution of a CPA. Respondents should specify the manner in which they will accept a binding acceptance of their offer by Service Provider prior to receipt of an executed agreement (letter of intent or e-mail) or they will be deemed to be bound by Service Provider’s acceptance communicated in any of the preceding manners.

Within one business day of receipt of final pricing, Narragansett will file with the Rhode Island Public Utilities Commission a confidential summary of the solicitation process.

Service Provider, in consultation with or at the request of the PUC or Division, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in the RFP or any appendix thereto and to withdraw the RFP.

### 3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to [EMPLOYEE] at the address provided above.

## 4. Proposal Requirements

### 4.1 Format of Proposal

The information required by Service Provider to evaluate each proposal is identified in Appendix B. Respondents shall complete the forms provided in Appendix B and return them to [EMPLOYEE] as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

### 4.2 Proposed Pricing

Respondents must specify the price at which they will sell certificates to Narragansett. Narragansett is only purchasing RECs from qualifying new or existing renewable generators and will not purchase the energy or other market products from any generator.

It is Service Provider's intention to pay a supplier based on the number of valid RECs actually delivered to Narragansett's account in the NEPOOL-GIS system. Proposed pricing should be structured in such manner.

#### 4.3 Regulatory Approvals

The supplier of the certificates covered by this RFP must provide a summary of all necessary regulatory approvals required to enable it to provide Rhode Island RES compliant NEPOOL-GIS Certificates.

### 5. Selection Process

The criteria to be used in evaluating bids will include:

- Lowest evaluated bid price

In the event of identical low bids, the Service Provider will allocate the offered RECs to all bidders with identical prices based on the quantities bid and the quantities solicited.

Service Provider will treat the information it receives from a supplier in a confidential manner and will only share such information with the PUC, OER, and the Division. Service Provider will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

### 6. General Requirements

Service Provider may withdraw and terminate this RFP at any time without any liability. Service Provider reserves the right to accept or reject, in whole or in part, any and all proposals. Service Provider will not be responsible to any Respondent or any other party for failure to execute a Certificate Purchase Agreement.

Service Provider shall reject proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of the RFP, or are submitted beyond the deadline for submission. All proposals submitted by Respondents in response to the RFP will become the exclusive property of Narragansett.

Each Respondent certifies, by its submission of a bid, that it is bidding independently and that it has no knowledge of any proposal being submitted by another Respondent in response to this RFP. Each Respondent further certifies that, by its submission of a bid, it has not disclosed and will not disclose prior to any award hereunder any information

relating to its proposal which could have an effect on whether another party submits a proposal to this RFP or on the contents of such proposal that another bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the bidder is submitting a proposal in response to this RFP, the bidder's bids, the bidder's quantities of each product bid, the bidder's estimation of the value of a product, the bidder's estimation of the risks associated with supplying a product, and the bidder's preference for bidding on one or several products. Each Respondent further certifies that, by submission of its bid, it has bound any agents, consultants or other third parties retained or otherwise used in connection with the preparation and submission of its bid to observe these same restrictions and requirements concerning Respondent's bid and maintain the confidentiality of information concerning its bid.

If any information provided by the Respondent changes or fails to remain valid, it is the sole responsibility of the Respondent to notify Service Provider of such change. Failing to do so may result in disqualification of the Respondent and its proposal for the solicitation.

Respondents shall, at their own cost and expense, defend, indemnify and hold harmless Service Provider and Narragansett, its parent, subsidiaries and affiliates and their officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions proceeding or allegations of any kind which in any manner relate to arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in its proposal, or breach of any covenant by the Respondent set forth herein.

**APPENDIX A**

**PROPOSED CERTIFICATE PURCHASE AGREEMENT**

**APPENDIX B**

**REQUIRED RESPONDENT INFORMATION**

## 1. General Information

Name of Respondent	
Principal contact person < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Legal form of business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State(s) of incorporation, residency and organization  Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, which states and the reason it is not.	
If Respondent is a partnership, the names of all general and limited partners.  If Respondent is a limited liability company, the names of all direct owners.	
Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector	

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## 2. Financial Information

Current debt rating for Respondent (include ratings and names of rating agencies).	
Date Respondent's last fiscal year ended.	
Total revenue for Respondent for the most recent fiscal year.	
Total net income for Respondent for the most recent fiscal year.	
Total assets for Respondent as of the close of the previous fiscal year.	
Copy of the Respondent's most recent balance sheet, income statement and cash flow statement.	
Copy of the Respondent's most recent audited balance sheet, income statement and cash flow statement.	

## 3. Defaults and Adverse Situations

Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors.	
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#### 4. CONFLICTS OF INTEREST

Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Narragansett (Buyer), Service Provider or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, Service Provider or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, Service Provider or an affiliate of any of the foregoing.	

#### 5. SCOPE OF BID AND TERMS OF SALE

Will Respondent execute a contract substantially similar to the proposed Certificate Purchase Agreement contained in Appendix A?  Explain any proposed modifications.	
List all regulatory approvals required before service can commence.	



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## **6. PROPOSED TRANSACTION**

(include pricing, term, description of renewable resource, and location of resource)

Please use and submit electronic (Excel) Bidder Sheet provided.

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 22-43-EL  
2023 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESSES: ROULAND AND RUEBENACKER  
SCHEDULES**

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Schedule 4  
RES RFP Summary (Template)

# **THE NARRAGANSETT ELECTRIC COMPANY**

## **RENEWABLE ENERGY CERTIFICATE [ISSUE MONTH & YEAR] PROCUREMENT SUMMARY**

FOR THE OBLIGATION YEAR[s] [YEARS]

### **1. RFP Issued**

The Narragansett Electric Company d/b/a Rhode Island Energy (“Narragansett” or the “Company”) issued its Request for Proposals (“RFP”) to Provide NEPOOL-GIS Certificates in Compliance with the Rhode Island Renewable Energy Standard (“RES”)<sup>1</sup> on [ISSUE DATE] directly to the renewable generators who have filed their renewable energy applications for certification with the Rhode Island Public Utilities Commission (“PUC”) and organizations that have expressed interest in receiving RFPs from Narragansett.

The RFP was also posted on an energy supply website. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

The procurement was conducted in accordance with the Company’s Renewable Energy Standard Procurement Plan filed on [FILE DATE] with the PUC and in compliance with the Renewable Energy Standard. The PUC approved the plan on [APPROVAL DATE] and issued a written order on [DATE] (Order No. [NUMBER]).

The RFP sought a specified quantity of new and existing Renewable Energy Certificates (“RECs”) that comply with the RES to satisfy a portion of Narragansett’s Last Resort Service RES Obligations for the Calendar year[s] [YEAR].

The quantity of RECs specified in the Procurement Plan was updated to include reconciled load data through [DATE]. A calculation of the quantities of RECs requested is provided in Exhibit 1.

### **2. Key RFP Dates**

The RFP was issued on [DATE].

Respondent Proposal Information and proposed contract modifications were received on [DATE].

Pricing was received on [DATE] from [NUMBER] suppliers. The bidders were:

- Bidder A - [NAME]
- Bidder B - [NAME]
- Bidder [TBD] – [NAME]

A summary of the bids received is found in Exhibit 2.

Respondents were informed of awards on [DATE].

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<sup>1</sup> R.I.G.L. § 39-26-1, et seq., Renewable Energy Standard.

**3. Contract Submissions**

[NUMBER] bidders submitted contract comments in the form of proposed revisions to the Certificate Purchase Agreement. These comments were [DESCRIPTION].

**4. Award of New Renewable RECs**

[NUMBER] bidders provided offers to sell RECs from new renewable resources. Exhibit 3 is an analysis and graphical summary of the bids received ranked by bid price. As shown in Exhibit 3, the RFP process selected the bids that provided the lowest cost up to the quantity required and did not perform any adjustment for non-price benefits.

**5. Award of Existing Renewable RECs**

[NUMBER] bidders provided offers to sell RECs from existing renewable resources. Exhibit 4 provides an analysis and graphical summary of the bids received ranked by bid price. As shown in Exhibit 4, the RFP process selected the bids that provided the lowest cost up to the quantity required and did not perform any adjustment for non-price benefits.

**6. Summary of Award**

On [DATE], Narragansett shared the REC bids with the Division Staff for review.

Exhibit 5 is a list of the winning bidders by REC type and year. Narragansett expects to purchase a total of [NUMBER] RECs at a cost of \$[NUMBER]. The following is a summary of the RECs procured in this RFP.

New or Existing	Vintage	Quantity	Average Price
New	YEAR	#	\$ #
Existing	YEAR	#	\$ #

**7. Procurement Process Analysis**

[PROVIDE SUMMARY OF PROCUREMENT PROCESS]

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Page 3 of 10  
Docket No. **NUMBER**

**EXHIBIT 1**  
**CALCULATION OF REQUESTED RECs**

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Page 4 of 10  
Docket No. **NUMBER**

**EXHIBIT 2**  
**SUMMARY OF BIDS RECEIVED**

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Page 5 of 10  
Docket No. **NUMBER**

**EXHIBIT 3  
ANALYSIS OF NEW RENEWABLE REC BIDS  
BID STACK**

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Page 6 of 10  
Docket No. **NUMBER**

**EXHIBIT 4  
ANALYSIS OF EXISTING RENEWABLE REC BIDS  
BID STACK**



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Page 7 of 10  
Docket No. **NUMBER**

**EXHIBIT 5**  
**SUMMARY OF WINNING BIDS**

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Page 8 of 10  
Docket No. **NUMBER**

**EXHIBIT 6**  
**REC PROCUREMENT PLAN STATUS**

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Page 9 of 10  
Docket No. **NUMBER**

**EXHIBIT 7**  
**GIS CERTIFICATE STATISTICS REPORTS**

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Page 10 of 10  
Docket No. **NUMBER**

**EXHIBIT 8**  
**NEW ENGLAND TIER 1 RPS OBLIGATIONS**