

The Narragansett Electric Company
d/b/a Rhode Island Energy

2025 LAST RESORT SERVICE PROCUREMENT PLAN

Consisting of the
Pre-Filed Joint Direct Testimony and
Schedules of:

Andrew Castanaro, Jonathan Bausch,
and Jeffrey Oliveira

June 4, 2024

Submitted to:
Rhode Island Public Utilities Commission
RIPUC Docket No. 24-20-EL

Submitted by:



Rhode Island Energy™
a PPL company

June 4, 2024

VIA ELECTRONIC MAIL

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

RE: Docket No. 24-20-EL - The Narragansett Electric Company d/b/a Rhode Island Energy's 2025 Last Resort Service Procurement Plan

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"), enclosed, is the Company's 2025 Last Resort Service Procurement Plan ("2025 LRS Plan") for review and approval by the Public Utilities Commission ("PUC" or "Commission"). The 2025 LRS Plan is being filed in accordance with R.I. Gen. Laws § 39-1-27.3(c).

The 2025 LRS Plan is similar to the last resort service procurement plan that is currently in effect. The difference being that the 2025 LRS Plan, if approved, would increase spot market purchases from 10% to 15% and reduce the first two 6-month bid-block of the 18-month quarterly procurement from 20% to 15%.

Specifically, the Company is seeking the following rulings from the PUC:

- (1) To approve the 2025 LRS Plan as proposed by the Company through this filing, including approval of the standard Master Power Agreement, LRS Request for Proposal Notice, and LRS Request for Proposal Summary, for procurements made by the Company on and after January 1, 2025;
- (2) The 2025 LRS Plan shall remain in effect until the PUC approves an updated LRS procurement plan; and
- (3) The Company shall periodically review the 2025 LRS Plan, at a minimum every two years, or upon request by the PUC or Division of Public Utilities and Carriers, to determine whether it should be prospectively modified due to changed market conditions. If the Company finds that no changes to the 2025 LRS Plan are warranted, no filing with the PUC is necessary. If the Company finds that changes to the 2025 LRS Plan may be warranted, the Company shall file a proposed updated LRS procurement plan with the PUC for review.

Luly E. Massaro, Commission Clerk
Docket No. 24-20-EL – 2025 Last Resort Service Procurement Plan
June 4, 2024
Page 2 of 2

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-4263.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

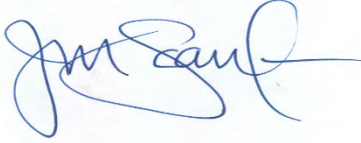
Enclosure

cc: Docket No. 24-20-EL Service List
John Bell, Division

Certificate of Service

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

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



Joanne M. Scanlon

June 4, 2024

Date

Docket No. 24-20-EL – The Narragansett Electric Co. d/b/a Rhode Island Energy – 2025 Last Resort Service Procurement Plan Service List updated 6/4/2024

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PRE-FILED DIRECT TESTIMONY

OF

ANDREW CASTANARO,

JONATHAN BAUSCH,

AND

JEFFREY OLIVEIRA

Table of Contents

I.	Introduction.....	1
II.	Purpose and Requested Rulings.....	7
III.	Current 2023 LRS Plan.....	9
IV.	Proposed 2025 LRS Plan	15
V.	Last Resort Service Procurement Process and Schedule	25
VI.	LRS Contingency Plan.....	28
VII.	LRS Rates, Cost Recovery, and Name	32
VIII.	Analysis of Docket No. 4600 Benefit-Cost Framework.....	33
IX.	Conclusion	41

1 **I. Introduction**

2 **Andrew Castanaro**

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

4 A. My name is Andrew Castanaro. I am employed by PPL Services Corporation (“PPL
5 Services”) which is a subsidiary of PPL Corporation (“PPL”). My business address is
6 827 Hausman Rd Allentown, PA 18102.

7
8 **Q. Please describe your position and responsibilities.**

9 A. I am the Manager of Energy Procurement. In this role, I support The Narragansett
10 Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or “RIE” or the
11 “Company”). My primary responsibilities include managing Rhode Island Energy’s Last
12 Resort Service (“LRS”) auctions and related activities; managing energy contracts and
13 associated credit provisions; and managing the transactions of Rhode Island Renewable
14 Energy Standard (“RES”) renewable energy certificates. I am also responsible for similar
15 programs in other jurisdictions in which PPL affiliates operate.

16
17 **Q. Please describe your educational background.**

18 A. I graduated from Columbia University in 2006 with a Bachelor of Arts in Economics.

19

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

2 A. I began my career in 2010 with PPL Services Corporation, in the Risk Management
3 Department, as a Market Analyst. In 2015, I joined Talen Energy, where I held the same
4 title. In 2016, I returned to PPL Electric Utilities as a Financial Analyst. In 2017, I joined
5 the Financial Planning & Analysis Department within PPL Services. In 2023, I was
6 promoted to Manager of Energy Procurement within the Regulatory Affairs Department of
7 PPL Services, which is the position I currently hold.

8
9 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**
10 **(“PUC”)?**

11 A. No

12

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

14 A. Yes. I submitted pre-filed testimony on behalf of PPL Electric Utilities regarding its
15 most recent Default Service Plan before the Pennsylvania Public Utility Commission.

16

17 **Jonathan Bausch**

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

19 A. My name is Jonathan Bausch. I am employed by PPL Services, which is a subsidiary of
20 PPL. My business address is 827 Hausman Rd Allentown, PA 18102.

21

1 **Q. Please describe your position and responsibilities at PPL Electric.**

2 A. I am a Senior Energy Procurement Specialist within PPL Services Corporation's
3 Regulatory Affairs energy procurement department. My primary responsibilities include
4 energy procurement for Rhode Island Energy's LRS auctions and related activities.

5
6 **Q. Please describe your educational background.**

7 A. I graduated from Pennsylvania State University in 2005 with a Bachelor of Science in
8 Earth and Mineral Sciences.

9
10 **Q. Please describe your professional experience.**

11 A. I began my employment in the energy sector in 2011 when I worked for Hess
12 Corporation Inc. in a customer service role. When Hess Corporation Inc. was acquired
13 by Direct Energy Business, LLC, I was promoted to support their large government
14 customers. In 2016, I left Direct Energy Business, LLC and was employed with PWI
15 Engineering, Inc, where I managed electric, natural gas and demand response
16 procurement for large commercial and industrial customers. I joined PPL in January of
17 2023, where I currently conduct energy procurement activities for LRS.

18

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

20 A. No. However, I did participate in a Technical Session on May 15, 2023, in Docket No.22-
21 02-EL regarding the Company's 2023 LRS Procurement Plan.

1 **Jeffrey Oliveira**

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

3 A. My name is Jeffrey D. Oliveira, and my business address is 280 Melrose Street,
4 Providence, Rhode Island 02907.

6 **Q. Please describe your position and responsibilities at Rhode Island Energy.**

7 A. I am employed by PPL Services as a Regulatory Programs Specialist. PPL Services
8 provides administrative, management, and support services to PPL and its subsidiary
9 companies, including Rhode Island Energy. My current duties include leading the
10 revenue requirement analyses and modeling that support regulatory filings, regulatory
11 strategies, and rate cases for the Company.

13 **Q. Please describe your education and professional experience.**

14 In 2000, I earned an associate degree in Business Administration from Bristol
15 Community College in Fall River, Massachusetts. I was employed by National Grid USA
16 Service Company, Inc. (“National Grid Service Company”), a subsidiary of National
17 Grid USA (“National Grid”), and its predecessor companies from 1999-2022. From 1999
18 through 2000, I was employed by Fall River Gas Company as a Staff Accountant. In
19 2001, after Fall River Gas Company merged with Southern Union Company (“Southern
20 Union”), I continued as a Staff Accountant with increased responsibilities. In August
21 2006, the Company acquired the Rhode Island gas distribution assets of Southern Union,

1 and I joined National Grid Service Company as a Senior Accounting Analyst. In January
2 2009, I became a Senior Revenue Requirement Analyst in National Grid Service
3 Company's Strategy and Regulation Department. In July 2011, I was promoted to Lead
4 Revenue Requirement Analyst in the New England Revenue Requirements group of the
5 New England Regulatory Department. On May 25, 2022, PPL Rhode Island Holdings,
6 LLC, a wholly owned indirect subsidiary of PPL, acquired 100 percent of the outstanding
7 shares of common stock of the Company from National Grid (the "Acquisition"), at
8 which time I began working in my current position.

9
10 **Q. Have you previously testified before the PUC?**

11 A. Yes. I filed pre-filed joint direct testimony with the PUC in support of the Company's
12 most recent 2024 Electric Pension Adjustment Factor Filing, Docket No. 24-16-EL and
13 have testified before the PUC in support of the Company's filings in proceedings as
14 follows: 2023 Electric Pension Adjustment Factor Filing, Docket No. 23-27-EL; 2023
15 Renewable Energy Growth Program Factor Filing, Docket No. 23-24-REG; 2024 Annual
16 Retail Rate Filing, Docket No. 24-07-EL; Fiscal Year ("FY") 2025 Gas Infrastructure,
17 Safety, and Reliability Plan, Docket No. 23-49-NG; FY 2025 Electric Infrastructure,
18 Safety, and Reliability Plan, Docket No. 23-48-EL; 2023 Distribution Adjustment Charge
19 Filing, Docket No. 23-23-NG; FY 2023 Gas Infrastructure, Safety, and Reliability Plan
20 Reconciliation Filing, Docket No. 5210; FY 2023 Electric Infrastructure, Safety, and
21 Reliability Plan Reconciliation Filing, Docket No. 5209; 2023 Renewable Energy Growth

1 Factor Filing, Docket No. 22-04-REG; 2023 Annual Retail Rate Filing, Docket No. 23-
2 03-EL; FY 2024 Gas Infrastructure, Safety, and Reliability Plan, Docket No. 22-54-NG;
3 FY 2024 Electric Infrastructure, Safety, and Reliability Plan, Docket No. 22-53-EL; 2022
4 Distribution Adjustment Charge Filing, Docket No. 22-13-NG; 2022 Pension Adjustment
5 Factor Filing, Docket No. 22-19-EL; 2022 Last Resort Service Rate Filing, Docket No.
6 4978; 2022 Renewable Energy Growth Program Factor Filing, Docket No. 22-04-REG;
7 2022 Annual Retail Rate Filing, Docket No. 5234; Joint Petition of the Company and the
8 Rhode Island Division of Public Utilities and Carriers (“Division”) filed February 23,
9 2022, relating to the Storm Contingency Fund Replenishment, Docket No. 4686; 2021
10 Distribution Adjustment Charge Filing, Docket No. 5165; 2021 Pension Adjustment
11 Factor Filing, Docket No. 5179; 2020 Distribution Adjustment Charge Filing, Docket No.
12 5040; 2020 Pension Adjustment Factor Filing, Docket No. 5054; 2019 Distribution
13 Adjustment Charge Filing, Docket No. 4955; 2019 Pension Adjustment Factor Filing,
14 Docket No. 4958; 2018 Distribution Adjustment Charge Filing, Docket No. 4846; 2018
15 Pension Adjustment Factor Filing, Docket No. 4855; and in Docket No. 4686, in support
16 of the Joint Proposal and Settlement submitted by the Company and the Division dated
17 September 25, 2017, pertaining to the operation of the Storm Contingency Fund. I have
18 also submitted pre-filed testimony to the Massachusetts Department of Public Utilities on
19 behalf of the Massachusetts Electric Company and Nantucket Electric Company as a
20 revenue requirement witness in annual pension adjustment mechanism proceedings.

21

1 **II. Purpose and Requested Rulings**

2 **Q. What is the purpose of your testimony?**

3 A. First, the Company will provide an overview of the existing 2023 Last Resort Service
4 Procurement Plan (“2023 LRS Plan”), which the PUC approved at an Open Meeting on
5 March 13, 2023, subject to further review, in Docket No. 22-02-EL. Second, the
6 Company will discuss the Last Resort Service Procurement Plan that is the subject of this
7 filing and that the Company is proposing become effective January 1, 2025 (“2025 LRS
8 Plan”). The Company is also proposing that the 2025 LRS Plan continue until altered by
9 an updated LRS Plan, as described later in our testimony.

10

11 **Q. What are the requested rulings that the Company is seeking from the PUC through**
12 **this filing?**

13 A. The Company is seeking the following rulings from the PUC:

- 14 (1) To approve the 2025 LRS Plan as proposed by the Company through this filing,
15 including approval of the standard Master Power Agreement, LRS Request for
16 Proposal Notice, and LRS Request for Proposal Summary, for procurements made by
17 the Company on and after January 1, 2025;
- 18 (2) The 2025 LRS Plan shall remain in effect until the PUC approves an updated LRS
19 procurement plan; and
- 20 (3) The Company shall periodically review the 2025 LRS Plan, at a minimum every two
21 years, or upon request by the PUC or Division, to determine whether it should be

1 prospectively modified due to changed market conditions. If the Company finds that
2 no changes to the 2025 LRS Plan are warranted, no filing with the PUC is necessary.
3 If the Company finds that changes to the 2025 LRS Plan may be warranted, the
4 Company shall file a proposed updated LRS procurement plan with the PUC for
5 review.

6
7 **Q. Does the PUC possess the authority to review and approve the Company’s proposed**
8 **2025 LRS Plan?**

9 A. Yes. Rhode Island General Laws § 39-1-27.3(c) requires the Company to arrange for an
10 LRS power supply for customers who are not otherwise receiving electric service from a
11 Non-regulated Power Producer (“NPP”). Specifically, pursuant to Rhode Island General
12 Laws § 39-1-27.3(c), the Company must file an LRS procurement plan with the PUC that
13 includes the procurement procedure, the pricing options being sought, and a proposed
14 term of service for which LRS will be acquired. All such components of the LRS
15 procurement plan are subject to the PUC’s review and approval. Also pursuant to Rhode
16 Island General Laws § 39-1-27.3(c), the PUC may periodically review the LRS
17 procurement plan to determine whether it should be prospectively modified due to
18 changed market conditions.

19

1 **Q. Does the PUC possess the authority to approve the Company’s requested ruling that**
2 **the 2025 LRS Plan remain in effect until the PUC approves an updated LRS**
3 **procurement plan?**

4 A. Yes. In Docket No. 22-02-EL, the PUC approved the Company’s 2023 LRS Plan subject
5 to further ongoing review. The PUC noted “that unlike the procurement of Standard
6 Offer Service, the predecessor to LRS, Rhode Island law does not require the Company
7 to seek annual approval of a LRS Plan, but only requires a filing of any proposed
8 amendments or change in procurement strategy.” See PUC Report and Order No. 24795
9 issued in Docket No. 22-02-EL on August 22, 2023.

10

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

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

13 Schedule 1 – Approved 2023 LRS Plan

14 Schedule 2 – Proposed 2025 LRS Plan

15 Schedule 3 – LRS Wholesale Loads

16 Schedule 4 – Proposed Master Power Agreement (“MPA”)

17 Schedule 5 – Proposed LRS Request for Proposal (“RFP”) Notice (Template)

18 Schedule 6 – Benefit-Cost Framework Analysis

19

20 **III. Current 2023 LRS Plan**

21 **Q. Please provide an overview of the procurement of supply under the approved**
22 **2023 LRS Plan that is currently in effect.**

23 A. The 2023 LRS Plan segregates customers into three customer groups:

- 1 (1) Industrial Group: This group includes customers who receive service on Large
2 Demand Rate G-32, Backup Service Rate B-32, and Electric Propulsion Rate X-01;
- 3 (2) Commercial Group: This group includes customers who receive service on General
4 Commercial & Industrial (“C&I”) Rate G-02, Small C&I Rate C-06, Limited Private
5 Lighting Rate S-10, Customer-Owned Streetlighting Equipment Rate S-05,
6 Decorative Street and Area Lighting Service Rate S-06, and General Streetlighting
7 Rate S-14; and
- 8 (3) Residential Group: This group includes customers who receive service on Basic
9 Residential Rate A-16 and Low-Income Rate A-60.

10

11 The 2023 LRS Plan involves acquiring load-following, Full Requirements Service
12 (“FRS”) contracts with different term durations through periodic solicitations. With a
13 FRS contract, the supplier becomes responsible for the energy, ancillary services, and
14 miscellaneous Independent System Operator-New England (“ISO-NE”) charges of the
15 particular LRS customer group for a fixed dollar per megawatt-hour (\$/MWh) price. For
16 this fixed price, the supplier assumes all price and load risks associated with these market
17 components. The suppliers will pass through the capacity charges or credits they receive
18 from ISO-NE to the Company without any markup for margin or risk. Notably, the term
19 “contract” used in this context may in fact be several “bid blocks” or “segments” that add
20 up to the total load solicited. The smaller bid blocks are designed to benefit pricing and
21 supplier diversity.

1 The 2023 LRS Plan for the Industrial Group involves acquiring a load-following, FRS
2 contract for 100% of the load through quarterly solicitations for three months in duration:
3 January through March, April through June, July through September, and October
4 through December.

5
6 The 2023 LRS Plan for the Residential Group and the Commercial Group involves a
7 combination of FRS contracts and ISO-NE spot market purchases. The Company layers
8 FRS contracts for the benefit of diverse pricing points in a manner that diversifies risk for
9 customers in each customer group. Each contract for the Residential and Commercial
10 Groups is comprised of six-month bid blocks. For example, a 24-month contract will
11 include four independent bid blocks. Dividing the contract in this fashion creates the
12 opportunity to award the bid blocks to a combination of suppliers, rather than a single
13 supplier, if the overall cost is lower. If a single supplier has the lowest overall cost for
14 each bid block, it will be awarded all four bid blocks.

15
16 Schedule 1, attached hereto, is the approved 2023 LRS Plan, which consists of four
17 quarterly solicitations. Each quarterly solicitation procures LRS for a specific term and
18 load obligation and some contracts will have delivery periods beyond 2024. For the
19 Residential Group and the Commercial Group, the procurements resulting from the 2023
20 LRS Plan, in conjunction with procurements from the 2021 Last Resort Service

1 Procurement Plan (“2021 LRS Plan”),¹ fully satisfy the Company’s LRS obligation for
2 the period April 2023 through March 2025. The 2023 LRS Plan also partially satisfies
3 the Company’s LRS obligation for April 2025 through March 2026. If the 2025 LRS
4 Plan is approved as proposed, the Company’s LRS obligations for this period will be
5 fully met in conjunction with procurements made because of the 2025 LRS Plan.

6 Schedule 1 contains an illustration of the various procurement plans’ contracts that satisfy
7 the LRS obligations for the April 2024 through March 2026 period.

8
9 In Docket No. 4149 (approved on August 5, 2010), the Company proposed a Residential
10 Group procurement schedule for 2011 that would allow a transition to a repeating
11 schedule. The 2016 Standard Offer Service Procurement Plan (“2016 SOS Plan”)²
12 amended the Commercial Group’s schedule to match the Residential Group’s repeating
13 procurement schedule. Also, in the 2016 SOS Plan, the retail rate periods for the
14 Residential and Commercial Groups were modified from January through June and July
15 through December to October through March and April through September, effective
16 October 1, 2016.

17
18 The FRS contracts for the Residential and Commercial Groups are executed for different
19 percentages of load (15% and 20%) and four durations: 6 months, 12 months, 18 months,
20 and 24 months. When all FRS contracts have been acquired, each month will have FRS

¹ Docket No. 4978.

² Docket No. 4556.

1 contracts, totaling 90% of the Residential and Commercial load, and the remaining 10%
2 of the load would be procured by the Company through ISO-NE spot market purchases.

3
4 The additional laddering and varying lengths of the FRS contracts allow for mitigation of
5 price volatility because the individual contracts are procured at different times and are
6 dollar-cost averaged to create a blended supply rate. In a decreasing electric prices
7 market, the lower-cost most recent transactions will help offset the higher-cost older
8 transactions. Conversely, in an increasing electric prices market, the higher-cost most
9 recent transactions will be partially offset by the lower-cost older transactions. Because it
10 is effective in mitigating price volatility in all market environments, the Company is not
11 proposing changes to a laddered and layered FRS procurement approach in the 2025 LRS
12 Plan.

13
14 **Q. Please describe the pricing options available to customers under the 2023 LRS Plan.**

15 A. The Residential Group has two six-month retail rate periods as identified above
16 (April through September and October through March). The LRS rate applicable to the
17 Residential Group is a fixed-price rate that represents a weighted average of the actual
18 monthly contract prices over the six-month period plus an estimate of the costs of any
19 supply not procured through Full Requirements Service contracts including, but not
20 limited to, spot market purchases and capacity costs from ISO-NE.

21

1 Like the Residential Group, the Commercial Group has two six-month retail rate periods
2 from April through September and October through March. There are two rate options
3 available to customers in the Commercial Group. The first option is referred to as the
4 “Fixed Price Option.” The Fixed Price Option represents a weighted average of the
5 actual monthly contract prices over six-month period plus an estimate of the costs of any
6 supply not procured through Full Requirements Service contracts including, but not
7 limited to, spot market purchases and capacity costs from ISO-NE. Customers receiving
8 retail delivery service on Rate C-06 are placed on the Fixed Price Option when initially
9 requesting LRS from the Company. The second option is referred to as the “Variable
10 Price Option.” The Variable Price Option represents the actual monthly contract prices
11 from the applicable winning bids for each month of the same six-month period plus an
12 estimate of the costs of any supply not procured through FRS contracts including, but not
13 limited to, spot market purchases and capacity costs from ISO-NE. Customers receiving
14 retail delivery service on Rates G-02, S-06, S-10, and S-14 are placed on the Variable
15 Price Option when initially requesting LRS from the Company. The rates for each option
16 change at the end of each six-month period.

17
18 The rates applicable to the Industrial Group are fixed monthly prices, representing the
19 actual monthly contract prices for each month of the period, or may be based upon
20 estimates of the cost of any supply not procured through Full Requirements Service
21 contracts including, but not limited to, capacity costs from ISO-NE.

1 **Q. Please briefly describe the process of reconciling revenue and costs associated with**
2 **LRS.**

3 A. The Company is required to reconcile LRS revenue and expenses in accordance with the
4 Last Resort Service Adjustment Provision, RIPUC No. 2237. This provision requires the
5 Company to reconcile, on an annual basis, its total cost of purchased power for LRS
6 supply against its total LRS revenue, and to credit the excess to or recover the deficiency
7 from customers. This occurs via a rate recovery/refund methodology approved by the
8 PUC when the Company files its annual reconciliation. Total revenue is generated from
9 charges billed to LRS customers through the LRS rates for the applicable reconciliation
10 period, which has traditionally been the calendar year. Since the Company procures and
11 prices LRS separately for the Residential Group, the Commercial Group, and the
12 Industrial Group, the Company performs separate reconciliations for each group. The
13 LRS reconciliations and the proposed LRS Adjustment factors for each customer group
14 are filed each year as part of the Company's annual retail rate filing in February.

15

16 **IV. Proposed 2025 LRS Plan**

17 **Q. Please summarize the Company's proposed 2025 LRS Plan for periods subsequent**
18 **to those addressed in the approved 2023 LRS Plan.**

19 A. The Company is proposing to continue procuring supply through FRS contracts and ISO-
20 NE spot market purchases with the mix of different duration contracts tailored to meet the
21 needs of each customer group. The FRS contract is a fixed price for energy, ancillary

1 services, and miscellaneous ISO-NE charges. The LRS supplier will pass through the
2 capacity charges and credits it receives from ISO-NE to the Company without any
3 markup for margin or risk. The Company's 2025 LRS procurement proposal is similar to
4 how it procures LRS today. However, the Company is proposing to increase spot market
5 purchases from 10% to 15% and adjust Full Requirements block percentages as shown in
6 Schedule 2 attached hereto.

7
8 In this filing, the Company is requesting approval of the proposed 2025 LRS Plan to
9 conduct FRS solicitations for all procurement groups during calendar year 2025,
10 recognizing that some contracts will have delivery periods beyond 2025. The proposed
11 2025 LRS Plan is intended to commence in the calendar year 2025 and operate until
12 modified.

13
14 **Q. What is the Company's proposal to procure LRS supply for the Commercial and
15 Residential Groups in 2025 and subsequent years?**

16 A. Electricity supply for the Commercial and Residential Groups will continue to be
17 procured separately. Both portfolios will include a combination of FRS contracts with
18 the same contract durations and frequency of dollar-cost averaging discussed above. The
19 proposed 2025 LRS Plan includes eight quarterly procurements between 2025 and 2026.
20 The supply periods that result from the procurements extend from April 2025 to March of
21 2028. The same procurement cycle would continue into future years until an updated

1 LRS procurement plan is approved by the PUC. The Company is proposing two changes
2 for the 2025 LRS Plan: increase spot market purchases from 10% to 15% and reduce the
3 first two 6-month bid-block of the 18-month quarterly procurement from 20% to 15%.
4 These changes are shown in Schedule 2B and Schedule 2C.

5
6 Beginning in October 2025, the Residential and Commercial Groups' contracts for 85%
7 of the load obligation are executed over five RFPs, or five price points, which increases
8 the spot market percentage from the current 90%. The remaining sixth price point is
9 provided through 15% procured in the spot market.

10
11 The Company analyzed the results of an increase of 5% spot market purchases between
12 2016 – 2024. (See Figure 1 below). The data was sourced from historical spot market
13 and FRS data. To ensure the analysis of the spot vs FRS historical savings was evenly
14 weighted, only energy and ancillary charges were compared. While there were periods of
15 volatility in the spot market vs FRS, the overall result was that a 5% increase reduced
16 cost. Had the Company procured an added 5% spot market since 2016, LRS customers
17 would have realized a cumulative savings of \$18,156,870 (See Figure 1 below).

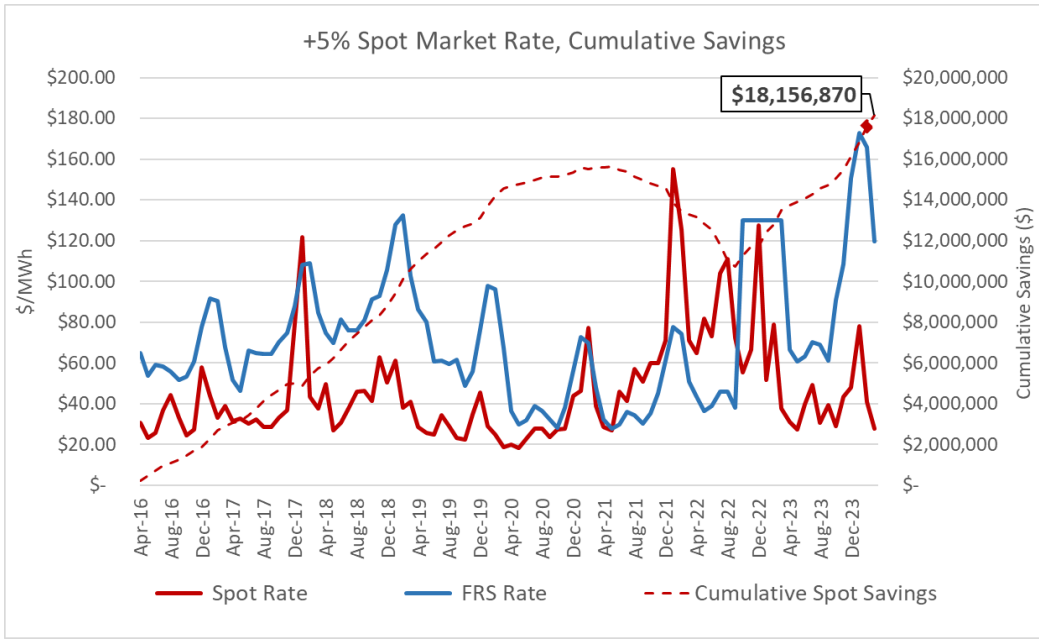
18
19 The proposed plan includes a change to the percentage of bid-blocks procured. Historical
20 analysis demonstrates that additional savings were seen with an alteration in FRS
21 procurement percentage for the 18-month contracts, not considering the spot market.

1 Furthermore, historical analysis on the rates of each quarterly procurement based on lead
2 time and procurement length revealed that Q3 July procurements of the 18-month term
3 length historically had the highest \$/MWh rate (See Figure 2 below). Our analysis
4 showed additional savings from reducing these 20% bid-blocks by 5% to equal 15%.
5 These savings are attributed to the benefit of more weight on the longer lead time
6 between the procurement date and flow start of the contract period. Based on these
7 findings, the Company is proposing to adjust the first two 6-month bid blocks of the 18-
8 month procurement from 20% to 15% (See Schedule 2). This adjustment accommodates
9 the increase in 5% of spot market starting in October 2025. Notably, the change in FRS
10 contract hedges led to poignant and opportune savings during the 2022-2023 Ukraine-
11 European LNG market crisis when the spot market savings temporarily decreased. Not
12 considering the spot market historical savings, from the period of 2016 to 2024, had LRS
13 procured the FRS contracts with 5% less for the two 6-month bid blocks in the 18-month
14 procurement, an additional cost reduction was present of \$10,618,245 (See Figure 3
15 below).

16
17 A 5% spot market increase combined with the FRS contract modifications together
18 showed a total cumulative cost reduction of \$28,775,116 in historical markets for LRS
19 customers (See Figure 4 below). Noting that 85% of energy would have still been
20 procured via FRS transactions and quarterly auctions serve as risk mitigation against
21 market volatility.

1

Figure 1



2

3

1

Figure 2

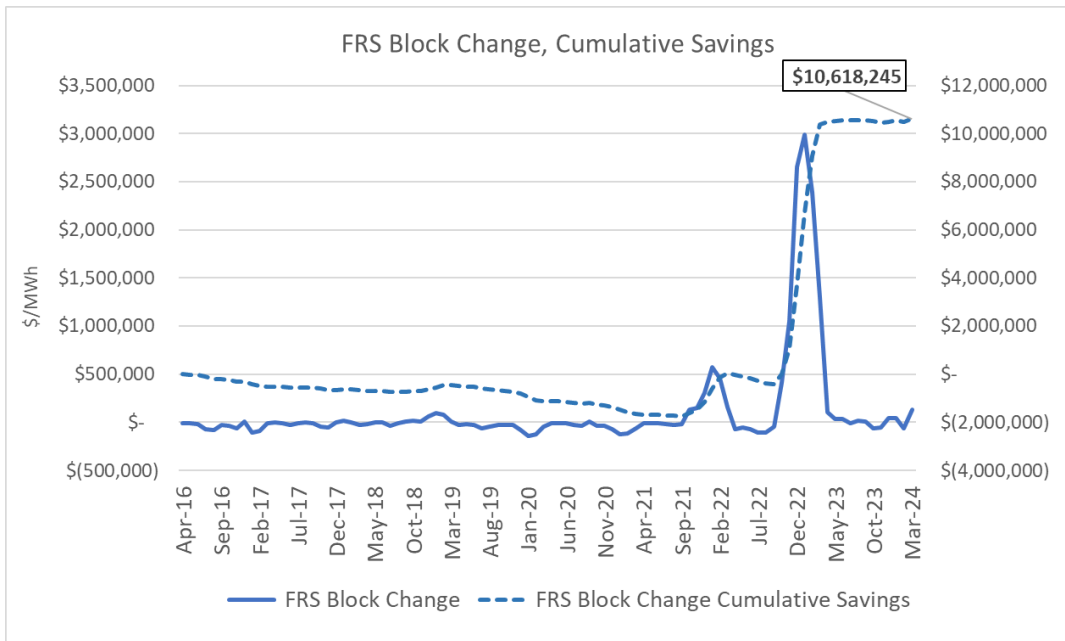
Quarter	Procurement Month	Procurement Length (Months)	Average Historical Futures Rate
Q1	January	24	\$ 49.12
Q2	April	12	\$ 64.75
Q3	July	18	\$ 65.96
Q4	October	6	\$ 43.25

2

3

4

Figure 3

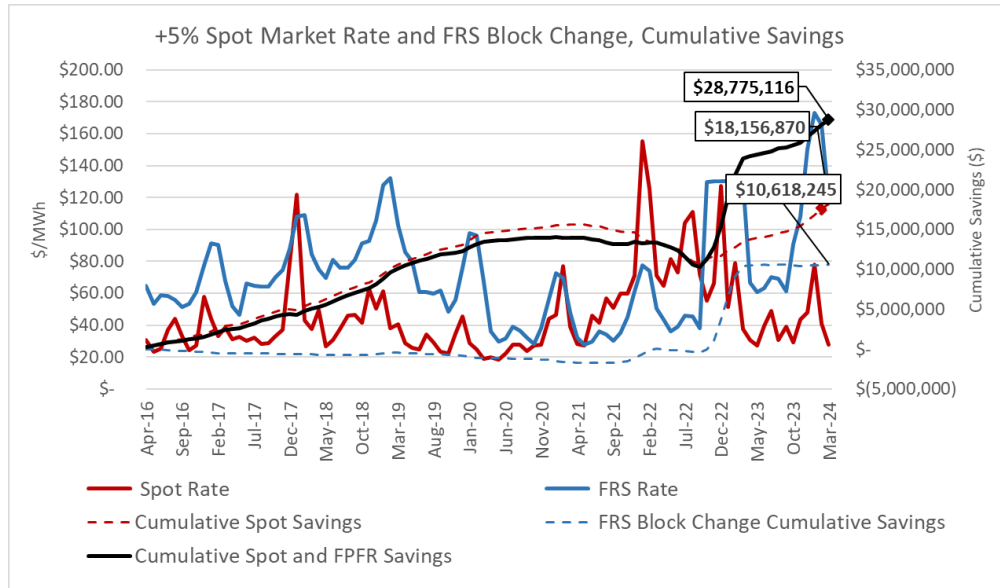


5

6

1

Figure 4



2

3

4 **Q. How is the Company proposing to procure LRS supply for the Industrial Group in**
5 **2025 and subsequent years?**

6 A. For the Industrial Group, the Company is proposing to continue the approved method of
7 procuring supply through FRS contracts, three months in duration, solicited quarterly, for
8 100% of Industrial Group load. The final contract in 2026 will be executed in the fourth
9 quarter for the three-month period ending March 31, 2027, as shown in Schedule 1A.

10 The same procurement cycle would continue into future years unless a change is
11 submitted and approved by the PUC in a subsequent plan. This proposed plan is the same
12 as the approved 2023 LRS Plan under which the Company currently operates for the
13 Industrial Group.

1 **Q. Why does the Company propose the continuation of procuring supply by customer**
2 **group?**

3 A. The Company believes that there are differences between various types of customers, and
4 it is important to tailor the LRS supply portfolio for a given type of customer to the
5 appropriate balance of price stability, given the customer's ability and willingness to
6 respond to price signals to encourage efficient consumption, customer investment, and
7 service decisions. Using a tailored and separate supply portfolio for each distinct
8 customer group is also consistent with the Company's experience in other service areas
9 and ensures proper assignment of costs and risks.

10
11 Industrial customers are generally the most willing and/or able to access the competitive
12 retail supply market to meet their needs. Approximately 95% of Industrial Group
13 customers are currently receiving supply in the competitive retail supply market.

14 Consequently, these customers do not need to rely upon LRS to provide them with price
15 stability to the same degree as Commercial and Residential customers. Therefore, the
16 LRS supply portfolio for customers in the Industrial Group should comprise a greater
17 portion of shorter-term supply products. As a result of these observations, under the
18 Company's plan, the supply portfolio for the Industrial Group involves the highest
19 portion of shorter-term Full Requirements Service contracts, and, therefore, the lowest
20 level of price stability and the strongest market price signals.

21

1 Customers in the Residential and Commercial Groups have different usage patterns.
2 Additionally, Commercial Group customers are generally more willing and/or able to
3 access the competitive retail supply market to meet their needs than are Residential
4 customers. Approximately 64% of customers in the Commercial Group and 25% of
5 customers in the Residential Group are currently receiving electric supply in the
6 competitive retail supply market. Therefore, it is appropriate that LRS supply for these
7 two customer groups is procured separately.

8
9 **Q. Please describe the specific procurement schedules for the Industrial, Commercial,
10 and Residential Groups.**

11 A. In 2023 in Docket No. 22-02-EL, the Company filed with the PUC specific procurement
12 schedules for the 2023 LRS Plan. As described below, the Company has updated these
13 schedules, which are attached as Schedule 2 to the proposed 2025 LRS Plan. Schedule 2
14 shows the procurement calendar for each customer group: Schedule 2A is for the
15 Industrial Group, Schedule 2B is for the Commercial Group, and Schedule 2C is for the
16 Residential Group. The white-colored blocks in the Schedule represent contracts for
17 future solicitations that have been approved in the 2023 LRS Plan. The green-colored
18 blocks in the Schedule represent solicitations in 2023 and later years for which the
19 Company is requesting approval in the 2025 LRS Plan.

20

1 As set forth above, Schedule 2B and Schedule 2C describe the details of the Commercial
2 and Residential Groups' procurement schedules, respectively. As approved in Docket
3 No. 22-02-EL, through the first quarter of 2025, the Company will procure power for
4 2023 through 2025 through quarterly Full Requirements Service solicitations of two
5 years or less in duration. In 2025, the Company proposes that quarterly Full
6 Requirements Service solicitations occur for contracts of various durations up to two
7 years in length that would serve customers in 2025 through 2027.

8
9 **Q. Is the Company proposing any modifications to the Residential and Commercial**
10 **Groups' schedules?**

11 A. The Company proposes to continue to employ a repeating schedule similar to the one
12 initially approved in Docket No. 4149. The repeating procurement schedule for both
13 groups will continue to consist of quarterly solicitations for four different durations and
14 percentages of load. The four contracts would be for 6 months, 12 months, 18 months,
15 and 24 months. When all FRS contracts have been completed, each month will have FRS
16 contracts for 85% of both groups' load, and the remaining 15% of the load would be
17 procured by the Company through ISO-NE spot market purchases, which is a 5%
18 increase from the 2023 LRS Plan. In addition, the Company proposes to reduce the first
19 two 6-month bid-blocks of the 18-month quarterly procurement from 20% to 15%. This
20 FRS block adjustment will also accommodate the spot market change. These changes are
21 shown in Schedule 2B and Schedule 2C.

1 **Q. Does the Company intend to follow the same process established in Docket No. 4978**
2 **for solicitations involving single bids?**

3 A. Yes, the Company intends to follow the approved contingency plan described in the
4 Direct Testimony of James Ruebenacker in Docket No. 4978 (filed October 11, 2019).
5 This contingency plan established a procedure in the event of inadequate bidder
6 participation, which is defined as zero or one bid for a bid block. The contingency plan
7 also addresses a significant market event that impacts the competitiveness of pricing or
8 bidders. The Company will address the contingency plan further in Section VI.

9
10 **V. Last Resort Service Procurement Process and Schedule**

11 **Q. What are the expected loads for the three LRS groups?**

12 A. Schedule 4A is a graph and table of the historical wholesale LRS loads since January
13 2007. The table included in Schedule 4A also includes historical wholesale competitive
14 supply loads. Schedule 4B is a table of the forecasted monthly LRS loads for 2025 –
15 2026.

16
17 **Q. Is the Company seeking approval of certain documents used to procure Full**
18 **Requirements Service contracts?**

19 A. Yes, the Company is seeking approval of its standard Master Power Agreement
20 (“MPA”), which is included as Schedule 4. This document is redlined to show the
21 proposed edits to the version of the MPA that the PUC previously approved, as are all

1 subsequent redlined schedules. Schedule 4 includes minor, administrative edits. If
2 approved by the PUC, in future RFPs, the Company would only accept non-substantive
3 changes to the standard MPA if such changes proposed by suppliers do not shift risk to
4 the Company's customers.

5
6 **Q. Is the Company requesting that the PUC approve any other documents?**

7 A. Yes, the Company is requesting approval of the proposed LRS RFP Notice, which is
8 included as Schedule 5. The Company also requests approval of the proposed LRS RFP
9 Summary, which is included as Schedule 6. The Company is proposing edits to the
10 current LRS RFP Notice and current LRS RFP Summary and including these revised
11 documents in Schedules 5 and 6, respectively. The proposed edits document that the
12 procurements are made pursuant to the 2025 LRS Plan and also include minor
13 administrative changes.

14
15 **Q. Please explain the procedure that the Company will utilize to procure LRS.**

16 A. The Company will take the following steps to procure LRS:

17 (1) Issue an RFP to all interested wholesale power suppliers approximately 15 weeks
18 prior to the start of the first service period;

19 (2) Require that all suppliers that will bid have an executed MPA;

- 1 (3) Receive initial responses to the RFP, which will include background information
2 for each respondent and the indicative pricing for the Full Requirements Service
3 contracts;
- 4 (4) Receive final binding prices and evaluate final prices and security requirements
5 within the day;
- 6 (5) Select a supplier(s) and execute a power supply confirmation(s); and
- 7 (6) File the RFP Summary of the procurement process provided in Schedule 6,
8 including bids received, on a confidential basis with the PUC for its review.
- 9

10 **Q. What form of RFP will the Company use to obtain Full Requirements Service**
11 **contracts?**

12 A. The proposed LRS RFP Notice document, provided in Schedule 5, will be used by the
13 Company to obtain Full Requirements Service contracts. This document reserves the
14 Company's right to make non-substantive changes to the form and requirements of the
15 RFP to address any issues that may arise during the solicitation process. In addition, the
16 Company reserves the right to make non-substantive changes to the form and
17 requirements of the RFP to address any issues that may arise or to incorporate best
18 practices learned between the date of the Company's filing in this proceeding and the
19 date the RFP is issued.

20

1 **Q. Are there any proposed changes to the RFP procedure for the proposed 2025 LRS**
2 **Plan from what is approved in the 2023 LRS Plan?**

3 A. Yes, the Company is proposing to hold a supplier information session prior to
4 commencement of the 2025 LRS Plan to communicate the changes in the 5% FRS
5 procurement bid blocks for the first two six-month bid blocks of the 18-month Q3 RFP.
6 This will allow suppliers to be prepared for participation in the 2025 LRS Plan period.

7

8 **VI. LRS Contingency Plan**

9 **Q. What is the LRS Contingency Plan?**

10 A. To date, Narragansett has successfully procured LRS on behalf of its customers through
11 RFPs and spot market purchases. The Company has developed contingency plans to
12 continue to provide a reliable and uninterrupted supply of power to its customers. These
13 contingency plans address the possible impact of an LRS competitive solicitation due to
14 inadequate bidder participation or a significant market event that affects the
15 competitiveness of pricing or bidders. The Company proposes that these contingency
16 plans apply to the 2025 LRS Plan and all subsequent LRS Plans.

17

18 **Q. Describe the contingency plan for inadequate participation in an LRS RFP.**

19 A. If a bid block receives zero bids, the Company will undertake the following procedures.
20 Inform the Division that the Company received zero bids for a bid block and

1 employ alternative measures; issue a new RFP for the bid block with final bids due the
2 following week. If the next RFP continues to have zero bids, the Company will load bid
3 requirements into the ISO-NE spot market if the bid block is for the immediate rate
4 period (starting within six weeks). If the bid block is three months in duration, the
5 Company will procure the requirements for the entire period through the ISO-NE spot
6 market, and if the bid block is six months in duration, the Company will procure the
7 requirements for the first three-month period through the ISO-NE spot market. The
8 Company will include the remaining three months as a bid block in the next quarterly
9 RFP. If that RFP is not successful, the Company will continue to procure the
10 requirements through the ISO-NE spot market for the balance of the period. The
11 Company will set retail rates for the immediate rate period using estimated market prices
12 as a proxy for spot market purchases. This is the same process as the current 10% and
13 proposed 15% spot requirements purchased for the Residential and Commercial Groups;
14 and if the bid block does not start in the immediate rate period, the Company will solicit
15 the bid block in the next quarterly competitive procurement. If the bid block is not yet
16 awarded and it is needed for the immediate rate period, the Company will then purchase
17 the requirements through the ISO-NE spot market.

18
19 If a bid block receives one bid, the Company will undertake the following steps: between
20 10:00 a.m. – 12:00 p.m. Eastern Prevailing Time (EPT) on the final bid date (“two-hour
21 window”), the Company will share the bid results and the bid price estimates with the

1 Division. If the Company and the Division agree that the bid is reasonably priced, then
2 the Company will accept the bid. If the Division is unavailable during the two-hour
3 window, then the Company will use a threshold (previously agreed upon with the
4 Division) to determine whether it should accept the bid. If the Company and the
5 Division agree that the bid is not reasonably priced, or if the Division is unavailable
6 during the two-hour window and the bid price exceeds the established threshold, then the
7 Company will reject the bid. If the single bid is rejected, the Company will issue a new
8 RFP for the bid block with final bids due the following week. On the final bid date of the
9 second RFP during the two-hour window, the Company will share the bid results and the
10 bid price estimates with Division. If the Company and Division agree that the bid is
11 reasonably priced, then the Company will accept the bid. If the Division is unavailable
12 during the two-hour window, the Company will use the previously established threshold
13 to determine whether it should accept the bid. If the Company and Division agree the bid
14 is not reasonably priced, or if the Division is unavailable during the two-hour window
15 and the bid price exceeds the established threshold, then the Company will reject the bid.

16
17 If the single bid is rejected, the Company will load bid requirements into the ISO-NE spot
18 market if the bid block is for the immediate rate period (starting within six weeks).

19

1 On the final bid date of the second RFP during the two-hour window, the Company
2 will share the bid results and the bid price estimates with the Division. If the company
3 and Division agree that the bid is reasonably priced, then the Company will accept the
4 bid. If the Division is unavailable during the two-hour window, the Company will use
5 the previously established threshold to determine whether it should accept the bid. If the
6 Company and Division agree the bid is not reasonably priced, or if the Division is
7 unavailable during the two-hour window and the bid price exceeds the established
8 threshold, then the Company will reject the bid.

9
10 If the single bid is rejected, the Company will load bid requirements into the ISO-NE spot
11 market if the bid block is for the immediate rate period (starting within six weeks); If the
12 bi block is three months in duration, the Company will procure the requirements for the
13 entire period through the ISO-NE spot market; and if the bid block is six months in
14 duration, the Company will procure the requirements for the first three-month period
15 through the ISO-NE spot market. The Company will include the remaining three months
16 as a bid block in the next quarterly RFP. If that RFP is not successful, the Company will
17 continue to procure the requirements through the ISO-NE spot market for the balance of
18 the period.

19
20 The company will set retail rates for the immediate rate period using estimated market
21 prices as a proxy for spot market purchases. This is the same process as the 10%

1 requirements purchased for the Residential and Commercial Groups. If the bid block
2 does not start in the immediate rate period, the Company will solicit the bid block in the
3 next quarterly competitive procurement. If the bid block is not yet awarded it is needed
4 for the immediate rate period, the Company will then purchase the requirements through
5 the ISO-NE spot market.

6
7 **Q. Does the Company have any recommended changes for the current contingency**
8 **plan?**

9 Yes. In an open order 23-50-B Basic Service docket it was stated that the Company
10 could reject bids if the Company deems the rates unreasonably high. The Company
11 would like to add an additional contingency whereby the Company will consult with the
12 Division if the Company deems the rates too high and has the discretion to reject the rates
13 accordingly. Such a contingency will allow the company to procure energy alternatively
14 such as in the spot market if we see a large market spike as we saw in the 2022/2023
15 European / Ukraine energy crisis, or other future event.

16
17 **VII. LRS Rates, Cost Recovery, and Name**

18 **Q. Is the Company proposing any changes to the currently effective pricing options or**
19 **the manner by which it calculates the rates it proposes to charge for LRS?**

20 A. No. The Company is proposing to continue the pricing options available to customers
21 receiving LRS from the Company, as described in detail above. The Company is also
22 proposing to calculate the rates for LRS in the same manner as it calculates the rates for

1 Last Resort Service pursuant to the Tariff for Last Resort Service, currently RIPUC No.
2 2236.

3

4 **Q. Is the Company proposing any changes to the recovery of costs associated with LRS,**
5 **including both supply costs and administrative costs, and the reconciliation of costs**
6 **and revenue?**

7 A. No. The Company is proposing to continue the same cost recovery provisions for LRS
8 procurements that it has for Last Resort Service procurements pursuant to the LRS
9 Adjustment Provision, currently R.I.P.U.C. No. 2237.

10

11 **Q. Will the Company need to revise any of its tariffs to implement LRS?**

12 A. The Company has reviewed its Tariff for Last Resort Service, currently RIPUC No. 2236
13 and its LRS Adjustment Provision, currently R.I.P.U.C. No. 2237. No changes to those
14 tariffs are needed to implement the proposed 2025 LRS Plan.

15

16 **VIII. Analysis of Docket No. 4600 Benefit-Cost Framework**

17 **Q. Does the PUC’s Guidance on “Goals, Principles and Values for Matters Involving**
18 **The Narragansett Electric Company d/b/a National Grid” (“Guidance Document”)**
19 **provide further detail about how the Docket No. 4600 Benefit-Cost Framework**
20 **(“Framework”) should be applied in this case?**

1 A. Yes. The Guidance Document provides that a proponent of any proposal affecting the
2 Company’s electric rates should provide evidence demonstrating how the proposal
3 advances, detracts from, or is neutral to each of the stated goals of the electric system.
4 Additionally, specific to the Framework, the Guidance Document provides that “any rate
5 design proposal should, at the very least, reference each category within the first two
6 columns of the Report: Mixed Cost-Benefit, Cost, or Benefit Category and System
7 Attribute Benefit/Cost Driver (Categories and Drivers, respectively).”³ The Guidance
8 Document states that each Categories and Drivers should be discussed and where costs
9 and benefits can be quantified, the proponent should provide the basis for the
10 quantification reached. Where quantification is not possible or practical, the proponent
11 should explain.⁴

12
13 **Q. How has the Company applied the Framework to the review of the 2025 LRS Plan?**

14 A. To support this filing, the Company conducted its own analysis to demonstrate that the
15 2025 LRS Plan may result in net benefits and is consistent with state energy policies.
16 Based on additional guidance from the PUC,⁵ the Company applied the Framework and
17 related business case to the 2025 LRS Plan.

18

³ Guidance Document, at 6.

⁴ Guidance Document, at 6.

⁵ The PUC provided additional guidance on the appropriate application of the Framework in an Open Meeting held on August 29, 2018 in docket No. 4822 and at a technical session held in docket No. 4600 on November 1, 2018.

1 To apply the Framework, the Company first reviewed each category of costs and benefits
2 identified in the Framework to determine which categories are applicable to the PUC’s
3 review of the 2025 LRS Plan. The analysis attached as Schedule 6 indicates the
4 Framework category in the column on the left, and the column on the right indicates
5 whether the criteria is applicable, and if so, how it has been addressed through the
6 analysis.

7
8 **Q. Did the Company determine that any of the costs and benefits within the Power
9 System Level category are not applicable to the review of the 2025 LRS Plan?**

10 A. Yes. The 2025 LRS Plan consists of wholesale power contracts for the purchase of
11 energy to be delivered and settled at the zonal level. Therefore, there are no costs or
12 benefits to be quantified at the generation, transmission, and distribution levels.

13
14 The 2025 LRS Plan provides several positive net benefits that cannot be quantified.

15 There is a moderate impact on Retail Supplier Risk Premiums, which is the differential
16 between retail prices and the ISO-NE market prices. As part of the 2016 Standard Offer
17 Service Procurement Plan and in compliance with a PUC order, the Company engaged
18 The NorthBridge Group (NorthBridge), a consulting firm with expertise regarding
19 electricity market pricing and SOS procurement, to complete a comprehensive review of
20 procurement approaches for SOS for residential customers. NorthBridge prepared a
21 report for National Grid entitled, “Analysis of Rhode Island Standard Offer Service

1 Supply Procurement” (the NorthBridge Report), which the Company filed with the PUC
2 on January 29, 2016.⁶ Although the NorthBridge Report showed the value of dollar cost
3 averaging to protect from rate shock. This approach in conjunction with spot market
4 procurement historically has both led to a lower rate while also adding risk mitigation for
5 such rate shock risk. The findings in the NorthBridge Report related to supplier risk
6 premiums are still relevant today. Additionally, the 2025 LRS Plan provides an
7 alternative, cost effective rate that allows customers to evaluate competitive suppliers’
8 offered rates.

9
10 The 2025 LRS Plan may have a positive, but minimal, benefit impact on Energy Demand
11 Reduction Induced Price Effect and Utility Low-Income categories. The 2025 LRS Plan
12 results in seasonal LRS rates: higher winter costs may increase energy efficiency, reduce
13 usage, or encourage budget billing.

14
15 **Q. Are any of the Customer Level costs and benefits applicable to the 2025 LRS Plan?**

16 A. Yes, some of the Customer Level costs and benefits are applicable to the 2025 LRS Plan
17 but are not quantifiable. The costs and benefits in the Customer Level category are
18 intended to measure direct participant costs and benefits of retail customer program
19 participation, such as energy efficiency or distributed energy resource programs. The
20 2025 LRS Plan has positive net benefits and moderate impact on Program participant /

⁶ See National Grid’s Compliance Filing, Docket No. 4556 (January 29, 2016).

1 prosumer benefits / costs. In the NorthBridge Report, NorthBridge determined that the
2 SOS Plan resulted in a \$3.27 per MWh higher Expected Rate Level compared to a 100%
3 spot market procurement plan, which equates to approximately \$13 million in increased
4 costs annually. Additionally, the 2025 LRS Plan has positive net benefits and a large
5 impact on Consumer Empowerment & Choice. The 2025 LRS Plan results in LRS rates
6 that reflect futures market pricing, therefore creating a market for NPPs to compete for
7 customers.

8
9 Additionally, the 2025 LRS Plan has minimal impact on Low-Income Participant
10 Benefits and Non-participant (equity) rate and bill impacts. Seasonal rate impacts may
11 increase energy efficiency, reduce usage, or encourage budget billing, which benefits
12 low-income customers. Finally, the existing rate structure does result in some inequities
13 caused by customers switching to and from LRS, which may lead them to pay for costs
14 they did not incur or avoid costs they did incur.

15
16 **Q. Has the Company examined how the LRS Plan affects consumer empowerment and**
17 **choice?**

18 A. The Company analyzed historical LRS rate and competitive supply rate relationships.
19 From 2021 – 2023 had LRS customers been billed at competitive supply rates, they
20 would have paid \$302,001,880 more. However, had Commercial LRS customers been on
21 competitive supply rates they would have paid \$44,999,786 less. In addition, had

1 Industrial customers been on competitive supply rates they would have paid \$30,245,740
2 less. Commercial and Industrial LRS customers have higher shopping ratios and more
3 diverse product structures available. Important to consider is that the Commercial and
4 Industrial customer classes are more apt to select competitive suppliers– and there are
5 more product and supplier options with these that are not afforded to Residential
6 customers.

7
8 **Q. Are any of the Societal Level costs and benefits applicable to the 2025 LRS Plan?**

9 A. The Societal Low-Income Impact category is intended to measure attributes such as
10 poverty alleviation, reduced energy burden, reduced involuntary disconnections from
11 service, and other reductions in the costs of social services. The 2025 LRS Plan is not
12 intended to address these issues, and therefore most of this category is not applicable. To
13 the extent this category is intended to measure local economic benefits, the 2025 LRS
14 Plan’s fixed prices will result in higher or lower costs than market but provides price
15 stability. Also, the LRS Plan provides cost effective LRS rates to compare competitive
16 suppliers' prices, allowing customers to save money by making well-informed decisions.
17 Additionally, seasonal rate impacts may increase energy efficiency or encourage
18 customers to reduce usage.

19

1 **Q. Did the Company consider the State’s ability to achieve its Climate Mandates⁷ when**
2 **evaluating the proposed 2025 LRS Plan?**

3 A. Yes. However, while the Climate Mandates are a consideration, the Company has a legal
4 obligation to provide Last Resort Service to customers.

5

6 **Q. Could you briefly explain what municipal aggregation is?**

7 A. Municipal aggregation is a program that allows municipalities to select an electricity
8 supplier on behalf of the community to procure electricity at an alternate rate than each
9 individual would be able to obtain through LRS or other competitive suppliers. Residents
10 of a municipality that participates in an aggregation program may opt out if they prefer to
11 choose their own energy supplier.

12

13 **Q. What municipalities currently have a municipal aggregation plan approved by the**
14 **PUC?**

15 A. The municipalities that currently have a PUC approved municipal aggregation plan are
16 Barrington, Bristol, Central Falls, Middletown, Narragansett, Newport, Portsmouth,
17 Providence, and South Kingstown.

18

⁷The State’s “Climate Mandates” include the 2021 Act on Climate, codified as R.I. Gen. Laws § 42-6.2-1 et seq., and the 2022 amendments to the Renewable Energy Standard (“RES”), codified as R.I. Gen. Laws § 39-26-1 et seq.

1 **Q. Has the Company considered how municipal aggregation may impact its approach**
2 **to procuring LRS?**

3 A. The Company has considered how municipal aggregation may impact its approach to
4 procuring LRS. In 2023, the Company issued a supplier survey requesting feedback on
5 many topics. The purpose of this was to ensure supplier participation given historically it
6 has been a topic of precedence. Through its communication with suppliers, the Company
7 found that any information that is helpful for suppliers to account for deviations in load is
8 valuable. The Company continues to publish its supplier municipal aggregation report
9 and answer ad hoc requests from suppliers for the status of aggregations during the RFP
10 period. The Company also consulted with The Analysis Group to gain feedback on the
11 2025 LRS Plan Proposal. The Analysis Group did not have any concerns with the
12 proposed changes as it relates to supplier participation because the adjustments are
13 relatively limited in nature – a 5% adjustment in Spot and FRS procurements.

14
15 **Q. Has municipal aggregation impacted the Company’s proposed 2025 LRS Plan?**

16 A. The adjustments in the 2025 LRS Plan are relatively small at a 5% change in spot and
17 FRS procurements. The Company will hold a bidder information session to
18 communicate the change and answer any questions. The Company’s purpose for LRS is
19 not to outcompete Municipal Aggregation rates, but to provide the lowest rate possible

20

1 for customers while maintaining risk aversion. Nevertheless, the Company considers
2 municipal aggregation volumetric risk for future years including 2025, and the proposed
3 plan is not expected to exasperate risk as related to volumetric deviation posed by
4 aggregations.

5

6 **IX. Conclusion**

7 **Q. Does this conclude your testimony?**

8 **A. Yes.**

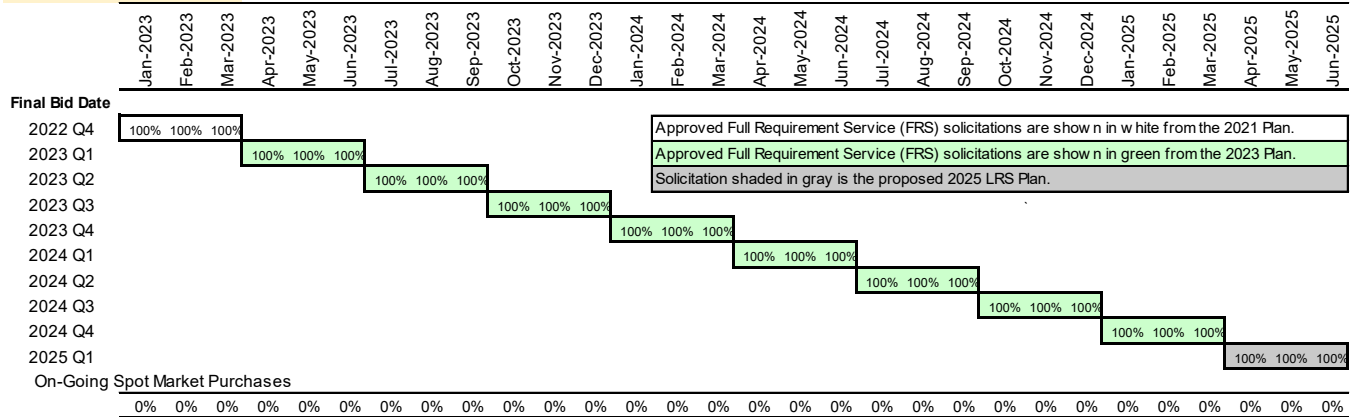
INDEX TO SCHEDULES

Schedule 1	Approved 2023 LRS Plan
Schedule 2	Proposed 2025 LRS Plan – Industrial, Commercial, and Residential
Schedule 3	Wholesale Loads – Historical and Forecasted
Schedule 4	Master Power Agreement (“MPA”)
Schedule 5	Last Resort Service RFP Notice (Template)
Schedule 6	Benefit-Cost Framework Analysis

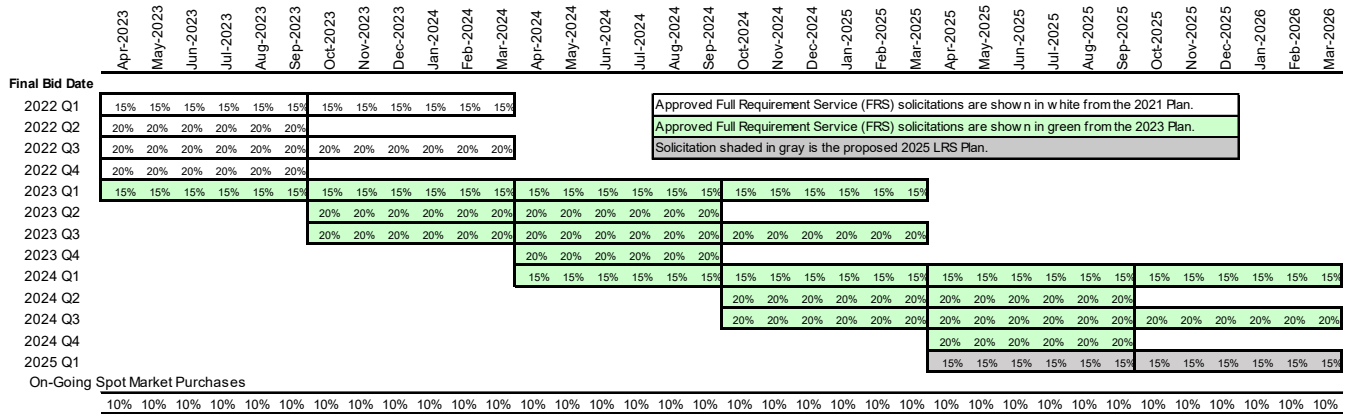
Schedule 1
2023 LRS Plan

2023 Last Resort Service Plan

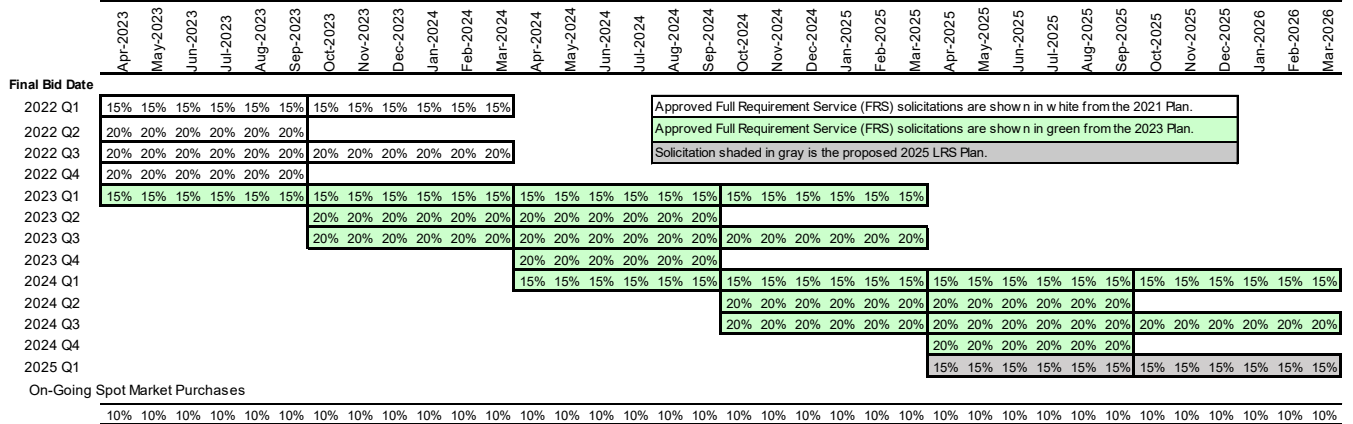
Industrial Solicitations



Commercial Solicitations

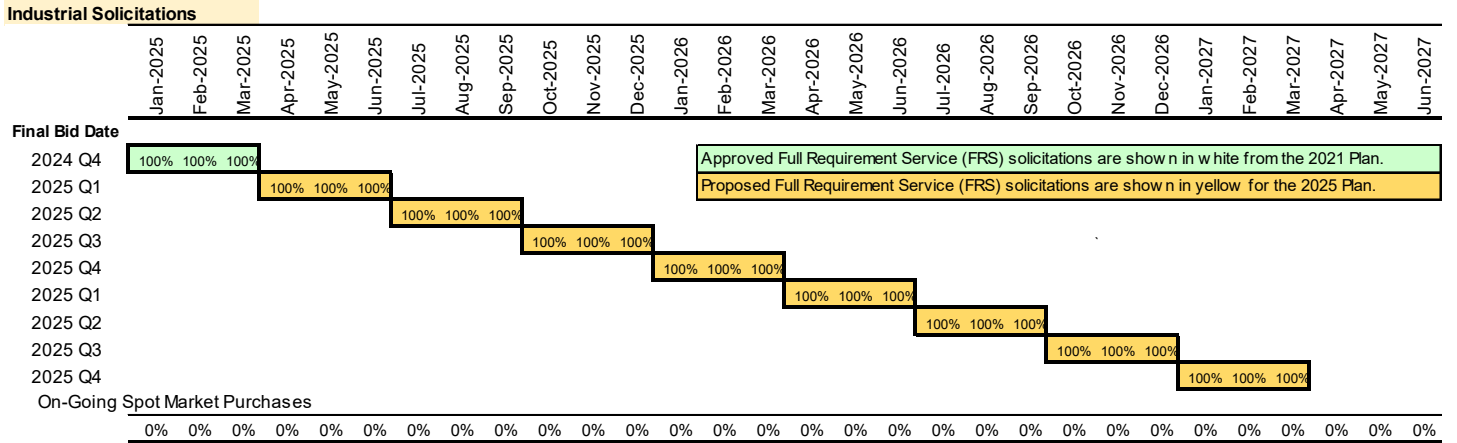


Residential Solicitations



Schedule 2A
2025 LRS Plan
Industrial Customers

2025 LRS Plan Industrial Customers



Schedule 2B
2025 LRS Plan
Commercial Customers

2025 LRS Plan Commercial Customers

Commercial Solicitations

Final Bid Date	Apr-2025	May-2025	Jun-2025	Jul-2025	Aug-2025	Sep-2025	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Oct-2026	Nov-2026	Dec-2026	Jan-2027	Feb-2027	Mar-2027	Apr-2027	May-2027	Jun-2027	Jul-2027	Aug-2027	Sep-2027	Oct-2027	Nov-2027	Dec-2027	Jan-2028	Feb-2028	Mar-2028					
2024 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	Approved Full Requirement Service (FRS) solicitations are shown in white from the 2023 Plan.																												
2024 Q2	20%	20%	20%	20%	20%	20%	Proposed Full Requirement Service (FRS) solicitations are shown in yellow for the 2025 Plan.																																		
2024 Q3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	Proposed Full Requirement Service (FRS) solicitation changes are shown in blue for the 2025 Plan.																												
2024 Q4	20%	20%	20%	20%	20%	20%																																			
2025 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%																	
2025 Q2							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%																							
2025 Q3							15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	20%	20%	20%	20%	20%	20%																	
2025 Q4													20%	20%	20%	20%	20%	20%																							
2026 Q1													15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%					
2026 Q2																			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%											
2026 Q3																			15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	20%	20%	20%	20%	20%	20%					
2026 Q4																									20%	20%	20%	20%	20%	20%											
On-Going Spot Market Purchases	10%	10%	10%	10%	10%	10%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%

Schedule 2C
2025 LRS Plan
Residential Customers

2025 LRS Plan Residential Customers

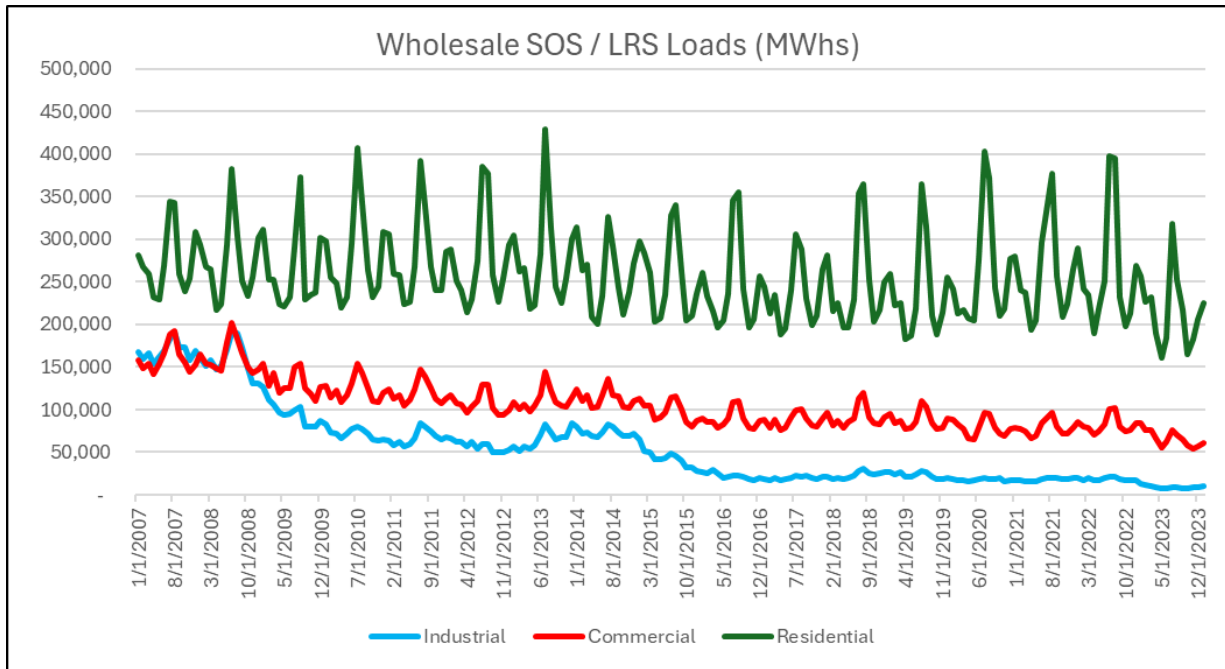
Residential Solicitations

	Apr-2025	May-2025	Jun-2025	Jul-2025	Aug-2025	Sep-2025	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Oct-2026	Nov-2026	Dec-2026	Jan-2027	Feb-2027	Mar-2027	Apr-2027	May-2027	Jun-2027	Jul-2027	Aug-2027	Sep-2027	Oct-2027	Nov-2027	Dec-2027	Jan-2028	Feb-2028	Mar-2028			
Final Bid Date																																							
2024 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%																											
2024 Q2	20%	20%	20%	20%	20%	20%																																	
2024 Q3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%																											
2024 Q4	20%	20%	20%	20%	20%	20%																																	
2025 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
2025 Q2							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
2025 Q3							15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2025 Q4													20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
2026 Q1													15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
2026 Q2																																							
2026 Q3																																							
2026 Q4																																							
On-Going Spot Market Purchases	10%	10%	10%	10%	10%	10%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	

Approved Full Requirement Service (FRS) solicitations are shown in white from the 2023 Plan.
Proposed Full Requirement Service (FRS) solicitations are shown in yellow for the 2025 Plan.
Proposed Full Requirement Service (FRS) solicitation changes are shown in blue for the 2025 Plan.

Schedule 3A
Historical Wholesale Loads

Historical Wholesale Loads



	Total Load (GWhs)											
	SOS / LRS Load				Competitive Supply Load				Total Load			
	Industrial	Commercial	Residential	Total	Industrial	Commercial	Residential	Total	Industrial	Commercial	Residential	Total
2007	2,025	1,921	3,286	7,232	871	255	6	1,131	2,895	2,176	3,292	8,364
2008	1,903	1,937	3,287	7,128	921	219	6	1,147	2,825	2,157	3,293	8,274
2009	1,158	1,582	3,163	5,903	1,528	471	11	2,011	2,686	2,053	3,174	7,913
2010	867	1,482	3,347	5,696	1,853	676	17	2,547	2,720	2,158	3,364	8,243
2011	810	1,439	3,305	5,554	1,865	700	35	2,601	2,675	2,140	3,341	8,155
2012	687	1,292	3,294	5,272	1,994	713	54	2,761	2,681	2,005	3,348	8,034
2013	789	1,337	3,326	5,451	1,875	719	89	2,684	2,664	2,056	3,415	8,135
2014	883	1,358	3,076	5,317	1,740	727	202	2,668	2,622	2,085	3,278	7,985
2015	520	1,183	3,070	4,773	2,040	924	282	3,246	2,560	2,107	3,352	8,019
2016	271	1,062	2,949	4,282	2,269	1,020	383	3,672	2,541	2,082	3,332	7,954
2017	237	1,045	2,816	4,098	2,258	992	394	3,644	2,495	2,037	3,210	7,742
2018	279	1,104	2,986	4,370	2,207	969	368	3,544	2,486	2,074	3,355	7,915
2019	278	1,051	2,842	4,171	2,155	959	317	3,431	2,432	2,010	3,159	7,602
2020	213	948	3,084	4,245	2,053	921	309	3,283	2,266	1,869	3,393	7,528
2021	217	941	3,116	4,273	2,149	962	285	3,397	2,366	1,903	3,401	7,670
2022	222	991	3,130	4,344	2,159	934	224	3,317	2,382	1,926	3,354	7,662
2023	111	800	2,593	3,503	2,220	1,116	583	3,919	2,331	1,916	3,175	7,422

Schedule 3B
Forecasted Wholesale Loads

Forecasted Wholesale Loads

LRS PROCUREMENT GROUPS (MWhs)				
		Industrial	Commercial	Residential
Jan	2025	13,233	88,547	272,176
Feb	2025	9,990	74,550	240,885
Mar	2025	16,260	75,797	264,883
Apr	2025	14,106	68,980	206,370
May	2025	15,027	76,137	238,909
Jun	2025	18,193	85,184	273,560
Jul	2025	18,577	99,923	385,991
Aug	2025	18,185	100,496	377,334
Sep	2025	15,709	81,628	241,891
Oct	2025	14,363	75,790	207,528
Nov	2025	15,241	76,896	228,893
Dec	2025	15,685	88,839	298,412
Jan	2026	13,207	88,648	278,058
Feb	2026	9,981	74,773	246,482
Mar	2026	16,339	76,578	272,753
Apr	2026	13,970	68,474	207,778
May	2026	14,690	74,375	234,322
Jun	2026	18,238	85,790	277,116
Jul	2026	18,758	101,481	393,921
Aug	2026	18,026	99,815	376,927
Sep	2026	15,401	80,012	238,615
Oct	2026	14,195	75,035	208,288
Nov	2026	15,192	76,923	234,220
Dec	2026	15,648	88,953	306,461
Total		368,217	1,983,623	6,511,774

Schedule 4
Master Power Agreement (MPA)

Redlined as compared to the version currently in effect.
RHODE ISLAND MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of [date] and is by and between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and [Company], a [what] (“Seller”). This Master Power Agreement provides for the sale by Seller of Last Resort Service, as defined herein, to the Buyer. Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Last Resort Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

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.

Aggregate RES Requirement means the total of the RES Requirement for each calendar month during a Delivery Term in which there is an RES Requirement in a Transaction.

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.

Award Block means the numerical designation, for administrative purposes only, as may be set forth on a Confirmation to identify Customer Groups to be served from and including the Commencement Date through the Conclusion Date and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.

Bid Proxy Price means, the product of (a) the Reference New England Internal Hub Price as set forth in the Confirmation for the applicable Transaction, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

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 has the meaning set forth in the preamble of this Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.

Buyer's Service Territory means the geographic area served by The Narragansett Electric Company including the service territory formerly served by Blackstone Valley Electric Company and Newport Electric Corporation which has been merged with and into The Narragansett Electric Company.

Buyer's System means the electrical transmission and distribution system of the Buyer and the electrical transmission and distribution system of any Affiliate of the Buyer.

Capacity Charges means any current or future ISO capacity charges or credits associated with providing Requirements as set forth in the Confirmation for the applicable Transaction as applicable to a month or period in the Delivery Term.

CME Group means the CME Group Inc., its successors and assigns.

Commencement Date means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Commercial Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month or period in the Delivery Term.

Commercial Customer Group means Narragansett's customers in the General C&I Rate G-02, Small C&I Rate C-06, Decorative Street and Area Lighting Rate S-06, Limited Private Lighting Rate S-10, and General Streetlighting Rate S-14 retail rate classes, or such other rate classes as may be added from time to time.

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

Commodity Business Day means Monday through Friday, excluding NERC Holidays.

Competitive Supplier Terms means Narragansett's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1191, as may be amended from time to time and approved by the PUC.

Conclusion Date means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Confirmation means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

Confirmation Term means, for the applicable Transaction, the period beginning as of the effective date set forth in a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

Contract Rate has the meaning set forth in the Confirmation for the applicable Transaction.

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 Annex or CSA means the credit support annex mutually agreed to and executed by the Parties, in the form set forth as Appendix D hereto and incorporated by reference herein.

Credit Support Provider means the entity providing a guaranty substantially in the form set forth in Appendix C of this Master Power Agreement guaranteeing the financial obligations of a Party for the benefit of the other Party.

Customer Disconnection Date means the date when a Last Resort Service Customer is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

Customer Group means Buyer's customers who receive Last Resort Service in the Industrial Customer Group, the Commercial Customer Group, and/or the Residential Customer Group corresponding to each of the foregoing customer groups as specified on the Confirmation for the applicable Transaction.

Customer Termination Date means the date when a Last Resort Service Customer ceases to take service under the Last Resort Service Tariff, each date as determined by the Buyer in accordance with the Distribution Service Terms.

Daily Proxy Settlement Amount means, for a given day, the product of (a) the Expected Daily Load and (b) the Proxy Price for such day minus the Bid Proxy Price.

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this

Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy) but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Last Resort Service Customers.

Delivery Point means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to a specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the registered Load Assets representing the physical loads of Last Resort Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads With Nodes"), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Last Resort Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads with Zones") if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

Delivery Term(s) means the period(s) set forth in the Confirmation for a particular Transaction for the respective Last Resort Service designations, beginning on at the top of the HE 01:00 EPT on the Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Conclusion Date.

Distribution Service Terms means Narragansett's Terms and Conditions, R.I.P.U.C. No. 2217, as may be amended from time to time and approved by the PUC.

Effective Date means the date that this Master Power Agreement is executed by all Parties.

EPT means Eastern Prevailing Time.

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

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.

Industrial Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Industrial Customer Group means Narragansett's customers in the 200 kW Demand Rate G-32, Backup Service Rates B-32, and Electric Propulsion Rate X-01 retail rate classes, or such other rate classes as may be added from time to time.

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Last Resort Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

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 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.

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.

Last Resort Service means the provision of Requirements by Seller at the Delivery Point to Narragansett to meet all needs of Last Resort Service Customers.

Last Resort Service Customer(s) means, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation taking service pursuant to the Last Resort Service Tariff.

Last Resort Service Tariff means Narragansett's Tariff for Last Resort Service, as may be amended from time to time, and approved by the PUC.

Locational Marginal Pricing means as set forth in the Market Rules and Procedures.

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 means the New England Power Pool, or its successor.

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 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 a document produced by the NEPOOL-GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL-GIS from a generation unit.

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.**

NERC means the North American Electric Reliability Corporation.

New England Internal Hub Price means for each day remaining in the current calendar month and each day in all future calendar months during the term of this Transaction : (A) the sum of (x) the product of the applicable On-Peak ISO New England Internal Hub Price times the number of On-Peak Hours in such day and (y) the product of the applicable Off-Peak New England Internal Hub Price times the number of Off-Peak hours in such day and (B) then divided by twenty four (24).

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

Off-Peak Hour means any hour that is not an On-Peak Hour.

Off-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Off-Peak LMP Swap price as published by CME Group on a Valuation Date and represented by the CME Group trading symbol H2, or its successor.

On-Peak Hour means Hour Ending (“HE”) 08:00 EPT through HE 23:00 EPT on any Commodity Business Day.

On-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Internal Hub Peak LMP Swap price as published by CME Group on a Valuation Date and represented by the CME Group trading symbol U6, or its successor.

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

Proxy Price means, for a given day, the product of (a) the New England Internal Hub Price for such day, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

PTF means facilities categorized as Pool Transmission Facilities under the ISO Tariff.

Requirements means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Last Resort Service Customers during the Delivery Term.

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.

RES Requirement means the quantity of New Renewable Energy Resource NEPOOL-GIS Certificates and Existing Renewable Energy Resource NEPOOL-GIS Certificates to be provided by Seller as set forth in the Confirmation for a specific Transaction, if any.

Residential Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month or period in the Delivery Term.

Residential Customer Group means Narragansett’s customers in the Basic Residential Rate A-16 and Low Income Discount Rate A-60 retail rate classes, or such other rate classes as may be added from time to time.

Resulting Bid Factor means (A) the Contract Rate in a calendar month divided by (B) the Reference New England Internal Hub Price for the same calendar month.

RI Load Zone means the Rhode Island Reliability Region as defined in the NEPOOL Rules.

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

Term means as defined in Section 3.1.

Transaction means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Last Resort Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall continue in effect until the earlier of (i) its termination by any Party upon thirty (30) days' prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, 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 Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Last Resort Service Customers identified in the related Confirmation taking service as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Last Resort Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Last Resort Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date

Seller's service to the Buyer is to begin for a Last Resort Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Supply

(a) With respect to each Last Resort Service Customer that terminates Last Resort Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Conclusion Date.

Section 3.4 Customer Disconnection Date

(a) With respect to each Last Resort Service Customer whose Last Resort Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

Section 3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

Section 3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes a

Windows or Unix file server with capability of sending and receiving File Transfer Protocol (“FTP”), files with Pretty Good Privacy (“PGP”), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt.

Section 3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of the Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Last Resort Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Last Resort Service for any reason (“Programs”). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer’s System and that Seller’s sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer’s System, and the Buyer’s or Affiliates of the Buyer’s obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms or the NEPOOL Rules.

Section 3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with the uniform disclosure requirements contained in R.I.G.L. Section 39-26-9 and any other disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Last Resort Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NEPOOL-GIS to transfer Load Obligations or NEPOOL-GIS Certificates, as applicable, to the Buyer’s certificate account in the number equal to the Delivered Energy for Last Resort Service in a month during the term of a Transaction. Such Load Obligations or NEPOOL-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NEPOOL-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NEPOOL-GIS designated by the Buyer.

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

Section 4.2 Responsibilities

(a) The Buyer shall arrange with the ISO for transmission service over the PTF and non-PTF from and after the Delivery Point to the customers' meters. The Buyer shall be responsible for all transmission costs over the PTF and non-PTF from the Delivery Point to the meters of the Buyer's customers. Seller shall be responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the transmission costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in ARTICLE 6, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based including, but not limited to, the real-time load obligations, capacity obligations and/or charges(including but not limited to installed capacity, unforced capacity, locational installed capacity, locational unforced capacity, forward capacity market obligations, forward capacity market transition payment obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to, (w) any real-time reserve charges, (x) any forward reserve charges, (y) any charges associated with reserve constraint penalty factors, and (z) net commitment period compensation ("NCPC") charges (other than monthly fixed-cost charges paid to resources pursuant to reliability agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2)), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Last Resort Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph, Seller's responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Last Resort Service (during the applicable Delivery Term), including

its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Last Resort Service Customers (during the applicable Delivery Term).

(f) Seller shall utilize the NEPOOL-GIS to transfer the quantity of NEPOOL-GIS Certificates from New or Existing Renewable Energy Resources equal to the RES Requirement to the account within the NEPOOL-GIS designated by the Buyer. Seller may satisfy the Aggregate RES Requirement at any time during the Delivery Term for a Confirmation provided such delivery occurs at least five (5) Business Days prior to the close of the applicable Trading Period associated with the Delivery Term; provided further, however, that the total number of NEPOOL-GIS Certificates from New or Existing Renewable Energy Resources shall not exceed the Aggregate RES Requirement for a Transaction.

(g) Seller shall notify Buyer within one Business Day of receipt of notice of termination from the ISO or event of default or similar occurrence under the Market Participant Service Agreement.

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

The amount payable by the Buyer to Seller shall be the sum of the amounts due under all applicable Transactions.

Section 5.2 Billing and Payment

(a) Seller shall calculate the amount due and payable to Seller pursuant to Section 5.1 of the Master Power Agreement and Section 5 of a Confirmation with respect to the preceding month (the "Calculation"). Seller shall submit the Calculation to the Buyer on or before the tenth (10th) day of each month during the Term; provided, however, that with respect to the Capacity Charges, Seller shall calculate and submit that portion of the Calculation on or before the later of (i) the tenth (10th) day of each month during the Term, and (ii) two (2) Business Days after Seller's receipt from the ISO of the applicable settlement reports related to Capacity Charges ("ISO Capacity Settlement Report(s)") for such month. Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Seller shall also include copies of certain portion(s) of the settlement reports the Seller receives from the ISO that specifically relate to Buyer's Capacity Charges. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and this Section 5.2(a) and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and any updated ISO Capacity Settlement Report(s) for such month and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to Buyer concurrently with Seller's submission of the Calculation as set forth in paragraph (a) of this Section, an invoice reflective of such Calculation and the respective amounts due under this Master Power Agreement (the "Invoice") for such month during the Term. Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the later of the twentieth (20th) day of the month or ten (10) Business Days after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice 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 the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (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 the Interest Rate 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 Calculations, Invoices or Reconciliation Adjustments (or the data utilized in the forgoing) 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 performance under this Agreement including but not limited to the purchase and sale of Requirements and both Existing and New Renewable Energy Resource NEPOOL-GIS Certificates to the Buyer, if any. Seller shall pay all Taxes with respect to the Requirements up to and at the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

Except for security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another 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, or if any costs that are a Party's responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, 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 the other 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 agreement between the Parties may be netted against each other, set off or recouped therefrom, or otherwise adjusted.

ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED; DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Last Resort Service Customers. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the Delivery Point to the meters of Last Resort Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Last Resort Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in a specific Confirmation) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date established in accordance with 7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Last Resort Service terminates (effective as of the minute after the Conclusion Date or, if earlier, the termination date established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets

The Buyer shall have the right to change the Load Asset designations from time to time, consistent with the definition and provision of Last Resort Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

ARTICLE 7. DEFAULT AND TERMINATION

Section 7.1 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 due to causes excused by Force Majeure or 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 due to causes excused by Force Majeure or 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 the Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

(ii) Failure of Seller to provide Requirements in accordance with Articles 3 and 4;

(iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with the CSA;

(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;

- (iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.
- (iv) The failure of such Party to deliver or return Eligible Collateral as required under the CSA or the failure of such Party to pay Interest as required under the CSA and the continuation of such failure for two (2) Business Days after notice of that failure is given to that Party;
- (v) The violation by such Party of any other obligation or agreement with respect to Credit Support under the CSA and the continuation of such violation for five (5) Business Days after notice of that failure is given to that Party.”

Section 7.2 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”) terminating this Agreement and all, but not less than all, Transactions. Upon a termination for an Event of Default under Section 7.1(a), (b) or (c)(iii), (c)(iv) or (c)(v), such termination shall be effective as of the date specified in the Termination Notice, which date shall be no earlier than the date such notice is effective and no later than thirty (30) days after the date such notice is provided to the defaulting Party in accordance with Article 8. Upon a termination for a default or Event of Default under Section 7.1(c)(i) or (ii), such termination shall be effective as of the Event of Default, provided that the non-defaulting Party provides written

notice to the defaulting Party in accordance with Article 8 within ten (10) Business Days of the Event of Default. If such notice is not given within ten (10) Business Days of the Event of Default, the non-defaulting Party shall be entitled to terminate this Agreement effective as of the date specified in the written notice termination. Any attempted cure by a defaulting Party after this Agreement has been terminated by the non-defaulting Party shall be void and of no effect. The Parties' obligations under this Agreement, in general and under this Section 7.2 in particular, are subject to the duty to mitigate damages as provided under common law. 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) Seller expressly agrees that at any time after the occurrence of an Event of Default by Seller, or the delivery of a Termination Notice to Seller by the Buyer, the Buyer may exercise any rights it may have pursuant to the CSA.

(c) In the event of termination for an Event of Default as provided in Section 7.1, in addition to any amounts owed for performance (or failure to perform) hereunder prior to such termination, the non-defaulting Party may recover, without duplication, its direct damages resulting from such Event of Default; such damages shall include the positive (if any) present value of this Agreement to the non-defaulting Party for the portion of the Delivery Term remaining at the time of such termination, to be determined by reference to market prices, transaction costs and load reasonably projected for the remaining portion of the Delivery Term ("Termination Damages"). The Termination Damages shall include all reasonably incurred transaction costs and expenses that otherwise would not have been incurred by the non-defaulting Party. In determining its Termination Damages, the non-defaulting Party shall offset its losses and costs by any gains or savings realized by the non-defaulting Party as a result of the termination. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

Payment of Termination Damages, if any, shall be made by the defaulting Party to the non-defaulting Party within five (5) days after calculation of such Termination Damages and receipt of a notice including such calculation of the amounts owed hereunder and a written statement showing in reasonable detail the calculation and a summary of the method used to determine such amounts. Upon the reasonable request of the defaulting Party, the non-defaulting Party shall provide reasonable documentation to verify the costs underlying the Termination Damages. If the defaulting Party disputes the non-defaulting Party's calculation of the Termination Damages, in whole or in part, the defaulting Party shall, within five (5) days of receipt of the non-defaulting Party's calculation of the Termination Damages, provide to the non-defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that, the defaulting Party shall first pay the Termination Damages, if any, to the non-defaulting Party in accordance with the preceding sentence, and the non-defaulting Party shall then deposit such disputed amount into an interest bearing bankruptcy-remote escrow account for the benefit of the prevailing Party and the dispute shall be resolved in accordance with Section 15.2.

(d) Notwithstanding any other provision of this Agreement, the cure of any default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Article shall not release such defaulting Party from its obligations under Section 9.2 of this Agreement.

(e) Upon termination the Buyer shall, and upon the occurrence of an Event of Default by Seller, the Buyer shall have the right to, immediately notify the ISO that (i) the assignment from the Buyer to Seller of the Ownership Share has been terminated, (ii) the Load Asset(s) shall be removed from Seller's account and placed in the account of the Buyer and (iii) Seller consents to such action. In the event the Buyer so notifies the ISO, Seller shall immediately take any and all actions that may be required by the ISO to remove the Load Asset from Seller's account and place it in the account of the Buyer. If the Agreement and any Transactions have not been terminated, the Buyer, in its sole discretion with five (5) Business Days prior notice to Seller, may elect to assign the Ownership Share of the Load Asset(s) set forth in the associated Confirmation(s) to the account of Seller and Seller shall accept such assignment, consistent with the actions required by Section 6.4 of this Master Power Agreement.

Section 7.3 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 7, shall be “contractual rights” as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 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) 545-5403 (phone)
ElectricSupply@NationalGrid.com~~

PPL Services Corporation
827 Hausman Road
Allentown, PA 18104-9392
610-774-5585 (phone)
acastanaro@pplweb.com

With a copy to:

Rhode Island Energy
220 West Main St., 7th Floor
Louisville, KY 40202
Attn: Manager, Credit and Contract Administration
502-627-4253 (phone)
pplmargincall2@pplweb.com

Notices concerning Article 7 shall also be sent 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~~

PPL Office of General Counsel
645 Hamilton Street
Suite 700
Allentown, PA 18101
Attn.: Deputy General Counsel - Corporate
OGCCContractsAttorney@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 8.2 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 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, 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 SECTION 15.2 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 9.2 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, successor, 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 9.3 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 Requirements for Last Resort Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, 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 10.2 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, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) 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 11. 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 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Last Resort Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Last Resort Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. 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 14. 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 (z) 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 14(c) then, without further action of either Party, Article 14(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 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

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

Section 15.2 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 and have at least two (2) years' experience 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. If a panel of arbitrators, all of their decisions shall be by majority vote. 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 attorney's 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 15.3. 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 right or remedy it has under this Agreement, including those in Article 7. 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 15.3 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, County of Providence (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 16. 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 17. 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 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, 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 and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. 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 20. 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 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

Each Party represents to the other Parties, 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 Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby. This Master Power Agreement has been, and any Confirmation will be, duly and validly executed and delivered by it, and, assuming that this Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Parties, constitute together 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 Master Power Agreement or any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, 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 Master Power Agreement or any and all Confirmations by it, nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, 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) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement ("Seller's MPSA"), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller's MPSA.

(i) It is acting for its own account, has made its own independent decision to enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and any such Confirmation 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 Master Power Agreement and any such Confirmation or Transaction.

ARTICLE 22. 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 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b), Article 7 and Appendix C [BIDDERS: Insert additional sections] of the Master Power Agreement, (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, or governmental authority with jurisdictional interest, requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, 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 Master Power Agreement on their behalf as of the date first above written.

THE NARRAGANSETT ELECTRIC COMPANY

Name (print): _____
Title: _____

[COMPANY]

Name (print): _____
Title: _____

APPENDIX A

ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Last Resort Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

APPENDIX B
 MASTER POWER AGREEMENT
 FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of _____ between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and **[Company], a [what]** (“Seller”) regarding the sale/purchase of Last Resort Service specified herein under the terms and conditions under the Master Power Agreement, dated [] (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. It is the intent of Buyer and Seller that the Transaction shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the Parties intend to physically settle the Transaction, and is therefore not subject to swap regulation. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Last Resort Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	TBD	TBD	TBD	TBD

2. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	Month1	Month2	Month3	Month4	Month5	Month6
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

3. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	TBD	TBD	TBD

4. RES Requirement

RES Requirement shall mean, for each calendar month during the term of this Transaction, zero.

Or

RES Requirement shall mean, for each calendar month during the term of this Transaction the product of (i) Delivered Energy in a calendar month for Last Resort Service in calendar year 200X and (ii) 0.XX, rounded up to the whole MWh of which up to two percent (2.0%) may come from Existing Renewable Energy Resources.

5. Amount Payable

The amount payable by the Buyer to Seller in a month shall be:

- (i) The product of (a) the Delivered Energy for Last Resort Service to the Residential Customer Group in a month and (b) the Residential Contract Rate in the month plus,
- (ii) The Capacity Charges for the Residential Customer Group in the month plus,
- (iii) The product of (a) the Delivered Energy for Last Resort Service to the Commercial Customer Group in a month and (b) the Commercial Contract Rate in the month plus,
- (iv) The Capacity Charges for the Commercial Customer Group in the month plus,
- (v) The product of (a) the Delivered Energy for Last Resort Service to the Industrial Customer Group in a month and (b) Industrial Contract Rate in the month plus,
- (vi) The Capacity Charges for the Industrial Customer Group in the month plus,
- (vii) The product of (a) the number of New Renewable Energy Resource NEPOOL-GIS Certificates and Existing Renewable Energy Resource NEPOOL-GIS Certificates delivered in the month, not to exceed the Aggregate RES Requirement and (b) the applicable Alternative Compliance Payment Rate less,
- (viii) The product of (a) the RES Requirement and (b) the applicable Alternative Compliance Payment Rate.

6. Modifications to the Master Power Agreement

[To be determined for each Transaction]

7. Security

A. Calculation of Exposure

Exposure shall be calculated in accordance with Paragraph 3 of the CSA, subject to the conditions and definitions below.

Seller Independent Amount means the amount set forth below, and is required through the dates listed in the table:

Award Block	Customer Group	Load Zone	Amount of Security (USD)	Posting Required Through
TBD	TBD	TBD	TBD	TBD

Expected Daily Load means the average daily load based upon 2 years of available actual loads for a given month, as specified in the following table:

Award Block	Customer Group	Load Zone	Month1	Month2	Month3	Month4	Month5	Month6
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

Adjustment Factor is X.XX.

Reference New England Internal Hub Price means the prices as specified in the following table:

ISO New England Internal Hub Price	Month1	Month2	Month3	Month4	Month5	Month6
Off-Peak	TBD	TBD	TBD	TBD	TBD	TBD
Peak	TBD	TBD	TBD	TBD	TBD	TBD
Reference New England Internal Hub Price**	TBD	TBD	TBD	TBD	TBD	TBD

**The Reference New England Internal Hub price shall be calculated as ((Peak Price x number of Peak Hours in the Month) + (Off-Peak Price x number of Off-Peak Hours in the Month))/(Total Hours in the Month)), as applicable.

B. Delivery of Collateral

Within five (5) Business Days after the execution of this Confirmation, Seller shall provide Collateral in accordance with Paragraph 3(a) of the Credit Support Annex of the Master Power Agreement, and in any of the forms specified in Paragraph 6 of the Credit Support Annex of the Master Power Agreement.

8. Confidentiality

Articles 1, 2, 3, 4, 5, and 7 [additional articles to be determined for each Transaction] of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

9. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

10. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

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

THE NARRAGANSETT ELECTRIC COMPANY

Name (print): _____

Title: _____

[COMPANY]

Name (print): _____

Title: _____

**APPENDIX C
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”).

WITNESSETH:

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 that certain Confirmation, dated _____ (the “Confirmation”), under the Master Power Agreement, dated [_____] (collectively with the Confirmation, as the foregoing and the terms therein and the obligations and liabilities thereunder may from time to time and without notice to or consent of the Guarantor, and without impairing or releasing the obligations of the Guarantor, be amended, modified, revised, supplemented or waived by Buyer and Seller, 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 constitution 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 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 there under.

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 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~~

~~(516) 545-5403 (phone)
ElectricSupply@NationalGrid.com~~

To the Buyer:

Attn: Manager, Credit and Contract
Administration
Rhode Island Energy
220 West Main St., 7th Floor
Louisville, KY 40202

Phone No.: (502) 627-4253
Email: pplmargincall2@pplweb.com

To Guarantor:

~~Phone No.:
Email:~~

To Guarantor:

Phone No.:
Email:

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.

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

[GUARANTOR]

Name (print): _____

Title: _____

APPENDIX D

CREDIT SUPPORT ANNEX (RI LRS)

This Credit Support Annex to the Master Power Agreement (the “CSA”) is made and entered into by and between Buyer and Seller, as those are defined in the Master Power Agreement.

All provisions contained or incorporated by reference in the Master Power Agreement will govern this CSA except as expressly modified herein. Any terms capitalized, but not defined herein shall have the meaning given to them in the Master Power Agreement.

Paragraph 1. Definitions.

As Used in this CSA, the following terms have the meanings specified below:

“*Calculation Period*” shall mean the period between the commencement date of the transaction, and the conclusion date of the transaction, as defined in the confirmation.

“*Cash*” means U.S. dollars held by or on behalf of a Party as Posted Collateral hereunder.

“*Collateral Account*” shall have the meaning specified in Paragraph 6(a)(iii)(B).

“*Collateral Interest Rate*” means the daily effective federal funds rate as published in the applicable statistical release designated as H.12(510), or any successor publication by the Board of Governors of the Federal Reserve System. If such rate is expressed as a range, the Collateral Interest Rate shall equal the arithmetic average of such range.

“*Collateral Threshold*” shall have the meaning specified in Paragraph 3(c)(i).

“*Custodian*” shall have the meaning specified in Paragraph 6(a)(i).

“*Delivery Amount*” shall have the meaning specified in Paragraph 4.

“*Disputing Party*” shall have the meaning specified in Paragraph 7.

“*Eligible Collateral*” shall have the meaning specified in Paragraph 3(c)(iii).

“*Exposure*” shall have the meaning specified in Paragraph 3(b).

“*Interest Amount*” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day (but excluding any interest previously earned on such Cash); *multiplied by* (b) the Collateral Interest Rate for that day; *divided by* (c) 360

“*Interest Period*” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“*Invoiced Amounts*” shall have the meaning specified in Paragraph 3(b)(i)

“*Letter of Credit*” shall mean an irrevocable, non-transferable, standby letter of credit, issued by a Qualified Institution utilizing a form acceptable to the party in whose favor the letter of credit is issued. All costs relating to any Letter of Credit shall be for the account of the Pledgor.

“Letter of Credit Default” shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events (a) the issuer of such Letter of Credit shall fail to be a Qualified Institution (as defined below); (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (c) the issuer of the Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (d) the Letter of Credit shall expire or terminate or have a Value of zero at any time the Pledgor is required to Transfer Eligible Credit Support pursuant to Paragraph 4 below and the Pledgor has not Transferred replacement Eligible Credit Support; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be cancelled or returned to the Pledgor in accordance with the terms of this CSA.

“Notification Time” shall mean 1:00 p.m. EPT on a Business Day.

“Obligations” shall have the meaning specified Paragraph 2.

“Pledgor” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Collateral or (ii) has Transferred Eligible Collateral under this CSA.

“Posted Collateral” means all Eligible Collateral and all proceeds thereof that have been Transferred to or received by the Secured Party under this CSA and not Transferred to the Pledgor or released by the Secured Party. Any interest amount or portion thereof not Transferred will constitute Posted Collateral in the form of Cash.

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Qualified Institution” means a major U.S. commercial bank or trust company, a foreign bank with a U.S. branch office or financial institution, in any case, organized under the laws of the United States or a political subdivision thereof having assets of at least \$10 billion and Credit Ratings of at least “A3” from Moody’s and “A-“ from S&P.

“Return Amount” shall have the meaning specified in Paragraph 5.

“Reference Market-Maker” means a leading dealer in the relevant market that is selected in a commercially reasonable manner and is not an affiliate of either party.

“Request Date” shall have the meaning specified in Paragraph 7.

“Requesting Party” shall have the meaning specified in Paragraph 7.

“Rounding Amount” shall have the meaning specified Paragraph 3(c)(ii).

“Secured Party” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Collateral or (ii) holds or is deemed to hold Posted Collateral under this CSA.

“Seller’s Credit Support Provider” means, _____

“Seller’s Independent Amount” means none, unless otherwise specified in the applicable Confirmation.

“Substitute Eligible Collateral” shall have the meaning specified in Paragraph 6(f).

“Transfer” means, with respect to any Posted Collateral or Interest Amount, and in accordance with the instructions of the Party entitled thereto:

- (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by Buyer; and
- (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to Buyer.

“Valuation Agent” means the Requesting Party; provided, however, that that in all cases, if an Event of Default or Potential Event of Default has occurred and is continuing with respect to the party designated as the Valuation Agent, then in such case, and for so long as the Event of Default or Potential Event of Default continues, the other party shall be the Valuation Agent.

“Valuation Date” means each Business Day.

“Valuation Percentage” shall have the meaning specified in Paragraph 3(c)(iii).

“Valuation Time” means the close of business on the Business Day before the Valuation Date or date of calculation, as applicable.

“Value” means, with respect to Posted Collateral or Eligible Collateral, means the Valuation Percentage multiplied by the amount then available under the Letter of Credit to be unconditionally drawn by the Secured Party.

Paragraph 2. Encumbrance: Grant of Security Interest. Each party hereby pledges to the other Party as security for all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith (collectively, the **“Obligations”**), and grants to the other Party a first priority continuing security interest, lien on, and right of set-off against all Collateral delivered to or received by such Party (the **“Secured Party”**) hereunder. Upon the return by the Secured Party to the other Party (such Party, the **“Pledgor”**) of posted Collateral, the security interest and lien granted hereunder on that posted Collateral will be released immediately and, to the extent possible, without further action by either Party.

Paragraph 3. Calculations of Collateral Requirement.

(a) **Collateral Requirement.** The “Collateral Requirement” for Seller means the Exposure, *minus the sum of:*

- (i) Seller’s Collateral Threshold;
- (ii) Seller’s Independent Amount, if any, as defined in the Confirmation;
- (iii) the amount of Cash previously Transferred to Buyer, and the amount of Cash held by Buyer as Posted Collateral as the result of drawing under any Letter of Credit; and
- (iv) the Value of each Letter of Credit maintained by Seller for the benefit of Buyer;

provided, however, that the Collateral Requirement of Seller will be deemed to be zero (0) whenever the calculation of Exposure yields a number less than zero (0).

(b) **Calculation of Exposure.** On any Valuation Date, the **“Exposure”** shall be calculated as *the sum of:*

- (i) all amounts that have been invoiced, but not yet paid for the Transaction under each Confirmation (**“Invoiced Amounts”**). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller;

- (ii) all amounts that have been accrued, but not yet invoiced for the Transaction under each confirmation (“**Accrued Amounts**”). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller; and
- (iii) the Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for Each Transaction (“**Proxy Settlement Amount**”);

(c) **Seller’s Collateral Threshold.**

(i) “**Seller’s Collateral Threshold**” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date, *provided*, however, that the Threshold for Seller shall be zero (“0”) if on the Valuation Date, Seller does not have a Credit Rating from S&P or Moody’s or an Event of Default or a Potential Event of Default with respect to Seller has occurred and is continuing.

Or

(i) “**Seller’s Collateral Threshold**” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date; *provided*, however, if Seller has provided a guaranty from its Credit Support Provider (substantially in the form set forth in Appendix C of this Master Power Agreement), then Seller’s Threshold shall correspond to the lesser of (1) the amount of such guaranty and (2) the amount set forth below opposite the lowest Credit Rating for Seller’s Credit Support Provider on the Valuation Date; and *provided*, further, the Threshold for Seller shall be zero if on the Valuation Date, (i) Seller or its Credit Support Provider (if Seller has provided a guaranty) does not have a Credit Rating from S&P or Moody’s, (ii) an Event of Default or Potential Event of Default with respect to Seller or its Credit Support Provider has occurred and is continuing or (iii) the guaranty, if any, provided by Seller fails to be in full force and effect unless Seller is relying on its own Credit Rating to establish its Threshold pursuant to the table below.

<u>Seller’s Collateral Threshold</u>	<u>Moody’s Credit Rating</u>	<u>S&P Credit Rating</u>
\$	A3 or above	A- or above
\$	Baa1 or Baa2	BBB+ or BBB
\$0	Baa3 or below	BBB- or below

(ii) **Rounding.** The Delivery Amount, as defined below, will be rounded up, and the Return Amount, as defined below, will be rounded down, in each case to the nearest integral multiple of \$100,000 (“**Rounding Amount**”).

(v) The following items will qualify as “**Eligible Collateral**” for the Party specified:

		<u>Seller</u>	<u>“Valuation Percentage”</u>
(A)	Cash	[X]	100%
(B)	Letters of Credit	[X]	100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).

(d) **Valuation Agent/Valuation Time.** All calculations with respect to Collateral shall be made by the Valuation Agent as of the Valuation Time on the Valuation Date.

Paragraph 4. Delivery of Collateral. On any Business Day during the remaining term hereof on which (a) no Event of Default has occurred and is continuing with respect to Buyer, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment Obligations, and (c) Seller’s Collateral Requirement exceeds \$0.00, then Buyer may request, by written notice, that Seller Transfer to Buyer, or cause to be Transferred to Buyer, Eligible Collateral for the benefit of Buyer, having a Value of at least the Collateral Requirement (**“Delivery Amount”**). Such Eligible Collateral shall be delivered to Buyer on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day.

Paragraph 5. Reduction and Substitution of Posted Collateral. On any Business Day during the term hereof on which (a) no Event of Default has occurred and is continuing with respect to Seller, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment Obligations, and (c) the Eligible Collateral posted by Seller exceeds the Exposure (rounding downwards for any fractional amount to the next interval of the Rounding Amount), then Seller may, at its sole cost, request that Buyer return Eligible Collateral in the amount of such difference (**“Return Amount”**) and Buyer shall be obligated to do so. Such Eligible Collateral shall be returned to Seller on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day. The Parties agree that if Seller has posted more than one type of Eligible Collateral to Buyer, Seller can, in its sole discretion, select the type of Eligible Collateral for Buyer to return; provided, however, that Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure.

Paragraph 6. Administration of Posted Collateral.

(a) **Cash.** Posted Collateral provided in the form of Cash to Buyer hereunder shall be subject to the following provisions.

(i) So long as no Event of Default has occurred and is continuing with respect to Buyer, Buyer will be entitled to either hold Cash or to appoint an agent which is a Qualified Institution (a **“Custodian”**) to hold Cash for Buyer. In the event that an Event of Default has occurred and is continuing with respect to Buyer, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to Buyer and Cash shall be held in a

Qualified Institution in accordance with the provisions of Paragraph 6(a)(iii)(B). Upon notice by Buyer to Seller of the appointment of a Custodian, Seller's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by Buyer for which the Custodian is acting. If Buyer or its Custodian fails to satisfy any conditions for holding Cash as set forth above, or if Buyer is not entitled to hold Cash at any time, then Buyer will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(iii)(B). Except as set forth in Paragraph 6(c), Buyer will be liable for the acts or omissions of the Custodian to the same extent that Buyer would be held liable for its own acts or omissions.

(ii) **Use of Cash.** Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Termination date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exists any unsatisfied payment Obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Posted Collateral hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.

(iii) Notwithstanding Paragraph 6(a)(ii), if neither Buyer nor the Custodian is eligible to hold Cash pursuant to Paragraph 6(a)(i) then:

(A) the provisions of Paragraph 6(a)(ii) will not apply with respect to the Buyer; and

(B) the Buyer shall be required to Transfer (or cause to be Transferred) not later than the close of business within five (5) Business Days following such ineligibility all Cash in its possession or held on its behalf to a Qualified Institution to be held in a segregated, safekeeping or custody account (the "***Collateral Account***") within such Qualified Institution with the title of the account indicating that the property contained therein is being held as Cash for Buyer. The Qualified Institution shall serve as Custodian with respect to the Cash in the Collateral Account, and shall hold such Cash in accordance with the terms of this CSA and for the security interest of Buyer and execute such account control agreements as are necessary or applicable to perfect the security interest of Seller therein pursuant to Section 9-314 of the Uniform Commercial Code or otherwise, and subject to such security interest, for the ownership and benefit of Seller. The Qualified Institution holding the Cash will invest and reinvest or procure the investment and reinvestment of the Cash in accordance with the written instructions of Buyer, subject to the approval of such instructions by the Seller (which approval shall not be unreasonably withheld). Buyer shall have no responsibility for any losses resulting from any investment or reinvestment effected in accordance with Seller's approval.

(iv) **Interest.** So long as no Event of Default with respect to the Seller has occurred and is continuing, and no termination date for which any unsatisfied payment Obligations of Seller exist has occurred or been designated as the result of an Event of Default with respect to Seller, in the event that Buyer or its Custodian is holding Cash, Buyer will Transfer (or cause to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which shall be retained by Buyer), the Interest Amount. Interest on Cash shall accrue at the Collateral

Interest Rate. Interest accrued during the previous month shall be paid by the Buyer to the Seller on the 3rd Business Day of each calendar month and on any Business Day that posted Eligible Collateral in the form of Cash is returned to Seller. On or after the occurrence of an Event of Default with respect to Seller or a termination date as a result of an Event of Default with respect to Seller, Buyer or its Custodian shall retain any such Interest Amount as additional Posted Collateral hereunder until the obligations of Seller under the Agreement have been satisfied in the case of a termination date or for so long as such Event of Default is continuing in the case of an Event of Default.

(b) **Buyer's Rights and Remedies.** If at any time an Event of Default with respect to Seller has occurred and is continuing, then, unless the Seller has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement (“Obligations”), the Buyer may exercise one or more of the following rights and remedies: (i) all rights and remedies available to a Secured Party under applicable law with respect to posted Eligible Collateral held by the Buyer, (ii) the right to set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the Cash equivalent of any posted Eligible Collateral held by the Buyer, or (iii) the right to liquidate any posted Eligible Collateral held by the Buyer and to apply the proceeds of such liquidation of the posted Eligible Collateral to any amounts payable to the Buyer with respect to the Obligations in such order as the Buyer may elect. For purposes of this Paragraph 6, the Buyer may draw on the entire undrawn portion of any Letter of Credit. Cash proceeds that are not applied to the Obligations shall be maintained in accordance with the terms of this CSA. The Seller shall remain liable for amounts due and owing to the Secured Party that remain unpaid after the application, pursuant to this Paragraph 6, of Eligible Collateral to the Obligations.

(c) **Seller's Rights and Remedies.** If at any time a termination date has occurred or been designated as the result of an Event of Default with respect to Buyer, then unless the Buyer has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement: (i) the Seller may exercise all rights and remedies available to a Seller under applicable law with respect to the posted Eligible Collateral, (ii) the Buyer will be obligated immediately to return all posted Eligible Collateral and accrued Interest to the Seller, or (iii) to the extent that posted Eligible Collateral or accrued Interest are not returned pursuant to (ii) above, the Seller may set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the cash equivalent thereof or to the extent that Seller does not set off such amounts, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of the remain posted Eligible Collateral held by the Buyer, until that posted Eligible Collateral is Transferred to the Seller. For avoidance of doubt, (i) the Buyer will be obligated immediately to Transfer any Letter of Credit to the Seller and (ii) the Seller may do any one or more of the following: (x) to the extent that the Letter of Credit is not Transferred to the Seller as required pursuant to (i) above, set-off any amounts payable by the Seller with respect to any Obligations against any such Letter of Credit held by the Buyer and, to the extent its rights to set-off are not exercised, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of any remaining posted Eligible Collateral and the value of any Letter of Credit held by the Buyer, until any such Posted Eligible Collateral and such Letter of Credit is Transferred to the Seller; and (y) exercise rights and remedies available to the Seller under the terms of the Letter of Credit.

(d) **Letters of Credit.** Eligible Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

(i) As one method of providing Eligible Collateral, the Pledgor may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(ii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the first Business Day after the occurrence thereof (or the third (3rd) Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

(iii) Notwithstanding Paragraphs 4 and 5, (1) the Buyer need not return a Letter of Credit unless the entire principal amount is required to be returned, (2) the Buyer shall consent to a reduction of the principal amount of a Letter of Credit to the extent that a Delivery Amount would not be created thereby (as of the time of the request or as of the last time the Delivery Amount was determined), and (3) if there is more than one form of Posted Collateral when a Return Amount is to be Transferred, the Secured Party may elect which to Transfer.

(e) **Care of Posted Eligible Collateral.** Buyer shall exercise reasonable care to assure the safe custody of all posted Eligible Collateral to the extent required by applicable law, and in any event the Buyer will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Buyer will have no duty with respect to the posted Eligible Collateral, including without limitation, any duty to enforce or preserve any rights thereto.

(f) **Substitutions.** Unless otherwise prohibited herein, upon notice to the Buyer specifying the items of posted Eligible Collateral to be exchanged, the Seller may, on any Business Day, deliver to the Buyer other Eligible Collateral ("***Substitute Eligible Collateral***"). On the Business Day following the day on which the Substitute Eligible Collateral is delivered to the Buyer, the Buyer shall return to the Seller the items of Eligible Collateral specified in the Seller's notice; provided, however, that the Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure set forth in Paragraph 3(b) and the Confirmation.

Paragraph 7. Exercise of Rights Against Posted Collateral.

(a) **Disputes regarding amount of Eligible Collateral.** If either Party disputes the amount of Eligible Collateral to be provided or returned (such Party the "***Disputing Party***"), then the Disputing Party shall (a) deliver the undisputed amount of Eligible Collateral to the other Party (such Party, the "***Requesting Party***") and (b) notify the Requesting Party of the existence and nature of the dispute no later than 5:00 p.m. EPT on the Business Day that the request for Eligible Collateral was made (the "***Request Date***"). On the Business Day following the Request Date, the Parties shall consult with each other in order to reconcile the two conflicting amounts. If the Parties are not able to resolve their dispute, the Eligible Collateral shall be recalculated, on the Business Day following the Request Date, by each Party requesting quotations from two (2) Reference Market-Makers for a total of four (4) quotations. The highest and lowest of the four (4) quotations shall be discarded and the arithmetic average shall be taken of the remaining two (2), which shall be used in order to determine the amount of Eligible Collateral required. On the same day the Eligible Collateral amount is recalculated, the Disputing Party shall deliver any additional Eligible Collateral required pursuant to the recalculation or the Requesting Party shall return any excess Eligible Collateral that is no longer required pursuant to the recalculation.

(b) **Further Assurances.** Promptly following a request by a Party, the other Party shall execute, deliver, file, and/or record any financing statement, specific assignment, or other document and take any other action that may be necessary or desirable to create, perfect, or validate any security interest or lien, to enable the requesting party to exercise or enforce its rights or remedies under this CSA, or to effect or document a release of a security interest on posted Eligible Collateral or accrued Interest.

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding, or lien that involves the posted Eligible Collateral delivered to Secured Party by Pledgor or that could adversely affect any security interest or lien granted pursuant to this CSA.

Paragraph 8. Miscellaneous.

(a) **Demands and Notices.** All demands, specifications, and notices to Buyer with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

~~National Grid
Attn: Director, Wholesale Electric Supply
100 East Old Country Road
Hicksville, NY 11801
Phone – (516) 545-5403
Email – ElectricSupply@NationalGrid.com~~

Rhode Island Energy
Attn: Manager Credit and Contract Administration
220 West Main Street
Louisville, KY 40202
Phone – 502-627-4253
Email – pplmargincall2@pplweb.com

~~National Grid
Attn: Credit Operations
100 East Old Country Road
Hicksville, New York 11801
Phone – (516) 545-3122
Email – keyspar-margin@keysparenergy.com~~

All demands, specifications, and notices to Seller with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

Counterparty
Attn:
Address
City, State Zip
Phone - (____) ____ - ____
Email –

(b) The provisions of this CSA shall apply to any and all Transactions entered into under the Master Power Agreement subsequent to the effective date of this CSA.

(c) The information contained in Paragraph 3(c)(i) of this CSA constitutes “Confidential Terms” within the meaning of Article 23 of the Master Power Agreement.

Schedule 5
Last Resort Service RFP Notice (Template)

Redlined as compared to the version currently in effect.

Email Subject: The Narragansett Electric Company RFP Announcement for RI Last Resort Service

The Narragansett Electric Company ("Narragansett") has issued a Request for Proposals ("RFP") to serve its Last Resort Service customers in Rhode Island:

Service	Load	Period
RI Industrial Group Last Resort Service	XX%	Month Day, Year – Month Day, Year
RI Residential Group Last Resort Service	XX%	Month Day, Year – Month Day, Year
RI Commercial Group Last Resort Service	XX%	Month Day, Year – Month Day, Year

The schedule for this RFP is as follows:

Process Step	Date
Company Issues Request for Proposal	Month Day, Year
Submit Respondent Proposal Information	Month Day, Year – 5pm EPT
Submit Indicative Pricing	Month Day, Year – 10am EPT
Submit Final Pricing	Month Day, Year – 10am EPT
Company Notifies Winning Bidders	Month Day, Year – 1pm
Winning Bidders and Company execute Confirmations	No later than two business days after Final Pricing
Service Begins	Month Day, Year or Month Day, Year

~~Pursuant to the grant of agency authority by Narragansett to National Grid USA Service Company, Inc. (referred to 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 USA and Narragansett in connection with physical and financial energy transactions, including the solicitation and evaluation of this RFP, and the purchase, confirmation, billing and administration of the transactions resulting from this RFP.~~

~~Service Provider~~ Narragansett will not evaluate any indicative or final pricing if the Respondent does not have an executed Master Power Agreement. The Master Power Agreement must be executed prior to submitting indicative pricing.

Please note that for each load block, suppliers will be responsible for all costs except ISO capacity charges and credits. Narragansett will pay Suppliers the net of the actual ISO capacity charges and credits.

~~Service Provider~~ Narragansett intends to evaluate and select a Supplier(s) on Month Day, Year.

The Wholesale Electric Supply website provides information necessary to submit a bid for this service. Please use the following link to access this data: TBD

The site contains the following information:

- Request for Power Supply Proposals
- Proposed Rhode Island Master Power Agreement
- Rhode Island Last Resort Wholesale Hourly Loads
- Monthly Customer Counts
- Pricing Submission Form
- Daily ICAP Tags
- Municipal Aggregation Data

Please direct any questions to Jonathan Bausch at lrsenergyprocurement@pplweb.com or (484) 634-3264 Jim

~~Calandra at electricssupply@nationalgrid.com or (516) 639-1359.~~

Schedule 6
Benefit-Cost Framework Analysis

2025 - 2026 Last Resort Service Procurement Plan
Docket # 4600 Benefit
Cost Framework - Applicable Category Summary

	Power System Level	(Cost/Benefit Categories)	Dollars (\$)	Description of Quantitative Values or Reason for Exclusion
1	Energy Supply & Transmission Operating Value of Energy Provided or Saved (Time- & Location-specific LMP)	Not Applicable (N/A)	\$ -	Last Resort Service (LRS) load is settled at the ISO-NE zonal (Rhode Island) level. Zonal level settlement does not have any impact on locations because zonal prices are the weighted average of all the nodes within the load zone.
2	Renewable Energy Credit Cost / Value	N/A	\$ -	The LRS Plan is applicable to wholesale power, not Renewable Energy Certificates (REC), and therefore it does not impact REC pricing or REC quantities necessary to comply with the RES.
3	Retail Supplier Risk Premium	Applicable/Not Quantifiable		Positive net benefits. Moderate impact. The NorthBridge Report determined that a Standard Offer Service (SOS) Plan resulted in a higher Expected Rate Level compared to a 100% spot market procurement plan, but the SOS Plan significantly protected customers from Rate Shock and Oct-Mar Supply Cost Surprise. The proposed LRS plan contains an increase of 5% in the spot market, so with less supplier FPR contract percentage being procured for the total LRS load there would be less supplier risk premium for this added 5% spot market allotment.
4	Forward Commitment: Capacity Value	N/A	\$ -	The LRS Plan does not include FCM Qualified Resources. Change in demand requires interval or advanced metering functionality to design rates that may impact summer peaking demand to reduce capacity requirements.
5	Forward Commitment: Avoided Ancillary Services Value	N/A	\$ -	The LRS Plan is not related to generating resources.

6	Utility / Third Party Developer Renewable Energy, Efficiency, or DER costs	N/A	\$ -	There are no new, upfront costs associated with the LRS Plan. The LRS Plan is a continuation of the current LRS Plan which has recurring costs. Note for consideration that LRS rates are a variable for participation in the net metering program. Since renewable net metering customers are compensated for net export at the LRS rate, depending on the LRS rate customers may adjust their energy strategy. However, this is not quantifiable due to uncertainty of future markets and participation in the net metering program.
7	Electric Transmission Capacity Costs / Value	N/A	\$ -	The LRS Plan does not impact the ISO-NE resource mix.
8	Electric transmission infrastructure costs for Site Specific Resources	N/A	\$ -	The LRS Plan does not require new transmission.
9	Net risk benefits to utility system operations (generation, transmission, distribution)	N/A	\$ -	The LRS Plan does not require DERs.
10	Option value of individual resources	N/A	\$ -	The LRS Plan does not impact individual resources.
11	Investment under Uncertainty: Real Options Cost / Value	N/A	\$ -	There is no option value associated with the LRS Plan. Also, the LRS Plan can adapt to any new information and be modified in the future.
12	Energy Demand Reduction Induced Price Effect	Applicable/Not Quantifiable		Positive net benefits. Minimal impact. The LRS Plan is not an Energy DRIPE, but the proposal's indirect benefit is the possibility of increased energy efficiency or reduced usage during the higher-priced winter rate period.
13	Greenhouse gas compliance costs	N/A	\$ -	Greenhouse gas compliance costs (RGGI) are embedded as a fuel-related cost in the wholesale prices and not impacted by any procurement plan.
14	Criteria air pollutant and other environmental compliance costs	N/A	\$ -	The LRS Plan does not impact the ISO-NE resource mix which is responsible for emissions.

15	Innovation and Learning by Doing	N/A	\$ -	The LRS Plan is a continuation of the existing SOS and LRS Plans. The LRS Plan can adapt to any new information and be modified in the future.
16	Distribution capacity costs	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
17	Distribution delivery costs	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
18	Distribution system safety loss/gain	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
19	Distribution system performance	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
20	Utility low income	Applicable/Not Quantifiable		Positive net benefits. Minimal impact. Seasonal rates may increase energy efficiency or encourage low-income customers to reduce usage during the higher-priced winter rate period.
21	Distribution system and customer reliability / resilience impacts	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
22	Distribution system safety loss/gain	N/A	\$ -	LRS load is settled at the ISO-NE zonal level. Distribution level category is not applicable to the LRS Plan.
23	Program participant / prosumer benefits / costs	Applicable/Not Quantifiable	\$ 28,775,116	Positive net benefits. Moderate impact. The Company analyzed the results of an increase of +5% spot market from 2016 - 2024 for LRS. Had the Company procured an added 5% spot market, LRS customers would have realized an additional combined \$18,156,870 in savings. While there were periods of volatility, the overall result was that an increase in spot % adds value for customers and may reduce the bid premiums further. The company also analyzed the results of changing the first two 6-month bid blocks of the 18-month procurement blocks in the LRS laddering strategy to accommodate for a +5% increase in the spot market. Not considering the spot market historical savings, from the period of 2016 to 2024, had LRS procured the FRS contracts with 5% less for the two 6-month bid blocks in the 18-month procurement, an additional cost reduction was present of \$10,618,245. Furthermore, the change

				in FRS contract hedges led to poignant savings during the 2022-2023 Ukraine-European LNG market crisis when the spot market savings temporarily decreased, acting as a hedge to the spot market volatility. This savings is attributed to the benefit of a longer lead time between the procurement date and flow start of the contract period. A +5% spot market increase and the FRS contract modifications showed a total cost reduction of \$28,775,116 in historical markets for LRS customers. Noting that 85% of energy would have still been procured via FRS transactions and quarterly auctions serve as risk mitigation against market volatility.
24	Participant non-energy costs/benefits: Oil, Gas, Water, Waste Water	Applicable/Not Quantifiable		LRS load is settled at the ISO-NE zonal level. The LRS Plan does not specify the generation fuel type.
25	Low-Income Participant Benefits	Applicable/Not Quantifiable		Positive net benefits. Minimal impact. The LRS Plan provides price stability compared to other procurement plans. Seasonal rate impacts may increase energy efficiency or reduce usage for low-income customers.
26	Consumer Empowerment & Choice	Applicable/Not Quantifiable	\$ 226,756,354	The LRS Plan provides an alternative, cost effective rate which allows customers to make well-informed decision when comparing to competitive rates. From 2021 – 2023 had LRS customers been billed at competitive supply rates, they would have paid \$226,756,354 more. This value is comprised of Residential, Commercial and Industrial rate differentials. Specifically, had LRS customers been on supply for each rate class the savings would have been: \$302,001,880 for Residential, (\$44,999,786) for Commercial and (\$30,245,740) for Industrial. The reason for the difference is that Commercial and Industrial customers are more apt to select competitive supply and the supplier options afforded are more diverse. The Company cannot quantify the impact of LRS on the development of a competitive marketplace. The LRS Plan includes market prices which allows LRS to coexist with competitive suppliers.
27	Non-participant (equity) rate and bill impacts	Applicable/Not Quantifiable		Unknown net benefits. Minimal impact. Customers that switch from LRS to competitive suppliers during a rate period may have underpaid or overpaid their commodity costs. A credit or charge will be made to all distribution customers. This mechanism had been established to support switches to competitive suppliers. Additionally, there will be reconciliations for the three LRS groups: residential, commercial, and industrial. The reconciliations are based on various factors including monthly usage patterns. It is possible that individual customers may have different usage patterns from the whole and experience reduced or extra costs.

28	Greenhouse gas externality costs	N/A	\$ -	Greenhouse gas costs are embedded as a fuel related cost in the wholesale prices and not impacted by any procurement plan.
29	Criteria air pollutant and other environmental externality costs	N/A	\$ -	The LRS Plan does not impact the ISO-NE resource mix.
30	Conservation and community benefits	Applicable/Not Quantifiable		Positive net benefits. Minimal impact. Seasonal rate impacts may increase energy efficiency or encourage customers to reduce usage.
31	Non-energy costs/benefits: Economic Development	Applicable/Not Quantifiable		Positive net benefits. Large impact. The LRS Plan's fixed prices will result in higher or lower costs than market prices but provides price stability. Also, the LRS Plan provides a cost-effective rate to compare competitive suppliers' prices, allowing customers to save money by making well-informed decisions. Even with an increase of 5% in the spot market, an 85% FRS position for LRS load leads to overall positive net benefits to protect from volatility.
32	Innovation and knowledge spillover (Related to demonstration projects and other RD&D preceding larger scale deployment)	N/A	\$ -	The LRS Plan is a continuation of the existing LRS Plan. However, it can adapt to any new information and be modified in the future.
33	Societal Low-Income Impacts	N/A	\$ -	Low-income impacts is not included by the LRS Plan, but is addressed by the A-60 rate class and the Low Income Home Energy Assistance Program.
34	Public Health	N/A	\$ -	The LRS Plan does not impact the ISO-NE resource mix.
35	National Security and US international influence	N/A	\$ -	The LRS Plan does not impact the ISO-NE resource mix.