

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

<b>The Narragansett Electric</b>	<b>:</b>	
<b>Company, d/b/a Rhode Island Energy –</b>	<b>:</b>	<b>Docket No. 24-20-EL</b>
<b>2025 Last Resort Service Procurement Plan</b>	<b>:</b>	

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**DIRECT TESTIMONY  
OF  
ALIEA A. MUNGER**

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**On Behalf of the  
Rhode Island Division of Public Utilities & Carriers**

**Dated: September 16, 2024**

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1     **I.     INTRODUCTION**

2     **Q.     Please state your name and business address.**

3     A.     My name is Aliea A. Munger. My business address is 370 Main Street, Suite 325,  
4             Worcester, MA 01608.

5  
6     **Q.     By whom are you employed, and what is your educational background?**

7     A.     I am a Senior Consultant at Daymark Energy Advisors. I work primarily as a power supply  
8             planning and management specialist in areas including electric utility cost of service and  
9             rates, power supply procurement, wholesale and retail power transactions. I received a  
10            Bachelor of Science degree from the University at Albany in Chemistry in 2011, a Master  
11            of Science degree from the University at Albany in Chemistry in 2012, and a Ph.D. in  
12            Industrial Engineering from Western New England University in 2016. I have also  
13            completed the National Association of Regulatory Utility Commissioners (NARUC) Rate  
14            School, in 2022. My resume, with selected rate design and other ratemaking experience, is  
15            provided in RI DPUC Exhibit No. AAM-1.

16  
17    **Q.     Have you previously testified as a witness before the Rhode Island Public Utilities**  
18             **Commission (“Commission” or “PUC”)?**

19    A.     Yes, please see RI DPUC Exhibit AAM-1 for a listing of the proceedings in which I have  
20             been a witness.

21  
22    **Q.     On whose behalf are you offering this testimony?**

1 A. I am offering this testimony on behalf of the Rhode Island Division of Public Utilities and  
2 Carriers (“Division”).  
3

4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. My testimony addresses a series of elements on the proposed Rhode Island Energy (“RIE”  
6 or “Company”) Last Resort Service (“LRS”) Plan to provide last resort service to its  
7 residential, commercial and industrial customers during the period from January 1, 2025  
8 through December 31, 2026. The issues I will address include the product mix the  
9 Company has chosen to propose in its plan to satisfy LRS obligations, supplier  
10 participation in the LRS plan, and various elements of the Contingency Plan. In addition, I  
11 address various statements and assertions made by RIE in the context of plan development,  
12 the decision process to file an LRS plan, and associated regulatory obligations thereto.  
13

14 **Q. How is your testimony organized?**

15 A. Section I is an Introduction. Section II provides a summary of the Company’s proposed  
16 LRS Plan. Section III expounds upon the identified issues and provides a discussion of my  
17 recommendations to improve the proposed LRS Plan.  
18

19 **Q. Are you sponsoring any exhibits?**

20 A. Yes. I am sponsoring the exhibits identified as RI DPUC Exhibits AAM-1 through AAM-  
21 6. These include:

- 22 • AAM-1 – Resume & Testification Background
- 23 • AAM-2 – RIE response to Division 1-3



- AAM-3 – RIE response to Division 1-4
- AAM-4 - RIE response to Division 1-5
- AAM-5 - RIE response to Division 1-6
- AAM-6 - RIE response to Division 1-8, including Attachments 1-8-1 and 1-8-2

**Q. Are you making any recommendations for the RIE LRS Plan?**

A. Yes. The Division recommends that the Commission approve the Company's FY 2025 LRS Plan subject to following clarifications and action items: (1) the Company should complete analysis on the potential impact on the LRS rate reconciliation due to spot procurement increases, (2) RIE should complete additional analysis analyzing various energy product offerings and contract term lengths to inform the next LRS Plan filing, (3) RIE should fully define the components of the threshold for bid acceptance for consideration in this plan, (4) make clear that while the Company may consult with the Division regarding bid results and bid price estimates, the decision-making regarding whether to accept one or more of the bids exclusively belongs to the Company, (5) that RIE should take a series of steps to improve supplier engagement and participation in LRS solicitations, and (6) make clear that the PUC has the right (or the Division has the right to request the PUC) to modify the Plan at any time for any reason and that determination of whether proposed changes to the 2025 LRS Plan are warranted belong to the PUC and not the Company.

1     **II.     OVERVIEW OF HISTORIC DSP STRUCTURE AND PERFORMANCE**

2     **Q.     Have you reviewed the Company’s petition for approval of its LRS Plan?**

3     A.     Yes, I have reviewed RIE’s LRS Plan petition, witness testimony, associated Exhibits, and  
4             all responses to Division Data Requests.

5  
6     **Q.     For what period and customers is this plan being provided?**

7     A.     The RIE 2025 LRS Plan is intended to secure energy supply and associated services for all  
8             LRS customers – residential, commercial, and industrial.

9             The plan period, as provided in the RIE Petition and associated testimony, is  
10            inconclusive. Initially RIE testimony explains that the plan will be implemented for the  
11            calendar year 2025 – effectively, January 1, 2025 through December 31, 2025. However,  
12            the Company then explains that “[t]he proposed 2025 LRS Plan is intended to commence  
13            in the calendar year 2025 and operate until modified.”<sup>1</sup> The immediately following  
14            testimony question then asks “What is the Company’s proposal to procure LRS supply for  
15            the Commercial and Residential Groups in 2025 and subsequent years?”<sup>2</sup>, which indicates  
16            this plan could proceed through 2025 and in theory, in perpetuity. The Company’s  
17            testimony response to this question then explains the 2025 LRS Plan includes eight  
18            solicitations between 2025 and 2026<sup>3</sup>, indicating the plan may in fact be two years in  
19            duration insofar as the procurements are defined. Based upon this language, I can only  
20            conclude that RIE has developed the plan to run for at least two years but may intend to

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<sup>1</sup> RIE Direct Testimony, p. 16, lines 10-12.

<sup>2</sup> RIE Direct Testimony, p. 16, lines 14-15.

<sup>3</sup> RIE Direct Testimony, p. 16, lines 18-19.

1 maintain the proposed plan in perpetuity. However, in my review of the Company's filed  
2 documents, I have been unable to find any other clarifiers or explanations describing an  
3 event or activity that would result in the Company proposing a new plan.  
4

5 **Q. Please explain how the Company proposes to provide Last Resort Service to its**  
6 **customers.**

7 A. RIE intends to continue to utilize the products from its 2023 LRS Plan, including a  
8 combination of Full Requirements Service ("FRS") and Spot Market purchases through  
9 ISO-NE. FRS supply will include energy, ancillary services, and miscellaneous ISO-NE  
10 charges, with suppliers passing along capacity-related charges and credits to the Company  
11 on a 1-to-1 basis.<sup>4</sup> Solicitations will continue to occur four times per year, utilizing a 6-step  
12 process including the issuance of the RFP and supplier qualifications, supplier Master  
13 Power Agreement ("MPA") execution, initial bids, final bids, supplier selection(s), and  
14 filing of an RFP summary.<sup>5</sup>  
15

16 **Q. Describe RIE's proposed LRS Plan for Residential and Commercial customers.**

17 A. The Company proposes to maintain separate solicitations for Residential and Commercial  
18 customer groups, utilizing the same FRS products and terms, and spot-market purchases to  
19 meet the LRS customer needs. Solicitations will be held quarterly. Of note, RIE is  
20 proposing two complimentary changes to both Residential and Commercial customer  
21 products – increasing the spot market purchase from 10% to 15% and commensurately

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<sup>4</sup> RIE Direct Testimony, p. 15, lines 19-21, and p. 16, lines 1-12.

<sup>5</sup> RIE Direct Testimony, p. 26, lines 15-19, and p. 27, lines 1-8.

reducing two 6-month blocks procured during the 18-month quarterly procurement from 20% to 15% to accommodate the increase in spot procurement. If fully implemented, the Company would secure 85% of its Residential and Commercial LRS supply through a series of 6-month FRS contracts, with the remaining 15% being procured from the spot market.

When evaluating the FRS product portfolio, RIE intends to maintain its 6-month layering approach. Each solicitation seeks to secure various multiples of 6-month contracts, securing as little as one 6-month contract for 20% of supply, to as many as 4x6-month contracts (24-months) for 15% of supply.<sup>6</sup> The Company's Schedule 2B and 2C provide a visual representation of the products and terms. Table 1 below summarizes this conceptually.

**Table 1.**

<i><b>2025 LRS Plan Solicitation</b></i>	<i><b>Terms</b></i>
<i>Solicitation 1</i>	4 x 6-month FRS supply <i>(15% of supply)</i> (1) April '25 – Sept. '25 (2) Oct. '25 – March '26 (3) April '26 – Sept. '26 (4) Oct. '26 – March '27
<i>Solicitation 2</i>	2 x 6-month FPR supply <i>(20% of supply)</i> (1) Oct. '25 – March '25 (2) April '26 – Sept. '26
<i>Solicitation 3</i>	3 x 6-month FRS Supply <i>(initially 15% for first 2 periods, increasing to 20% in third period)</i> (1) Oct. '25 – March '25 (2) April '26 – Sept. '26 (3) Oct. '26 – March '27
<i>Solicitation 4</i>	1 x 6-month FRS Supply <i>(20% of supply)</i> (1) April '26 – Sept. '26
<i>Solicitation 5</i>	4 x 6-month FRS supply <i>(15% of supply)</i> (1) April '26 – Sept. '26 (2) Oct. '26 – March '27 (3) April '27 – Sept. '27 (4) Oct. '27 – March '28

<sup>6</sup> RIE Direct Testimony, p. 24 lines 9-21.

1 Through the Company's product term approach, a different supplier could win in  
2 each 6-month term bid. Collectively, this creates layers of 6-month products with a 100%  
3 turn-over of supply every 6-months as well.

4 **Q. Describe RIE's proposed LRS Plan for Industrial customers.**

5 A. The Company's approach to procurement for the industrial customer groups is fully  
6 unchanged, comprised of 3-month term FRS contracts solicited in each quarterly auction  
7 for 100% of supply. A visual representation of this approach was supplied by the Company  
8 through Schedule 2A.

9  
10 **Q. Does the Company's proposal include a Contingency Plan?**

11 A. Yes, RIE proposes to maintain the currently approved contingency plan dating back to  
12 2019, while also proposing a series of updates to that plan.

13 First, RIE explains that it intends to "...follow the approved contingency plan  
14 described in the Direct Testimony of James Ruebenacker in Docket No. 4978..." which  
15 establishes a procedure in the event of inadequate bidder participation or a market event  
16 that impacts the competitiveness of pricing or bidders.<sup>7</sup> In the event the Company receives  
17 no bids of any 6-month block, they will notify the Division of the failed bid and  
18 immediately conduct an auction the following week. If that re-bid also fails, the Company  
19 will secure the first 3-month supply through the spot market, but only for the supply  
20 segment aligned with the immediately following rate period. If the 6-month FRS product  
21 is for a future rate period, the product will be re-bid in the next scheduled solicitation. For

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<sup>7</sup> RIE Direct Testimony, p. 25, lines 1-8.

1 3-month FRS products – aligned with the Industrial customer supply – a failed bid will be  
2 rebid one week later and if failing again, will be fully secured through spot-market supply.<sup>8</sup>

3 In the event that the Company only receives a single supplier bid, RIE proposes to  
4 share the results with the Division and collaborate on whether the bid is competitively  
5 priced. If an agreement is reached, the Company will accept the bid. If it is not deemed  
6 competitively bid, RIE will issue a new solicitation for the product the subsequent week,  
7 following the process defining receipt of no bids.<sup>9</sup>

8 Importantly, RIE has included a new provision in its contingency plan – the use of  
9 a “threshold” in the event the Division is not available to meet with the Company following  
10 a single-bid for a given product. The Company explains that this threshold will be agreed  
11 upon between the Division and Company before its use, serving as a proxy.

12  
13 **Q. Is the Company proposing any changes to its rate structures, rate offerings, or cost**  
14 **recovery methodology?**

15 A. No, it does not appear so. RIE asserts it will be maintaining all pricing options available to  
16 customers, while also maintaining the calculation methodology for LRS rates.<sup>10</sup>

17 **Q. What is the frequency of the LRS Rate changes?**

18 A. Based upon the RIE Tariff for LRS, the Residential and Commercial LRS rates will be  
19 updated every 6-months, each April 1, and October 1. Industrial LRS rates will be updated  
20 every 3-months; each April 1, July 1, October 1, and December 1.<sup>11</sup>

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<sup>8</sup> RIE Direct Testimony, p. 28, lines 18-20, and p. 29, lines 1-17.

<sup>9</sup> RIE Direct Testimony, p. 29, lines 19-21, p. 30, lines 1-18, and p. 31, lines 1-18.

<sup>10</sup> RIE Direct Testimony, p. 32, lines 18-22, and p. 33, lines 1-9.

<sup>11</sup> See RIPUC Docket No. 2236.

1    **III.    ISSUES & RECOMMENDATIONS TO RIE LRS PLAN**

2    **Q.    What is your overall impression of the RIE LRS Plan?**

3    A.    The Company's 2025 LRS Plan effectively maintains the products, provisions, and  
4           processes implemented in the 2023 LRS with a few minor adjustments. The Company  
5           proposes to increase the spot market supply purchase from 10% to 15% and in turn reduce  
6           one segment of the 6-month product to 15% to accommodate the spot market purchase  
7           change for both Residential and Commercial customer groups. The Company also seeks to  
8           incorporate a single bidder information session into the first auction to introduce this  
9           change to suppliers, while also updating the contingency provisions in the event the  
10          Division staff is not available to collaborate following low or no bidder participation for a  
11          product offering. One larger change identified is the Company's proposed change to the  
12          term of the LRS Plan whereby RIE seems to propose approval of their plan in perpetuity  
13          unless it chooses to file another plan. Overall, there are very few proposed updates to the  
14          LRS plan when compared to previous LRS Plans, indicating the Company believes their  
15          plan is operating as intended, is competitive, and requires little adjustment.

16           Analytically, RIE focused on the value proposition of increasing spot supply for  
17          Residential and Commercial customers. In this the Company evaluated spot market pricing  
18          from 2016 through 2024 in relation to actual FRS contract prices and concluded that RIE  
19          could have saved customers over \$14 million dollars with a 15% spot market purchase, or  
20          up to over \$28 million dollars if increased to 20%. When pressed on the analysis completed  
21          evaluating other products and associated terms, or alterations to spot market supply beyond

1 the analyzed 15% and 20% values, RIE responded that they did not complete such  
2 analysis.<sup>12</sup>

3 Overall, as I discuss in greater detail below, I generally support most elements of  
4 the 2025 LRS Plan. The analysis completed by the Company indicates an increase in spot  
5 supply may be warranted to realize benefits to Residential and Commercial customers. I  
6 also find that RIE's overall level of analysis lacking concerning other potential  
7 opportunities to improve the supply mix and reduce costs to customers. It is possible that,  
8 if comprehensively evaluated in a similar fashion to spot supply, similar results could be  
9 identified following the inclusion of other products or changes to the FRS term length and  
10 procurement approaches.

11 I also find the level of detail surrounding the Company's proposed adjustments to  
12 the Contingency Plan require greater clarification. As proposed it seems RIE is seeking to  
13 gain approval from the Division in the selection of bids if supplier competition is lacking  
14 or a market event occurs that potentially impacts bid prices. This is concluded based upon  
15 the RIE's statement "... the Company will share the bid results and the bid price estimates  
16 with the Division. If the Company and the Division agree that the bid is reasonably priced,  
17 then the Company will accept the bid."<sup>13</sup> Further, in the absence of such approval, the  
18 Company seeks to establish a "threshold"<sup>14</sup> which has not been defined. While it is clear  
19 that the Company has something in mind in their proposal, it has failed to communicate it

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<sup>12</sup> See response to Division 1-3, Division 1-4, and Division 1-5.

<sup>13</sup> RIE Direct Testimony, p. 29, lines 19-21, and p. 30, lines 1-2.

<sup>14</sup> RIE Direct Testimony, p. 30 lines 2-4.



1 making it impossible to evaluate and judge, and subsequently recommend the concept be  
2 approved or rejected.

3 Finally, I am concerned that the proposed Plan seeks to remove decision-making  
4 authority from the PUC and Division. The Company's testimony provides that if "the  
5 Company" finds that no changes to the 2025 LRS Plan are warranted in connection with  
6 its 2-year periodic review (or upon request of the PUC or Division) due to changed market  
7 conditions, no filing with the PUC is necessary. If read literally, the testimony appears to  
8 make the Company the final arbiter of whether changes in the 2025 LRS Plan are necessary.  
9

10 **LRS Plan Product Mix**

11 **Q. RIE's Direct Testimony evaluates the potential benefits of increasing spot market**  
12 **supply purchases. What conclusions are drawn from their analysis? RIE Direct**  
13 **Testimony, p. 17-19.**

14 A. The Company evaluated the theoretical impact of increasing spot purchases by 5% from  
15 the original purchase quantity, or for a total of 15% from 2016 through 2024. In their  
16 analysis and as later corrected through their data request response, the Company estimated  
17 customers would have saved over \$14M, or when combined with a commensurate drop in  
18 FRS supply by 5% to accommodate the increased spot purchase, a total savings of over  
19 \$24.5M.<sup>15</sup> Based upon historic actual spot prices in relation to actual auction prices, a  
20 retrospective movement in favor of greater spot market supply would have resulted in  
21 lower overall costs to customers.

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<sup>15</sup> See response to Division 1-6.

1 **Q. Did the Company evaluate other spot purchase amounts?**

2 A. The Company evaluated two spot purchase amounts – a 15% supply and a 20% supply.  
3 Based upon their response to Division data requests, it did not consider the impact of a  
4 smaller supply amount (*e.g.*, 5%) or supply amounts in excess of 20%.<sup>16</sup>  
5

6 **Q. How did the Company ultimately decide a 15% spot market purchase amount was**  
7 **appropriate?**

8 A. In response to Division data request 1-3 the Company stated it believed a 5% increase to  
9 the spot market purchase amount (*i.e.*, 15% in total) “is a good starting point because the  
10 original spot market on inception was 5%” and is otherwise in line with the historic  
11 increases of 5%.<sup>17</sup> No other analysis or conclusions were provided to support its decision.  
12

13 **Q. Does the Division agree with the Company’s proposed change in spot market supply**  
14 **in the proposed 2025 LRS Plan?**

15 A. As a general matter, based upon the analysis conducted and provided by RIE the Division  
16 agrees that an increase in the amount of spot market supply acquired as part of the LRS  
17 Plan seems appropriate. While the spot analysis completed was retrospective and may not  
18 be representative of future conditions and results, it provides a reasonable conclusion that  
19 an increase in spot supply could yield lower overall costs to customers. Further, the results  
20 also highlight the potential premium suppliers have placed on FRS supply – that even with  
21 the volatility inherent in spot supply, compounded by RIE’s obligation to forecast both

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<sup>16</sup> See response to Division 1-4.

<sup>17</sup> See response to Division 1-3.

1 load and spot market prices to create a fixed value, the result may still provide a lower  
2 overall price to customers. While RIE provided no analysis on the overall supplier risk  
3 premium for FRS supply, nor whether the premium is a function of product type, contract  
4 term, or other contributor, the result that decreasing FRS in favor of spot supply seems  
5 clear. Additionally, the Division agrees that a 15% spot market increase seems reasonable,  
6 further analysis into the potential impact on rates should be completed to confirm the  
7 change does not have unintended repercussions.

8  
9 **Q. Given the potential volatility inherent in the wholesale spot market, did RIE complete**  
10 **analysis to evaluate the impact a market event, change in load forecasting, or**  
11 **locational market pricing (“LMP”) would have on LRS rate reconciliation?**

12 A. No, not directly. RIE’s response to Division 1-8 explained that the impact spot market  
13 purchases have on reconciliation is a function of the market, which is not currently known  
14 for future periods. The Company provided some data in response to Division 1-8, showing  
15 the differences between the estimated and actual spot market from 2016 through 2023<sup>18</sup>,  
16 including two graphs providing the difference between the actual “all-in spot” price versus  
17 the “all-in spot price in the SO rates”.<sup>19</sup> The graphs provided in Attachment Division 1-8-  
18 2 indicates that the all-in spot price incorporated into both Residential and Commercial  
19 LRS rates are almost always higher than the actual all-in spot market prices. This likely  
20 translates to a continuous over-collection from customers and refund in subsequent rate  
21 periods. The response to Division 1-8 also indicates that RIE did not complete any analysis

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<sup>18</sup> See Attachment Division 1-8-1.

<sup>19</sup> See Attachment Division 1-8-2.

1 into the potential impact on Residential or Commercial LRS rates. At face value such  
2 analysis may not seem important given RIE's history in procuring spot market supply as a  
3 component of its overall product mix. However, there are three major reasons why such  
4 analysis should be completed before finally confirming an increase to 15% spot purchases  
5 is appropriate.

6 First, the proposed expansion of spot supply is a 50% increase in that product and  
7 while it remains a minority share of the overall supply mix, any substantive change should  
8 include more due diligence than a simple what-if comparison of historic spot prices versus  
9 executed contracts. Second, it is unclear how much spot market supply variances have  
10 contributed to the over and under-collection values as a component of the reconciliation  
11 factor. While the summary results completed by the Company indicate aggregate savings,  
12 it is possible that the Company's forecasting methodology results in sizeable under or over-  
13 collections that otherwise skews future LRS rate changes. Based upon RIE's cost recovery  
14 approach, reconciliation occurs over a 12-month period, meaning a sizeable over or under-  
15 collection impacts two LRS rate periods which could have a meaningful impact to  
16 customers depending on the results of subsequent auctions and winning bid prices. The  
17 third consideration is any impact reconciliation would have on summer-to-winter or winter-  
18 to-summer LRS rate variation. There is already a substantial variance between summer and  
19 winter LRS rates, with a large jump up in price from summer to winter and a drop in price  
20 from winter back to summer. This period over period rate change is inherent in the LRS  
21 plan build with a 100% turn-over of LRS supply and season driver pricing differences.  
22 However, this rate period variability could be compounded further if there were a major

1 over or under-collection driven by the increase in spot market purchases. Therefore, for  
2 due diligence reasons, it is prudent that this analysis be completed.

3  
4 **Q. Does the lack of review into reconciliation impact mean the share of spot supply**  
5 **should not increase?**

6 A. No, not necessarily. As I've stated earlier, based upon the analysis completed by the  
7 Company, results indicate an increase in spot market supply purchases is likely to result in  
8 savings to LRS customers. My recommendation is not to reject the Company's proposed  
9 change, but instead to complete further analysis on both the likely impact and potential  
10 range of impact an increase in spot market supply has on the LRS rate reconciliation. If  
11 results indicate high variability or that extreme market and/or weather events create  
12 reconciliation issues, alternative means to mitigate this issue can be explored or discussions  
13 surrounding the value versus the risk can also be transparently discussed.

14  
15 **Q. Beyond RIE's move to increase spot market purchases and commensurately reduce**  
16 **FRS supply, did you identify any concerns in the Company's proposed product mix?**

17 A. As a general matter, I have no direct recommendations or proposed changes to the 2025  
18 LRS Plan at this time. However, I do see an underlying flaw in the Company's approach  
19 that should be addressed going forward. That is, the Company should be required to  
20 consider and analyze the opportunities and issues surrounding an expansion to the product  
21 types and associated terms – contract length – and conditions of those products.

22 The first and major consideration when evaluating whether there are any concerns  
23 with the LRS Plan and incorporated product mix is to consider the approach proposed and

1 recent history influencing that approach. The overarching theme by RIE for the 2025 LRS  
2 Plan is maintenance of the status quo approach to procurement and product mix for all  
3 customer groups, indicating there are no major issues or challenges that need to be  
4 addressed or otherwise changed. Historically, this approach appears to be reasonably  
5 appropriate as all product solicitations have been successful and reasonably competitive<sup>20</sup>,  
6 bid prices appear to be competitively priced, and resulting LRS rates match or are lower  
7 than most neighboring utility equivalent rates.

8 In addition to evaluating solicitation results, I also considered broader implications  
9 such as if there is excessive volatility in the LRS rates due to the products being procured,  
10 if there are challenges in certain rate periods, or if there are other products and services that  
11 could be acquired to continue to see positive results experienced in RIE's solicitations  
12 while continuing to improve results. I see at least three elements that warrant further  
13 consideration and therefore analysis: (1) the amount of rate volatility from one LRS rate  
14 period to the subsequent period, (2) the amount of supplier participation has dwindled in  
15 recent years, and (3) the ability to reduce supplier risk premiums through alternative  
16 product solutions.

17 First, as discussed previously, historically RIE LRS rates from the summer to the  
18 winter period have seen a sizeable increase. There are two major reasons for this including  
19 a 100% turnover of supply each rate period leading to sharp transitions given a lack of  
20 overlapping contracts, and stark market conditions between the summer and winter terms.  
21 Exploration into the different product types and especially expanded contract terms could  
22 mitigate these issues, potentially incorporating contracts beyond the currently implemented

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<sup>20</sup> RIE response to Division 1-14 (CONFIDENTIAL).

1 6-month contracts. RIE seems to recognize the risk of bid volatility translating to rate  
2 volatility based upon their response to Division 1-9. Specifically, the Division asked if RIE  
3 had evaluated shifting to two auctions per year to reduce costs (product costs and  
4 implementation costs), with RIE explaining “[i]t is possible to reduce costs, but at the cost  
5 of increased volatility.”<sup>21</sup> This signals that RIE is trying to reduce rate volatility, but only  
6 within the confines of the 6-month product term. This focus should be expanded.

7 Concerning supplier participation – while participation levels have been adequate  
8 to date, total supplier participation numbers have dropped, creating a risk that if the trend  
9 continues solicitations may become non-competitive. While not expressed by the Company  
10 in its filing or testimony, I am led to believe that this may be one reason for its proposed  
11 updates to the Contingency Plan. There are many potential means to improve supplier  
12 participation, but one is to consider different products and terms that could entice new  
13 suppliers that are not attracted to FRS products or that prefer long-term contract terms.

14 Finally, FRS supply typically has greater risk premiums than other products such  
15 as unit contingent or energy-only supply products. Short-term (6-months or less) or very  
16 long-term (>36-months) can also have higher premiums given the risk of short-term market  
17 conditions and the inability to spread risk out over a longer period, or the inherent risk of  
18 long-term contracts and the uncertainty inherent in the market. Again, a review of different  
19 products and terms could aid in reducing supplier risk premiums to the benefit of LRS  
20 customers.

21 **Q. Does the Division have any recommendations to resolve the concern surrounding the**  
22 **lack of analysis into alternative products and terms?**

---

<sup>21</sup> RIE response to Division 1-9(d).

1 A. Yes, the Division recommends that RIE complete additional analysis into additional  
2 products and terms in support of its next LRS Plan. While the Company's historic results  
3 indicate a certain level of adequacy in their approach, improvements to that approach  
4 should be explored given changing market conditions, decreasing supplier participation,  
5 LRS rate volatility, and potentially high supplier risk premiums.

6 The Division recommends RIE complete a comprehensive analysis of additional  
7 products and terms for consideration in the next LRS Plan filing. The analysis should  
8 consider peer utility product mixes and other products and services beyond those  
9 incorporated by peer utilities for consideration by the Company and should include an  
10 analysis on the impacts and opportunities of such products and terms – including both  
11 qualitatively and quantitatively.

12  
13 **Q. Are there any additional elements the Commission should consider beyond expanded**  
14 **analysis in support of the next LRS Plan?**

15 A. Yes. For the Division's recommendation that additional product and term analysis to be  
16 beneficial and timely, there must be a clear understanding of when the next LRS Plan will  
17 be filed. With this in mind, the Division recommends that the proposed analysis should be  
18 completed by mid-2025 with submission to the Division shortly thereafter for review.  
19 After discussions with the Division regarding the analysis, which is expected to take place  
20 in the second half of 2025, the Division expects the next LRS Plan would be filed in early  
21 2026. The Commission would have a significant amount of time to review both the filing  
22 and analysis for implementation of the Plan by January of 2027.



1 **Supplier Participation**

2 **Q. Please summarize the level of supplier participation in RIE’s recent LRS Plans.**

3 A. Information provided by RIE finds that supplier participation throughout the 2023 LRS  
4 Plan varies by solicitation and product period bid. All solicitations included at least two  
5 suppliers bidding on a single product<sup>22</sup>, but in many instances had substantively more  
6 depending upon the term of the product bid. It should be noted that during high market  
7 volatility in 2021 and 2022 overall supplier participation dropped, indicating some  
8 combination of market volatility, market risk, overall costs and/or availability of products,  
9 and the supplier’s own risk tolerance lead some suppliers to choose not to participate in  
10 RIE solicitations. Recent auctions have shown a near return to normalcy in 2024.

11  
12 **Q. Can any conclusions be drawn from the supplier participation statistics provided by**  
13 **the Company?**

14 A. Yes, broad conclusions can be drawn from the data provided. Overall, I would generally  
15 conclude that supplier participation is technically adequate. It is a positive sign that even  
16 during substantial market spikes in 2022 and 2023, RIE LRS solicitations were able to  
17 maintain at least two suppliers bidding on all products, supporting a minimum requirement  
18 for supplier competition. The supplier statistics also indicate that there is room to grow and  
19 improve through relatively simple supplier engagement processes.

20 First, the farther out the product start date is from the bid date, such as those with  
21 18-month and 24-month FRS offerings (*i.e.*, 3x6-month, and 4x6-month FRS products),

---

<sup>22</sup> As a point of clarification, my definition of a “single product” is the 6-month contract term. For example, RIE may bid four 6-month contracts terms – a total of 24-months – with each of the 6-month terms being separate products because different suppliers could, in theory, win each of the 6-month terms (*i.e.*, four different suppliers over the 24-month period bid).

1 the fewer number of suppliers have bid compared to products with more near-term bid to  
2 supply start products bid in the same auction. For example, during a 24-month Residential  
3 FRS product bid, the first 6-month term has on average, a higher number of suppliers  
4 bidding on it versus the fourth 6-month term. Secondly, during a market event, overall  
5 supplier participation levels declined, especially for the later FRS product term offerings –  
6 specifically those in the third and fourth 6-month block.

7 What cannot be definitively concluded based upon this summary level data is the  
8 reason why supplier participation dropped. When considering the second conclusion –  
9 lower participation during a market event – one potential reason for lower supplier  
10 participation is a generally higher risk in the market led to a limitation in longer-term  
11 market exposure. As such, suppliers chose to bid in near-term products to limit out-year  
12 exposure during a volatile market. Further, a market event such as the one experienced in  
13 2022 and 2023 resulted in substantial price spikes. These spikes could have caused more  
14 wholesale suppliers to choose not to bid based upon a perception they could either not be  
15 competitive or that their risk position left them overleveraged, warranting their pull-back  
16 from the market until it settled. Both concepts seem to be validated by more recent RIE  
17 LRS solicitations in which supplier participation has risen following a drop in market prices  
18 and overall lower perceived market risk.

19 More analysis needs to be completed to draw conclusions as to why supplier  
20 participation declines for later supply period FRS contracts versus those that are nearer in  
21 term. There are a number of theories for this that can range from a supplier's risk appetite  
22 for products beyond 12-15 months out, limitations in their own supply portfolio for

1 products 18 to 24-months out, a drop in market liquidity for outlying year products, and/or  
2 a challenge in leveling market risk into a competitive product for outlying periods.

3  
4 **Q. What measures should the Company implement to improve supplier participation?**

5 A. At the start, it is important to note that there is no approach to ensure supplier participation  
6 at any point in time. Each supplier has its own book of business, risk tolerance, forecast  
7 of the market and forecast of RIE LRS customer load, and is influenced by various market  
8 conditions in different ways. However, there are many steps that can be taken to provide  
9 an environment that maximizes the likelihood of supplier participation and ultimately  
10 supplier bids.

11 To start, RIE should consider developing and implementing improved supplier  
12 communications. Such efforts can be fashioned in a few ways including: (1) a clear and  
13 communicative website for suppliers to access that includes pertinent information<sup>23</sup>, (2)  
14 proactive e-mail correspondence prior to a solicitation kick-off, (3) calling suppliers if e-  
15 mail correspondence fails to engage with suppliers, (4) holding bidder information sessions  
16 and bidder training sessions prior to the solicitation bid day, and (5) issuing post-auction  
17 supplier surveys.

18 A website provides a clear form of passive supplier communications, which could  
19 include a form for suppliers to complete to stay engaged and on RIE distribution lists, a  
20 page providing the solicitation schedule and with key milestones, data and forms, and  
21 FAQs. From the website, the Company can build a supplier distribution list to proactively

---

<sup>23</sup> Such information should include items such as: solicitation interest forms, solicitation schedule details, public aggregate customer data, public historic bid results, RFP documents including the Master Service Agreement and bid forms, FAQs, and Company contact information.

1 communicate about upcoming solicitations and/or call them as a means to engage and  
2 entice participation in the company's auctions. While this process requires the Company  
3 to set aside some additional time to implement, it can result in improved engagement and  
4 relationship building between the Company and suppliers.

5 Calling suppliers, holding bidder information sessions, and training sessions all  
6 provide additional touchpoints with suppliers which translate into improved engagement  
7 along with increased interests and potentially to bids. The Company's proposal indicates  
8 they have considered use of a bidder information session<sup>24</sup>, proposing to hold a session in  
9 the first solicitation following the change in spot market supply purchases. I believe this is  
10 a good start, but the concept of bidder sessions should be maintained throughout the plan.  
11 To reduce time and increase efficiency, the Company could post a pre-recorded process  
12 overview that can be viewed on their website at any time, then hold short live, interactive  
13 sessions for each solicitation to provide updates on the products being bid, schedules, and  
14 special market events or regulatory changes, and provide suppliers the opportunity to ask  
15 questions.

16 Finally, RIE should implement a post-solicitation questionnaire to any supplier that  
17 actively participated in the solicitation, including those that participated in the supplier  
18 information session, qualification process, and/or submitted a bid. This questionnaire  
19 should seek summary feedback on: (1) why a supplier chose not to participate (if  
20 applicable), (2) products they would like to see in future solicitations, (3) product and/or  
21 term changes that could improve (lower) bid results, (4) current or future market events

---

<sup>24</sup> RIE Direct Testimony, p. 28, lines 1-6.

1 that could impact participation and/or bids, and (5) other considerations or factors of  
2 importance.

3 Beyond supplier communication improvements and linked with the preceding  
4 section on product and term analysis, RIE should complete additional analysis on various  
5 products and contract terms to determine if inclusion of one or both could result in  
6 improved supplier participation during all supply periods being bid – not just those in near-  
7 term supply periods – and entice new suppliers to participate.

8  
9 **LRS Contingency Plan**

10 **Q. In its petition, RIE proposes to utilize a “threshold” to evaluate bids in the event there**  
11 **is only a single supplier bid for a product and the Division staff is not available. RIE**  
12 **Direct Testimony, p. 30, lines 1-19, and p. 31, lines 1-8. Please explain your**  
13 **interpretation of the threshold and if it is a valid mechanism to evaluate bids?**

14 **A.** It is unclear exactly what the threshold is and how it will be created. I would note that the  
15 Company highlights that their Contingency Plan intends to follow the approved  
16 contingency plan per Docket No. 4978. This plan establishes a procedure in the event of  
17 “inadequate bidder participation...” and to address “a significant market event that impacts  
18 the competitiveness of pricing or bidders.”<sup>25</sup> If a market event were to occur, use of a  
19 pricing threshold provides additional insight into bid competitiveness, aiding the Company  
20 and Commission in their evaluation of bid results.

21 As an overarching matter, any threshold should be clearly and transparently  
22 established through this LRS Plan review process. RIE should be required to fully define

---

<sup>25</sup> RIE Direct Testimony, p. 25, lines 1-8.

1 the components that would be included in any threshold calculation before its use,  
2 providing the Division adequate time to review and provide recommendations. The use of  
3 a pricing threshold seems appropriate; however, its benefit is subject to the value of its  
4 inputs. A starting point for the creation of a threshold methodology should begin with the  
5 creation of a pricing threshold for previously accepted bids – as a test. Once such a  
6 threshold results in reasonable outcomes retrospectively, such a threshold could be  
7 calibrated for the current market and, in theory, be used going forward.

8 Based upon the language the Company uses, I infer it is a price or price range  
9 (\$/MWh) that can be used as a best estimate comparison of expected market prices to  
10 compare to a supplier bid in the event of inadequate supplier participation (*i.e.*, 2 or more  
11 suppliers). From a practical perspective, I support the development and use of a bid price  
12 range to aid the Company in determining if the bids seem reasonable in the event of low  
13 supplier participation, to evaluate the bid's reasonableness; and, to also provide greater  
14 context and insight on market prices.

15  
16 **Q. In the event there is inadequate supplier participation (*i.e.*, 1 supplier bid on a**  
17 **product), the Company proposes to inform the Division of the bid results and seeks**  
18 **Division's agreement on the reasonableness of the bid. (RIE Direct Testimony, p. 29,**  
19 **lines 19-21, p. 30 lines 1-19, and p. 31 lines 1-8). Does the Division agree with this**  
20 **approach?**

21 A. No, it does not. The Division is not responsible for deciding if a bid is competitive and  
22 should be accepted or rejected – that responsibility remains solely with the Company. For

1 this reason, the threshold is best used by RIE in their bid evaluations and to provide insight  
2 when completing their filing with the Commission.

3  
4 **Q. What are your final remarks?**

5 A. RIE's 2025 LRS Plan maintains the core elements of the 2023 LRS Plan, which the  
6 Division supports. The proposed Plan includes a series of adjustments to improve its  
7 process and function, including one to the product mix, another to the contingency plan,  
8 and a final to the prospective term of the Plan itself. The greatest of these is the increase in  
9 spot market purchases, with the Company's analysis identifying an opportunity to reduce  
10 overall LRS product costs with this change. These results highlighted an opportunity for  
11 which the Division believes the Company should pursue – additional analysis on other  
12 product and term offerings as a means to increase supplier participation, competition, and  
13 lower overall LRS prices in the next LRS Plan. The Division also finds it prudent for RIE  
14 to qualify the potential impact of the spot purchase change on LRS reconciliation to ensure  
15 the Commission understands the prospective result of the adjustment. Following the  
16 adoption of these proposals, the Division supports the overall intent and objectives of the  
17 product mix and resulting procurement within the 2025 LRS Plan.

18 The Company also proposed the inclusion of a threshold criteria within the  
19 Contingency Plan – a proposal the Division found difficult to evaluate due to the lack of  
20 detail surrounding its creation. To this end, the Division would support the development of  
21 a pricing threshold to enable the Company to better evaluate bids in the event of low  
22 supplier participation. However, as a matter of process and obligation, the responsibility  
23 for bid evaluation and selection solely resides with the Company. Finally, while the term

1 of the 2025 LRS Plan is ambiguous, as another matter of process and authority, the  
2 perceived proposal of RIE to remove decision-making authority from the PUC and  
3 Division should be rejected.

4  
5 **Q. Does this conclude your testimony?**

6 **A. Yes.**



# **EXHIBIT AAM-1**

**AREAS OF EXPERTISE**

Rate Design/Calculations  
Regulatory Advisory Services  
Financial Evaluation of Energy Assets  
Clean Energy Strategy and Policy  
Procurement and Portfolio  
Management

**BACKGROUND**

Daymark Energy Advisors  
2017-Present  
  
Western New England University  
2013-2016

**EDUCATION**

Ph.D., Industrial Engineering  
Western New England University  
  
M.S., Chemistry  
University at Albany,  
State University of New York  
  
B.S., Chemistry  
University at Albany,  
State University of New York  
  
Rate School  
National Association of Regulatory  
Utility Commissioners

**Aliea Afnan Munger, Ph.D.****Senior Consultant**

Aliea performs analysis of wholesale and retail electricity and gas markets and supports our team's market modeling and consulting activities. She has experience analyzing contracts and plans for existing and new facilities and services as well as matters regarding power procurement with power supply portfolios totaling approximately 200 MW and over \$100 million in annual spend. Aliea also has experience reviewing and analyzing rate and regulatory filings.

**SELECTED EXPERIENCE**

- Provided expert witness services (2021-2024) and associated analysis and recommendations (2018-2024) to the Rhode Island Division of Public Utilities and Carriers in response to National Grid's annual Renewable Energy Standard (RES) filing (Dockets 4930, 5005, 5127, 5234, 23-03-EL, and 24-07-EL).
- Reviewed and sponsored expert testimony before the Maryland Public Service Commission regarding the Baltimore Gas & Electric 2023 multi-year plan (MYP) rate filing, made recommendations for rates parity and rate reform to Schedule T (transmission level service customers distribution rate) and other retail rates (Docket 9692).
- Reviewed and sponsored expert testimony before the Pennsylvania Public Utility Commission regarding the PECO Energy Company 2024 rate increase filing, made recommendations for considerations of ratemaking principles when undergoing rate adjustments (Docket R-2024-3046931).
- Managed the development of a rate application on behalf of Kaua'i Island Utility Cooperative addressing load research, allocated cost of service, rate re-design, and revenue requirements.
- Managed the analysis of a rate application on behalf of the Public Utilities Regulatory Authority (PURA) to review and advise on United Illuminating Company's 2022 rate case filing in Connecticut.
- Advised the New York Utility Intervention Unit in its review of Consolidated Edison's 2019 rate filing, addressing approaches to energy efficiency cost recovery, earnings adjustment mechanisms, and expenditures and investments to address the clean energy policies of New York and the Commission's plan for the Reforming the Energy Vision initiative.
- Conducted analysis of capacity costs that argued ATSI's cost-benefit analysis did not support recovery of the RTO realignment costs requested. Supported the development of testimony submitted by Marc D. Montalvo that included corrections to the counterfactual and key market assumptions. Docket No. ER20-1740-000. May 2020.
- Supported regulatory process engagement activities and analyses on behalf of a depreciation expert witness in a gas utility rate case in Maryland.

- Conducted analysis and review of allocated cost of service models and advanced metering infrastructure revenue requirement models for the Georgia Public Service Commission.
- Analysis and submission of the Service Quality Report for a Natural Gas client pursuant to Service Quality Standards for Local Gas Distribution Companies.
- Analyzed a utility self-build application by a utility for an LNG storage facility, preparing data requests and drafting testimony for expert witnesses based on analysis of the filing issues.
- Ongoing assistance advising on utility interconnection issues, rates, special contracts and other rate designs, and retail electricity and gas purchase power procurement and power supply management for 200+ MW portfolio of traction and non-traction accounts in eight states and three northeastern US control areas.
- Provided analysis and recommendations in the audit of National Grid's 2019 and 2020 annual retail rate filings and Standard Offer Service filings.
- Managing operational analysis using Daymark's proprietary wholesale capacity market model, CapMarker.
- Analyzed workpapers and justifications filed by PacifiCorp to obtain approval for a revised wind PPA contract and a new transmission project to assess the assumptions upon which the determination of need was based and developed data requests to support investigation of the analysis in greater detail.

## **EXHIBIT AAM-2**

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-20-EL  
In Re: 2025 Last Resort Service Procurement Plan  
Responses to the Division's First Set of Data Requests  
Issued on June 27, 2024

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Division 1-3

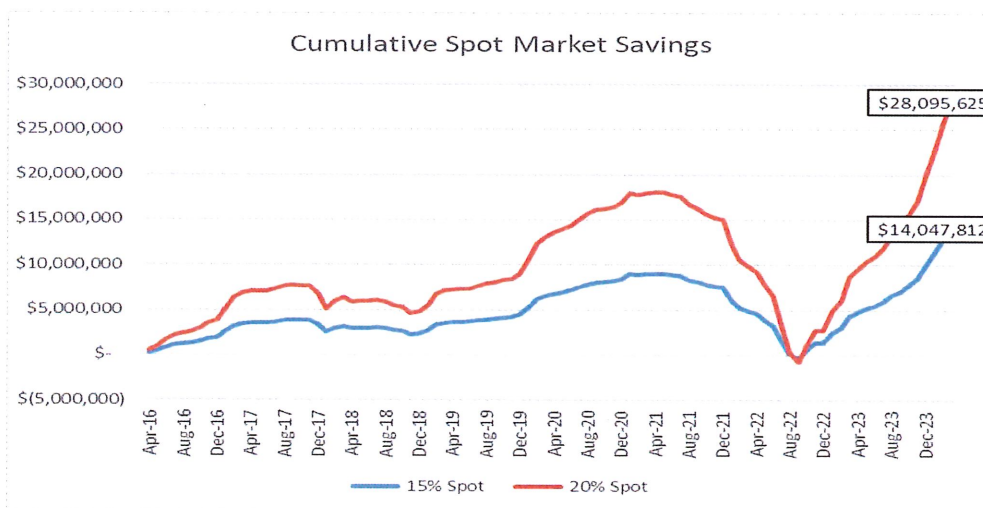
Request:

In testimony, RIE proposes increasing the spot procurement from 10% to 15 %.

- (a) Did the company consider increasing spot procurements beyond 15%? Did it consider decreasing spot procurements below the current 10% threshold?
- (b) Briefly explain why the 15% threshold was selected instead of a higher or lower amount. Include in this explanation the pros and cons of this increase.
- (c) Please provide all analysis supporting the increase in spot pricing, including all analysis evaluating other spot market thresholds. Include Excel files, with formulae intact, where appropriate.
- (d) What sensitivity analysis was completed to evaluate the impact of a major market event, or series of events, relative to the amount of spot supply being procured? Please provide all analysis completed.

Response:

- (a) Yes, the Company updated its analysis to include up to 20%. The chart below reflects the results of the Company' analysis. The Company did not consider decreasing spot procurements below the current 10% threshold.



Division 1-3, page 2

- (b) The Company believes 5% is a good starting point because the original spot market on inception was 5%, which was then increased to 10%. The incremental increase of 5% is in line with historical increases. The Company still recommends a 5% increase; however, a 10% increase to a total of 20% is in our updated analysis.
- (c) Please see the Excel file of Attachment Division 1-3.
- (d) There was not a sensitivity analysis separately prepared, per say. However, the historical spot market was examined and compared against historic Full Service Requirements ("FRS") rates. Even though there were periods of volatility, the spot market outperformed supplier rates overall. The historic spot market data which is contained in the Excel file of Attachment Division 1-3 demonstrates the sensitivity or volatility of the spot market.

## **EXHIBIT AAM-3**

Division 1-4

Request:

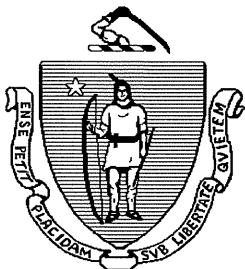
The Company's current and recent historic product mix includes fixed price load following full requirements products, segmented into a series of 6-month blocks. Did the Company analyze the potential benefit or cost of extending the term length from 6-months to a longer or shorter period (e.g. 12-months, 18-months, 24-months)? No.

- (a) If yes, provide the summary results and Excel files with formulae intact.
- (b) Also, please explain why 6-month terms are preferable to a ladder product including a mix of product terms?
- (c) If analysis was not completed, why not?

Response:

- (a) The Company did not consider longer or shorter-term tranches as viable procurement strategies.
- (b) Given concerns about supplier participation, the 6-month tranche allows for suppliers to pick and choose bid-blocks. Suppliers are allowed to win any number of bid-blocks, whether they bid on one or all. This flexibility encourages suppliers to participate even if their risk tolerance is not amicable to the entire 6-, 12-, 18-, or 24-month tranche they are bidding on. For example, if a supplier were not comfortable taking the risk on bidding in the Q1 2024 RFP in January for April 24 – March 2026 because the purchases are too far out, they can choose to bid 6, 12 or 18-mo instead.
- (c) Peer utilities in ISO-NE utilize longer blocks, and their prices have historically been higher. Massachusetts recently had an RFP with these types of blocks and did not have significant participation, see Attachment Division 1-4. In MA D.P.U. 23-50 the details of such failed solicitations from ISO-NE EDCs are discussed. The Company does not see a valid reason to procure energy with longer than 6-month bid block tranches. The Company has not had a failed solicitation with this procurement strategy and has had sufficient supplier participation.





# **The Commonwealth of Massachusetts**

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## **DEPARTMENT OF PUBLIC UTILITIES**

D.P.U. 23-50

January 4, 2023

Investigation by the Department of Public Utilities on its own Motion into the Provision of Basic Service.

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### VOTE AND ORDER OPENING INVESTIGATION

D.P.U. 23-50

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D.P.U. 23-50

I. INTRODUCTION

During the past year, Massachusetts electricity customers have experienced significant increases in basic service rates.<sup>1</sup> These increases are the result of wholesale energy market dynamics including the conflict in Ukraine and regional natural gas transportation constraints for electric generation, as well as uncertainty in customer load. See, e.g., Fitchburg Gas and Electric Light Company, D.P.U. 22-BSF-A4, Order Approving Modified Procurement Schedule and Alternative Procurement and Pricing Plan at 1, 3, 7, 9 (September 14, 2022). The increases in basic service rates are distinct from changes in the rates customers pay to the Commonwealth's electric distribution companies<sup>2</sup> to deliver electricity; these distribution rates are fully regulated by the Department of Public Utilities ("Department").<sup>3</sup> Nonetheless, the Department is very concerned about basic service rate impacts on customers and is

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<sup>1</sup> Basic service electricity rates refer to the rates charged for electricity supply by electric distribution companies to their customers that are not served by a licensed competitive supplier, including customers served by a competitive supplier in a municipal aggregation program. 220 CMR 11.02. Electric distribution companies do not earn a return on or derive a profit from providing basic service. See G.L. c. 164, § 1B(d); Pricing and Procurement of Default Service, D.T.E. 02-40-B at 15-18 (2003).

<sup>2</sup> The electric distribution companies that are subject to the Department's jurisdiction are: Fitchburg Gas and Electric Light Company d/b/a/ Unitil ("Unitil"), Massachusetts Electric Company and Nantucket Electric Company each d/b/a/ National Grid ("National Grid"), and NSTAR Electric Company d/b/a Eversource Energy ("NSTAR Electric" which is comprised of "Eversource East" and "Eversource West" service territories).

<sup>3</sup> The Department fully regulates the rates charged by the distribution companies for the local delivery of electricity to retail customers.

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committed to exploring any opportunity to mitigate such increases due to their effects on customers. Concurrent with these rate increases, the distribution companies have experienced declining participation by wholesale suppliers in basic service solicitations, with potential negative impacts for customers. To address these issues, the Department opens this investigation into the procurement and pricing of basic service. This Order provides further background on these issues and, to facilitate discussion, sets forth a straw proposal for ways in which the Department could consider modifying its existing basic service procurement and pricing policies to better serve customers.

## II. BACKGROUND

In 1997, the Massachusetts Legislature changed the manner in which electric service is provided to customers in the Commonwealth with the enactment of the Electric Restructuring Act.<sup>4</sup> In the restructured electric industry, customers have the option of selecting an entity other than their distribution company to provide the supply component of retail electric service. For customers that do not select a competitive entity to provide their retail electric supply service, the electric distribution companies provide basic service.<sup>5</sup>

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<sup>4</sup> “An Act Relative to Restructuring the Electric Industry in the Commonwealth, Regulating the Provision of Electricity and Other Services, and Promoting Enhanced Consumer Protection Therein.” St. 1997, c. 164.

<sup>5</sup> The Electric Restructuring Act uses the term “default service” rather than “basic service.” St. 1997, c. 164, § 187. In Default Service Procurement, D.T.E. 04-115-A (2005), the Department determined that the term “default service” was confusing some customers because of its unintended suggestion of nonfeasance. D.T.E. 04-115-A at 4. The Department found that the term “basic service” appropriately defines the nature of the service being provided by the distribution

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The Electric Restructuring Act requires: (1) that each distribution company provide basic service; (2) that basic service be competitively procured; (3) that the basic service rate “shall not exceed the average monthly market price of electricity;” and (4) that bids to supply basic service “shall include payment options with rates that remain uniform for periods of up to six months.” G.L. c. 164, § 1B(d). In 1999, the Department opened an investigation into the pricing and procurement of basic service in order to determine the average monthly market price of electricity and to determine how this price should be incorporated in the basic service rate. Pricing and Procurement of Default Service, D.T.E. 99-60 (1999). In 2002, the Department opened a second investigation into the pricing and procurement of basic service in order to ensure that the manner in which basic service is provided is compatible with the development of an efficient competitive market in Massachusetts. Pricing and Procurement of Default Service, D.T.E. 02-40 (2002). The Department specifically evaluated policies in the following three areas: (1) the price components to be included in basic service rates, including administrative and bad debt costs and the effects of locational marginal pricing; (2) basic service pricing options; and (3) procurement schedules and strategies. D.T.E. 02-40, at 5-6. The basic service procurement and pricing policies

---

companies without being confusing, misleading, or anticompetitive. Thus, the Department directed the distribution companies to refer to the service provided by it after March 1, 2005 as “basic service.” Subsequent legislation added the definition of basic service. See St. 2008, c. 169, § 57; G.L. c. 164, § 1. Throughout this Order, we use the term basic service rather than default service.

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established by the Department in the D.T.E. 02-40 proceeding remain in effect (see Section III, below).

In 2015, the Department opened an investigation into the provision of basic service in response to significant increases seen in basic service rates during the preceding winter months. Provision of Basic Service, D.P.U. 15-40 (2015). The Department set forth potential modifications to the basic service procurement policies established in the D.T.E. 02-40 proceeding (see Section IV, below).

### III. EXISTING BASIC SERVICE PROCUREMENT AND PRICING POLICIES

#### A. Procurement of Supply

The distribution companies procure basic service supply separately for their residential customers, small commercial and industrial (“C&I”) customers, and large C&I customers.<sup>6</sup>

D.T.E. 99-60-B at 12-14. For their residential and small C&I customers, the distribution companies procure supply through competitive solicitations, which are conducted every six months to procure 50 percent of the supply requirement for a twelve-month period.

D.T.E. 02-40-B at 44-45. Table 1, below, identifies each distribution company’s twelve-month procurement period.

In each solicitation for residential and small C&I customers, the distribution companies procure supply for two consecutive six-month basic service periods for each ISO New England Inc. (“ISO-NE”) load zone in which its service territory is located.

---

<sup>6</sup> Unitil, however, procures basic service supply jointly for its residential and small C&I customers. D.T.E. 99-60-B at 14.

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D.T.E. 02-40-A at 8-11; D.T.E. 02-40-B at 44-45. For each six-month period, the distribution companies divide the procurement into blocks of supply, with each block representing a specified percentage of the total supply being procured for the period (residential or small C&I) and for each ISO-NE load zone in which its service territory is located.<sup>7</sup> See, e.g., NSTAR Electric Company, D.P.U. 22-BSF-C2, App. A at 4-5 (May 20, 2022). For example, for each load zone, Eversource East divides its residential procurement into four blocks of 12.5 percent, totaling 50 percent, and divides its small commercial procurement into two blocks of 25 percent, totaling 50 percent. Since Eversource East operates in two load zones, the total number of load blocks per procurement for each six-month period is twelve. Wholesale suppliers must identify a bid price for each month of the applicable six-month period and for the block(s) for which they seek to provide supply.

D.T.E. 99-60-A at 6-9.

For their large C&I customers, the distribution companies, with one exception, procure supply through competitive solicitations conducted every three months to procure 100 percent of the supply requirement for each ISO-NE load zone in which its service

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<sup>7</sup> The Commonwealth has three ISO-NE load zones, Northeast Massachusetts (“NEMA”), Southeast Massachusetts (“SEMA”), and West/Central Massachusetts (“WCMA”). National Grid’s service territory is located in all three load zones. Eversource East’s service territory is located in the NEMA and SEMA load zones. Eversource West’s and Unitil’s service territories are located entirely in the WCMA load zone.

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territory is located.<sup>8</sup> D.T.E. 02-40-C at 20-22. As with the solicitations for residential and small C&I supply, (1) the distribution companies divide the procurement into blocks of supply (with each block representing a specified percentage of the total supply being procured for the three-month period in each load zone in which its service territory is located), and (2) wholesale suppliers must identify a monthly bid price for the block(s) for which they seek to provide supply. D.T.E. 99-60-A at 6-9.

B. Basic Service Rates

The distribution companies currently offer two pricing options to their basic service customers: (1) a monthly variable rate that is based on the monthly bids submitted by the winning bidders for each customer class<sup>9</sup> and (2) a six-month (for residential and small C&I customers) or three-month (for medium and large C&I customers) fixed rate that is calculated as the weighted average of the monthly rates.<sup>10</sup> D.T.E. 99-60-A at 6-10; D.T.E. 02-40-C at 20-22. For residential and small C&I customers, the six-month fixed rate serves as the default option; while for medium and large C&I customers, the monthly variable rate serves

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<sup>8</sup> The exception is Unitil, which procures basic service supply for its large C&I customers directly from the wholesale markets administered by ISO-NE. Fitchburg Gas and Electric Light Company, D.P.U. 11-16 (2012).

<sup>9</sup> For residential and small C&I customers, the monthly rates are based on the winning monthly bids in the two preceding solicitations in which 50 percent of the basic service supply was procured for the month. D.T.E. 02-40-B at 44-45.

<sup>10</sup> The basic service rate is set as a “pass through” of the wholesale and retail market costs that the distribution companies incur in providing basic service to customers. As noted above, the distribution companies do not earn a return on or derive a profit from providing basic service. See G.L. c. 164, § 1B(d); D.T.E. 02-40-B at 15-18.



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as the default option. D.T.E. 99-60-B at 6-10; see also D.T.E. 02-40-B at 33-34. All customers can change their pricing option. D.T.E. 02-40-B at 33-34. Table 1, below, identifies the months included in each six-month fixed-rate period.

Table 1 – Twelve-Month Procurement Periods and Six-Month Fixed-Rate Periods

Company	Twelve-Month Procurement Period	Six-Month Fixed-Rate Periods
National Grid	November through October	November through April
		May through October
NSTAR Electric	January through December	January through June
		July through December
Unitil <sup>11</sup>	December through November	December through May
		June through November

C. Reconciliation of Cost Over- and Under-Recoveries

The distribution companies currently reconcile under- and over-recoveries of basic service costs during each pricing period from all distribution customers. D.T.E. 99-60-C at 10, 13. The Department determined that basic service cost over- and under-recoveries should be spread among all distribution customers for two reasons: (1) basic service acts as insurance for customers who enter the competitive market, and thus all customers benefit

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<sup>11</sup> The Department notes that, on a going forward basis, Unitil's six-month rate periods will be February through July, and August through January. Consistent with this, its twelve-month procurement period will be February through January. Fitchburg Gas and Electric Light Company, D.P.U. 22-BSF-A4, Order on Alternative Procurement and Pricing Plan at 11 (September 14, 2022).

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from the safety net provided by the existence of basic service and (2) although the basic service reconciliation ideally should be recovered from, or refunded to, the customers that cause the costs, it is difficult to do so because the number of customers on basic service at one time may change. D.T.E. 99-60-C at 13.

IV. D.P.U. 15-40

As stated above, the Department opened an investigation in 2015 into the provision of basic service in response to significant increases seen in basic service rates during the then-preceding winter months, and declining participation by wholesale suppliers in basic service solicitations. D.P.U. 15-40, at 1.<sup>12</sup> As discussed below, the investigation followed an instance where a distribution company was unable to secure any bids for a portion of its basic service supply. The Department put forth the following potential changes to basic service procurement to address these issues: (1) increase the number of solicitations in which the distribution companies procure basic service supply for residential and small C&I customers, in an effort to provide greater rate stability for customers; (2) provide the distribution companies with greater discretion to structure their basic service supply procurement practice in responses to market conditions, in an effort to reduce rates; (3) change the existing “all requirements” obligation (i.e., by procuring fixed amounts of supply), in order to insulate suppliers from fluctuations in basic service load and thus reduce supplier risk; and

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<sup>12</sup> The Department noted that declining supplier participation applied particularly to solicitations for medium and large C&I customers. D.P.U. 15-40, at 1.

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(4) procure basic service supply directly from the ISO-NE wholesale energy markets.

D.P.U. 15-40, at 10-12.

The Department has not issued any final determination in D.P.U. 15-40. Due to various factors, including changes in initial circumstances, the proceeding has been inactive since July 2016. With the passage of time and emerging events in the energy markets, the Department has determined that it is appropriate to close D.P.U. 15-40 and open a new investigation into basic service issues in this proceeding. Accordingly, the Department closes our investigation in D.P.U. 15-40.

V. DISCUSSION

A. Failed Solicitations

The distribution companies' solicitations for basic service supply require that wholesale suppliers take on an "all-requirements" obligation, which means that the suppliers are responsible for procuring all of the wholesale products and services required to fully serve the basic service load included in the block(s) for which they were selected.

D.T.E. 02-40-B at 8, 15. Accordingly, suppliers incorporate into their bid prices the costs they project to incur to procure those products and services during the applicable period, as well as risk premiums that take into account variations in both future wholesale costs (price risk) and basic service load (volume risk). D.T.E. 02-40-B at 8.

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Wholesale costs to supply basic service customers are comprised primarily of energy and forward capacity from the wholesale markets.<sup>13</sup> Wholesale energy costs can vary significantly from the time that suppliers submit bids to the time they actually supply the energy to meet their basic service load obligation.<sup>14</sup> Basic service suppliers face both price risk and volume risk under all-requirements contracts. Historically, suppliers have been able to hedge risks by including premiums in their bid prices that the distribution companies have found to be reasonable. However, as discussed below, the abnormally high wholesale energy price volatility that Massachusetts (and the world) has experienced during the prior year has presented suppliers with significantly higher levels of risk that required them to either include extraordinarily high risk premiums in their bid prices (premiums that, as discussed below, the distribution companies have in several instances found to be unreasonable) or refrain from responding to basic service solicitations. See, e.g., NSTAR Electric Company,

D.P.U. 22-BSF-C4, Order Approving Alternative Basic Service Procurement and Pricing

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<sup>13</sup> Energy and capacity costs comprise greater than 95 percent of total wholesale costs that apply to competitive suppliers (this does not include transmission-related costs). For example, in 2021, total wholesale costs that apply to competitive suppliers were equal to \$8.5 billion, of which \$8.3 billion were associated with energy (\$6.1 billion) and capacity (\$2.2 billion) costs. The remaining wholesale costs are associated with, among other things, the provision of ancillary services. ISO-NE 2021 Annual Markets Report at 7-8.

<sup>14</sup> Wholesale capacity costs vary far less than wholesale energy costs because they are determined through ISO-NE's Forward Capacity Market, which, in large part, identifies such costs through Forward Capacity Auctions that are conducted well in advance (i.e., three years) of the time that suppliers must project these costs in submitting their bids.

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Plan at 4, 9-10 (December 22, 2022). In addition to high and volatile energy prices, the growth of municipal aggregation programs and the uncertainty of program start dates has increased the basic service load risk. See, e.g., D.P.U. 22-BSF-A4.

Prior to 2022, the distribution companies were, with one exception, able to successfully procure all-requirements supply contracts from wholesale suppliers.<sup>15</sup> During 2022, there were numerous instances in which the distribution companies were not able to fully procure supply for a customer class through their solicitations. Specifically, of the 14 total solicitations the distribution companies conducted during 2022,<sup>16</sup> a distribution company was unable to fully procure the supply in seven solicitations (see Table 2, for a list

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<sup>15</sup> The exception was for Western Massachusetts Electric Company (now NSTAR Electric's Eversource West territory), which received no bids in response to a 2014 solicitation for its large C&I customers and subsequently procured basic service supply for these customers directly from the wholesale markets administered by ISO-NE. Western Massachusetts Electric Company, D.P.U. 14-BSF-B2, Stamp-Approved Alternative Procurement Plan (May 22, 2014).

<sup>16</sup> National Grid, Eversource East, and Eversource West each conducted four basic service supply solicitations during 2022 (four included large C&I customers and two included residential and small business customers). D.P.U. 22-BSF-D1; Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 22-BSF-D2 (June 14, 2022); Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 22-BSF-D3 (September 21, 2022); Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 22-BSF-D4 (November 16, 2022); NSTAR Electric Company, D.P.U. 22-BSF-C1 (February 18, 2022); NSTAR Electric Company, D.P.U. 22-BSF-C2 (May 20, 2022); NSTAR Electric Company, D.P.U. 22-BSF-C3 (August 19, 2022); D.P.U. 22-BSF-C4; NSTAR Electric Company, D.P.U. 22-BSF-B1 (February 11, 2022); NSTAR Electric Company, D.P.U. 22-BSF-B2 (May 13, 2022); NSTAR Electric Company, D.P.U. 22-BSF-B3 (August 12, 2022); NSTAR Electric Company, D.P.U. 22-BSF-B4 (November 14, 2022). Until conducted two solicitations during 2022 for its residential and small C&I customers. D.P.U. 22-BSF-A2; D.P.U. 22-BSF-A4.

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of failed procurements). In four of these solicitations, the distribution company did not procure supply for one or more blocks because it determined that the bid prices for the block(s) were substantially higher than the expected price the company had calculated for the block, based on New York Mercantile Exchange (“NYMEX”) futures energy prices for the applicable period, and its projections of wholesale capacity costs, ancillary services costs, and other wholesale costs. In the other three solicitations, the distribution company did not receive any bids for one or more of the blocks. Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 22-BSF-D1, Stamp-Approved Basic Service Filing (March 22, 2022); Fitchburg Gas and Electric Light Company, D.P.U. 22-BSF-A2, Order on Alternative Procurement and Pricing Plan at 11 (March 21, 2022); D.P.U. 22-BSF-A4.

As stated in Section III, above, for residential and small C&I customers, the distribution companies solicit supply twice per year each for 50 percent of their expected load requirements over a twelve-month period. For large C&I customers, distribution companies solicit supply for 100 percent of projected load for a three-month period (except Unitil). In the instances in which a solicitation for these customer classes failed because a distribution company was unable to fully procure the first 50 percent of supply for a given six-month rate period, the distribution company informed the Department of its intention to attempt to procure the supply in its upcoming solicitation (for large C&I customers). No further regulatory process was required. In contrast, in the instances in which a solicitation for large C&I customers failed, or a solicitation for residential and small C&I customers failed because a distribution company was unable to fully procure the second 50 percent of supply for the

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upcoming six-month period, the distribution company was required to develop and petition the Department for approval of alternative procurement and pricing plans for the upcoming six-month fixed-rate period, under tight time constraints. This required the Department to issue a notice of filing, solicit public comment, and review the proposed alternative plans on an expedited basis. These reviews create an administrative burden for the Department, the distribution companies, and interested persons.

Because of the time sensitive nature of the competitive procurement process, the distribution companies keep the Department and the Attorney General informed of their basic service solicitations. The following is an example of the solicitation process used during 2022:

- A distribution company receives bid responses on or about the 15<sup>th</sup> of a month for a basic service period commencing on the first day of the month following the solicitation date (for example, December 15<sup>th</sup> bid response for basic service period beginning February 1<sup>st</sup>).
- If, upon reviewing its bid responses, the distribution company determines that the solicitation is successful, the distribution company will notify the Department and the Attorney General and make its basic service filing with the Department within three days of the solicitation response.
- The Department then has five business days to review and approve the distribution company's basic service filing. Once a basic service solicitation and rate filing is approved, the Department requires the distribution company to provide its basic service customers with 30 days' notice before the new rates take effect.
- If, however, upon reviewing bid responses (or if there are no bid responses) the distribution company determines that the solicitation has failed, the distribution company will notify the Department and the Attorney General, and file with the Department a petition for approval of an alternative basic service procurement and pricing plan (which also includes requests for waivers from Department requirements) supported by prefiled testimony and exhibits.

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- Such petitions are typically filed within five to ten days after the bid responses are received.
- Once filed, the Department notices such petitions for public comment (typically allowing only ten business days to accommodate the constrained review period).
- The distribution company typically requires a Department Order on its petition three business days before the start of the basic service period.

As this example demonstrates, the time for comment, review, and issuing an Order on a petition for an alternative procurement and pricing plan is compressed in order to accommodate the wholesale energy markets. Table 2 lists the failed basic service procurements during 2022; the cited dockets support the typical solicitation scenario described above. The procedural history of these proceedings demonstrates the necessary, expedited review of any alternative procurement proposal due to a failed basic service solicitation.



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Table 2 - Failed Basic Service Procurements in 2022 by Customer Class

<b>Company</b>	<b>Docket</b>	<b>Customer Class/ Procurement Period</b>	<b>Reason for Failure</b>	<b>Outcome</b>
National Grid	22-BSF-D4	Large C&I NEMA/ February 2023 - April 2023	High bid prices	Self-supply
National Grid	22-BSF-D3	Large C&I NEMA/ November 2022 - January 2023	High bid prices	Self-supply
		Residential and Small C&I/ November 2022 – April 2023	High bid prices	Re-bid in later procurement
National Grid	22-BSF-D1	Residential and Small C&I/ May 2022 – October 2022	No bids received	Re-bid in later procurement
Eversource East	22-BSF-C4	Large C&I NEMA/ January 2023 -March 2023	High bid prices	Self-supply
Eversource East	22-BSF-C3	Large C&I NEMA/ October 2022 -December 2022	High bid prices	Self-supply
Until	22-BSF-A4	Residential and Small C&I/ December 2022 - July 2023	No bids received	Self-supply
Until	22-BSF-A2	Residential and Small C&I/ December 2022 – July 2023	No bids received	Re-bid in later procurement

To eliminate the administratively burdensome process currently associated with failed solicitations, the Department sets forth below a proposal in Section VI, below, to establish

(1) uniform criteria by which the distribution companies would define a failed solicitation and

(2) a uniform procurement and pricing approach that the distribution companies would implement in instances of failed solicitations. The Department’s objective is to establish a process for the filing and review of failed solicitations that is as effective and efficient as the current process for successful solicitations.

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B. Rate Differences Between Fixed-Rate Service Period and Among the Distribution Companies

As discussed in Section III, above, each distribution company establishes a fixed-rate period for which the basic service rate is calculated as the average of the monthly rates included in the period. D.T.E. 99-60-B at 15-16. For residential and small C&I customers, for which the distribution companies establish two fixed-rate periods, each company includes the months of January and February in the same period (see Table 1, above). In recent years, January and February have been the months in which wholesale electricity prices are highest.<sup>17</sup> As shown in Table 3, below, this has led to significant differences in basic service rates between each distribution company's fixed-rate periods. Specifically, the fixed-rate "Winter" periods that include the months of January and February have had significant higher rates than the "Summer" periods that do not.

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<sup>17</sup> See <https://www.mass.gov/info-details/basic-service-information-and-rates> for monthly basic service rate history. Wholesale energy prices are a primary factor for variations in the monthly basic service rates.

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Table 3 - Residential Basic Service Rates, Cents / kWh

	<b>National Grid</b>		<b>Eversource East</b>		<b>Eversource West</b>		<b>Unitil</b>	
	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer
2022	33.891	11.491	25.649	17.871	21.864	15.348	17.810	13.436
2021	14.821	9.707	15.764	10.753	13.731	9.468	15.298	9.554
2020	12.388	9.898	11.795	9.877	10.708	9.020	11.239	9.300
2019	13.982	10.793	12.517	10.836	11.666	9.851	12.388	9.980

To minimize the significant changes in basic service rates that customers currently experience between Winter and Summer fixed-rate periods, the Department proposes that each distribution company place the monthly rates for January and February into separate periods. As discussed in the Section VI.C below, this will require the distribution companies to adopt the same six-month fixed-rate periods, which will serve to minimize the differences in basic service rates that historically have occurred across the distribution companies.

## VI. DEPARTMENT PROPOSAL

### A. Introduction

As described above, basic service supply solicitations during the past year have led to record high rates and, in some cases, failed procurements that required the Department to review and approve alternative procurement and pricing plans in a compressed time period. In addition, the months included in the distribution companies' fixed-rate periods have contributed to significant differences in basic service rates between the two periods, as well as differences across the distribution companies. Below, the Department presents a proposal

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for modifications to the existing basic service procurement and pricing policies that focuses on (1) alleviating the burdensome regulatory process that has resulted from recent failed solicitations and (2) lessening the differences in basic service rates between fixed-rate periods and across the distribution companies. As discussed below, the proposed modifications are derived in large part from the procurement and pricing alternatives that the distribution companies have proposed (and the Department has approved) during the past year. As such, the Department expects that the distribution companies would be able to implement the proposed modifications in a short timeframe and, thus, can resolve the issues associated with recent solicitations in a timely manner.

The Department is greatly concerned about the effect that high basic service rates have on customers. While the Department does not have control over wholesale energy market dynamics, it is committed to exploring opportunities to mitigate the effects of wholesale energy costs on customers, as well as promoting the Commonwealth's energy policies. As such, in a second phase of this investigation, the Department will examine ways in which the existing basic service procurement and pricing policies can be modified to improve the accuracy of the price signals sent to basic service customers regarding the underlying cost of electricity, consistent with the Department's Orders in New Technologies and Advanced Metering Infrastructure Proposals, D.P.U. 21-80-B/D.P.U. 21-81-B/D.P.U. 21-82-B (2022) ("AMI Order"), and Time Varying Rates, D.P.U. 14-04 (2014). Providing customers with the opportunity to respond to the

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actual varying costs of electricity will allow them to reduce their electric bills by reducing their usage during hours in which electricity prices are highest.

B. Failed Solicitations and Alternative Procurement and Pricing Policies

1. Introduction

As discussed in Section V.A, above, over the past year, the Department has approved seven proposals made by the distribution companies in response to failed solicitations. While approving these proposals, the Department has recognized (1) what constitutes a failed basic service supply solicitation and (2) the manner in which a distribution company should procure and price basic service supply in instances in which it was not able to fully procure its supply requirements for a customer class and load zone through its solicitations. The intention of the proposal set forth here is to establish this practice as the Department's policy to streamline and clearly define the regulatory process associated with failed solicitations.

2. Criteria for Failed Solicitation

In granting distribution companies' petitions for alternative procurement and pricing plans over the past year, the Department has acknowledged that a failed solicitation is one in which (1) a distribution company did not receive any bids from wholesale suppliers for one or more supply blocks included in the solicitation or (2) prices that were bid for one or more supply blocks significantly exceeded the expected bid price calculated by the distribution company. To streamline and clearly define the regulatory process associated with failed solicitations, the Department seeks to establish a uniform method by which the distribution companies calculate their expected bid prices.

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For residential and small C&I customers, each distribution company would calculate, for each supply block, an expected bid price for each month of the applicable six-month period,<sup>18</sup> based on: (1) the NYMEX futures energy prices on the day prior to the day that the distribution company received final bid prices from wholesale suppliers and (2) the distribution company's projections of other capacity, ancillary services, and other wholesale costs for the month. The distribution company would then calculate an expected bid price for the entire period as the load-weighted average of the monthly expected bid prices. A distribution company would deem a solicitation as having failed for a block if the "best" bid price(s) submitted for that block for the period (as determined by the distribution company's existing bid evaluation criteria) exceed the expected bid price by more than a specified amount (e.g., 20 percent).

The Department recognizes that there are a number of assumptions that a distribution company must make in the calculation of expected bid prices. The Department would work with the distribution companies and stakeholders to develop a uniform method by which the distribution companies would calculate expected bid prices and the threshold over the expected price that would constitute a failed bid. Once this method is finalized, a distribution company that determines that the best bid price(s) received for one or more supply blocks exceeds the distribution company's expected bid price(s) for the block(s) should be able to

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<sup>18</sup> For large C&I customers, the distribution company would calculate an expected bid price for each month of the three-month period.

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quickly move forward with the alternative procurement and pricing strategies discussed below, pursuant to an effective and efficient regulatory process.

### 3. Alternative Procurement Strategies

As has been demonstrated during the past year, a distribution company may succeed in procuring supply for some (but not all) blocks. Consistent with the Department's decisions in basic service proceedings over the past year, the distribution company would continue to procure supply for these blocks from the winning bidder, subject to the Department's approval. Further, for those blocks for which the distribution company did not procure supply through a solicitation for residential and small C&I customers, the alternative procurement would depend on whether the supply block(s) applies to the first or second 50 percent of supply for a given six-month period.<sup>19</sup> If the block applies to the first 50 percent of supply, the distribution company would attempt to procure supply for the block in its subsequent solicitation for large C&I customers (i.e., three months following the failed solicitation). If the distribution company is unable to procure supply for the block in this solicitation for large C&I customers, the distribution company would then attempt to procure such supply in its subsequent solicitation for residential and small C&I basic service supply by soliciting bids to provide the full 100 percent (rather than 50 percent) of the supply requirement for the upcoming six-month period.

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<sup>19</sup> This does not apply to the solicitations for large C&I customers, which include only a single three-month period.

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If a distribution company was unsuccessful in procuring supply (1) for a block that applies to the second 50 percent of supply for the upcoming six-month pricing period included in a solicitation for residential and small C&I customers or (2) for any block included in its solicitation for large C&I customers, the distribution company would procure supply for the block directly from the wholesale markets administrated by ISO-NE. Specifically, the distribution company would be responsible for procuring all of the wholesale products and services (e.g., energy, capacity, and ancillary services) required to serve the basic service load included in the block(s) (the Department refers to this as “self-supply”).

The Department recognizes that there a number of details associated with implementing the self-supply approach (in particular the manner in which the distribution companies would procure wholesale energy directly from the ISO-NE energy markets). The Department would work with the distribution companies and stakeholders to establish these implementation details. Once the self-supply approach is finalized, a distribution company should be able to implement the proposed approach pursuant to an effective and efficient regulatory process.

#### 4. Alternative Pricing Policies

During the past year, the Department approved two alternative pricing strategies proposed by the distribution companies in instances in which they were procuring some or all supply for a customer class and load zone during a fixed-rate period through self-supply. For National Grid and Unitil, the Department approved each distribution company’s proposal to calculate projected wholesale costs for large C&I customers, and residential and small C&I



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customers, respectively, based on NYMEX futures prices, plus distribution company projections of other wholesale costs. D.P.U. 22-BSF-D4; D.P.U. 22-BSF-A4. In contrast, the Department approved Eversource East's proposal to determine projected wholesale costs for its large C&I customers located in the NEMA load zone based on the bid prices selected from the same solicitation for large C&I customers located in the SEMA load zone (see Section V.A, above). D.P.U. 22-BSF-C4.

Here, the Department proposes an alternative pricing strategy similar to those approved for National Grid and Unitil. Specifically, in instances in which a distribution company procures one or more of the supply blocks for a pricing period through self-supply, the distribution company would set the monthly wholesale prices for the block equal to the distribution company's expected monthly bid prices for the block (based on NYMEX futures prices, plus projections of other wholesale costs).<sup>20</sup>

Under the Department's proposal, the method by which the distribution companies calculate monthly wholesale prices would not change from the current method, i.e., the distribution companies would continue to calculate such prices as the average of their projected monthly wholesale prices of the blocks that comprise the period. Similarly, the proposal would not change the methods by which the distribution companies calculate retail basic service rates. Monthly rates would continue to be calculated as the sum of (1) the

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<sup>20</sup> For those blocks for which the distribution company procured supply through its solicitations, the monthly wholesale prices would continue to be based on the winning bid(s) in those solicitations.

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wholesale price for the month and (2) adders for renewable, clean energy, and administrative costs. Fixed rates would continue to be calculated as the load-weighted average of the monthly rates that comprise the pricing period.

5. Reconciliation of Basic Service Cost Under- and Over-Recoveries

The Department recognizes that procuring basic service supply through a self-supply approach increases the potential for a wider range of under- and over-recoveries of basic service costs. This is because, unlike the all-requirements approach, the wholesale costs that a distribution company may incur over the course of a fixed-rate period under self-supply may vary significantly from the projected costs on which the basic service rates were based.

In D.P.U. 22-BSF-A4, the Department approved a proposal by Unitil to permit the company to adjust its basic service rates for residential and small C&I customers for the period December 2022 through July 2023 based on changes in wholesale futures prices. Specifically, Unitil must seek an adjustment of its fixed and monthly retail rates if the projected wholesale power supply costs for the balance of the period vary by more than 20 percent from the wholesale power supply costs projected over the same period at the time the retail rates were set. D.P.U. 22-BSF-A4, at 12-13. If an interim adjustment occurs, Unitil must make a filing with the Department for approval of a new rate no later than the 15th of the month prior to the proposed effective date, which would be the first day of the month. D.P.U. 22-BSF-A4, at 13 n.9.

The Department proposes to include a threshold mechanism in instances in which a distribution company is procuring basic service for a customer class through self-supply. To

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ensure a streamlined and more transparent regulatory process, the Department would not provide discretion to a distribution company on updating its fixed basic service rate. If the updated fixed rate calculated by a distribution company for a customer class differs from the existing fixed rate by more than a specified amount, the distribution company would be required to file with the Department a request to revise the existing rate.

The Department recognizes that there a number of details associated with implementing this basic service rate update approach. The Department would work with the distribution companies and stakeholders to establish these implementation details. Once the method for updating rates is finalized, a distribution company should be able to update its basic service rates pursuant to an effective and efficient regulatory process.

#### 6. Filing Requirements

As stated above, the Department's objective in putting forth this proposal is to streamline the regulatory process associated with failed solicitations – said differently, the Department seeks to establish a process for failed solicitations that is no more administratively burdensome to the Department, the distribution companies, and interested persons than those for successful solicitations. Consistent with this, the Department would work with the distribution companies and stakeholders to develop the filing requirements that would provide sufficient information regarding failed solicitations that would facilitate a streamlined and more transparent process.

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C. Basic Service Fixed-Rate and Procurement Periods

As discussed in Section V.B, above, the Department seeks to have each distribution company include the monthly basic service rates for January and February in separate fixed-rate periods in order to minimize the significant changes in basic service rates that customers currently experience between periods (noting January and February historically have been the highest rate months for wholesale electricity in Massachusetts). Consistent with this goal, the Department proposes that each distribution company adopt the following six-month fixed-rate periods for residential and small commercial customers: (1) February through July and (2) August through January.<sup>21</sup> For large C&I customers, the Department proposes that each distribution company adopt the following three-month fixed-rate periods: (1) February through April; (2) May through July; (3) August through October; and (4) November through January.<sup>22</sup> As discussed in Section V.B, above, establishing uniform fixed-rate periods for the distribution companies will have the additional benefit of minimizing the differences in basic service rates that historically have occurred across the distribution companies.

Accommodating the above proposal requires that the distribution companies adopt the same twelve-month procurement periods, February through January, and August through

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<sup>21</sup> The Department notes that this is consistent with the fixed-rate periods approved by the Department for Until in D.P.U. 22-BSF-A4, at 11.

<sup>22</sup> This does not apply to Until, which procures basic service supply for large C&I customers through self-supply. Fitchburg Gas and Electric Light Company, D.P.U. 11-16 (2012).

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July. The Department would work with the distribution companies and stakeholders to determine (1) strategies for transitioning from the existing to the new fixed-rate periods and (2) solicitation schedules for the distribution companies that will best ensure wholesale supplier participation (e.g., final bid due dates staggered by one week) for each distribution company.

## VII. NEXT STEPS

The Department invites all interested persons to participate in this investigation. The Department seeks written comments on the proposal set forth above, related to: (1) the criteria to be used to determine a failed solicitation (Section VI.B.2); (2) alternative procurement strategies (Section VI.B.3); (3) alternative pricing strategies (Section VI.B.4); (4) reconciliation of basic service under- and over-recoveries (Section VI.B.5); (5) regulatory process (Section VI.B.6); and (6) basic service fixed-rate periods and procurement periods (Section VI.C). Specifically, the Department seeks comments on how the proposed modifications to existing basic service procurement and pricing policies could be revised so as to (1) better alleviate the administratively burdensome regulatory process that has characterized recent failed solicitations and (2) further lessen the differences in basic service rates between fixed-rate periods and across the distribution companies. The Department requests that commenters take into consideration our objective of setting forth modifications that the distribution companies would be able to implement in a short timeframe, and that it is our intention to examine more extensive modifications to the existing procurement and pricing policies in a second phase of this investigation.

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The Department seeks comments no later than **5:00 p.m. on February 8, 2023**. The Department anticipates and hopes for significant interest in this proceeding. Therefore, we encourage interested person to present consensus positions and submit comments jointly, when possible. All comments must be accompanied by an executive summary. Comments must be filed with Mark D. Marini, Secretary, Department of Public Utilities and Hearing Officer Julianne Desmet.<sup>23</sup>

Any person interested in participating in this investigation but chooses not to file comments should indicate such interest by informing Department Secretary Mark D. Marini, via email ([mark.marini@mass.gov](mailto:mark.marini@mass.gov)) and Hearing Officer Julie Desmet, via email ([julianne.desmet@mass.gov](mailto:julianne.desmet@mass.gov)), no later than **5:00 p.m. on February 8, 2023**. To be included on the distribution list for this investigation, the request to the Department must include the following information: (1) name and organization represented, if any; (2) address; (3) telephone number; and (4) email address.

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<sup>23</sup> All documents should be submitted to the Department in electronic format by e-mail attachment to [https://massgov.sharepoint.com/sites/DPU-Share/DPU\\_Shared/BasicService/2022 NOI/Staff Work Space/dpu.efiling@mass.gov](https://massgov.sharepoint.com/sites/DPU-Share/DPU_Shared/BasicService/2022%20NOI/Staff%20Work%20Space/dpu.efiling@mass.gov) and Hearing Officer, Julianne Desmet [julianne.desmet@mass.gov](mailto:julianne.desmet@mass.gov). The text of the e-mail must specify (1) the docket number of the proceeding (D.P.U. 23-50); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic filing should also include the name, title, and telephone number of a person to contact in the event of questions about the filing. All documents submitted in electronic format will be posted on the Department's website by looking up the docket by its number in the docket database at: <https://eeaonline.eea.state.ma.us/DPU/Fileroom/dockets/bynumber> (enter "23-50").

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VIII. ORDER

Accordingly, the Department of Public Utilities

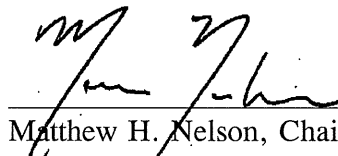
VOTES: To open an investigation into the provision of basic service electricity supply in the Commonwealth; and it is

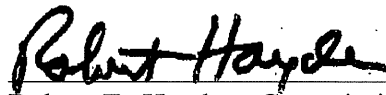
ORDERED: That the Secretary of the Department of Public Utilities shall publish notice of this investigation in a statewide paper of daily circulation with the Commonwealth; and it is

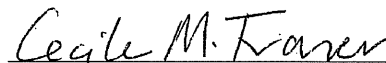
FURTHER ORDERED: That the Secretary of the Department of Public Utilities shall serve a copy of this Order upon all persons on the Department's official service list; and it is

FURTHER ORDERED: That our investigation in Provision of Competitive Supply, D.P.U. 15-40 (2015) is hereby CLOSED.

By Order of the Department,

  
Matthew H. Nelson, Chair

  
Robert E. Hayden, Commissioner

  
Cecile M. Fraser, Commissioner

## **EXHIBIT AAM-4**



The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-20-EL  
In Re: 2025 Last Resort Service Procurement Plan  
Responses to the Division's First Set of Data Requests  
Issued on June 27, 2024

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Division 1-5

Request:

Has the company evaluated the potential benefit or risk to customer rates by including a portion of supply with long-term products? If yes, please provide the benefits and risks discerned.

Response:

The Company considered the potential benefit and risks to customer rates by including a portion of supply with long-term products, however, did not perform any analysis. The Company surveyed suppliers and consulted with an industry expert at the Analysis Group and determined that the inclusion of long-term products could adversely affect supplier participation and therefore potentially negatively impact customer rates.

## **EXHIBIT AAM-5**

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-20-EL  
In Re: 2025 Last Resort Service Procurement Plan  
Responses to the Division's First Set of Data Requests  
Issued on June 27, 2024

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Division 1-6

Request:

The Company stated: “[a] 5% spot market increase combined with the FRS contract modifications together showed a total cumulative cost reduction of \$28,775,116...”. What specific terms resulted in the cost reduction(s) (e.g. risk premium reduction, energy price reduction, ancillary charges reduction, etc.)? Please provide a break-down by term type.

Response:

While responding to this data request, the Company discovered an error in its original spot market savings analysis. The error was that capacity was not included in the spot market calculation prior to April 2019. The updated cumulative cost reduction is \$24,573,663 as opposed to \$28,775,116.

The corrected savings amount of \$24,573,663 is comprised of Full Requirements Service (“FRS”) savings of \$10,525,851 and spot market savings of \$14,047,812. See the Confidential Excel version of Attachment Division 1-6-1 and the Excel version of Attachment Division 1-6-2 for supporting calculations.

Electric supply is comprised of three main components: energy, capacity and ancillaries. The Company did not consider alterations in procurement methodology for capacity and ancillaries because they are not within the same realm of control as energy.

The FRS savings is energy savings procured via wholesale electric suppliers. The reason energy savings can be seen is because there is historically more weight in the futures market further from the procurement date. Therefore, there is a correlation between lead time of purchase date and contract start date.

Spot market savings were a result of the difference between procuring the energy component (generation component) in the Day Ahead (“DA”) Locational Marginal Price (“LMP”) market and settled at the Real Time market compared to procuring the energy via suppliers through FRS contracts. An FRS contract is when a supplier takes a price position for a set term, opposed to the spot market which changes daily. One reason for the reduction is that there is a premium to secure a price point. This premium has been referred to as “Bid Premium”. Since suppliers are not taking positions, there are not FRS Bid Premiums from procuring in the index / DA energy market. In addition to supplier Bid Premiums, there are also risk premiums inherent in the futures energy market. Because the future is uncertain, there is inherent risk in the unknown, and hence, the futures market is not an accurate reflection of what will happen in the spot market.

## **EXHIBIT AAM-6**

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-20-EL  
In Re: 2025 Last Resort Service Procurement Plan  
Responses to the Division's First Set of Data Requests  
Issued on June 27, 2024

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Division 1-8

Request:

What is the forecast impact on the rate reconciliation as a result of an increase in spot market purchases?

- (a) Provide a summary of modeled cases (low, likely, and high).
- (b) Explain the likely relative impact due to customer usage differences (forecast vs. actual) and spot price differences (forecast vs. actual).

Response:

- (a) Projecting how likely a scenario will be is also a function of the market. The spot market forecasts are based on forecasted usage including weather. Not knowing what the market or weather will be adds complexity to this request. However, please see the Company's Excel version of Attachment Division 1-8-1 for historical deviations between the estimated and actual spot market between 2016-2023. The data is derived from the Quarterly Spot Market report which is filed quarterly with the Public Utilities Commission. See Attachment Division 1-8-2 which is pages 26-27 from the most recent quarterly report.<sup>1</sup>
- (b) If there is a flatter load in customer usage, it is easier to predict because it may be less reliant on the weather and other factors. Therefore, if customers load shape is flatter (less deviation) it may be assumed there would be less impact to load forecast fluctuation.

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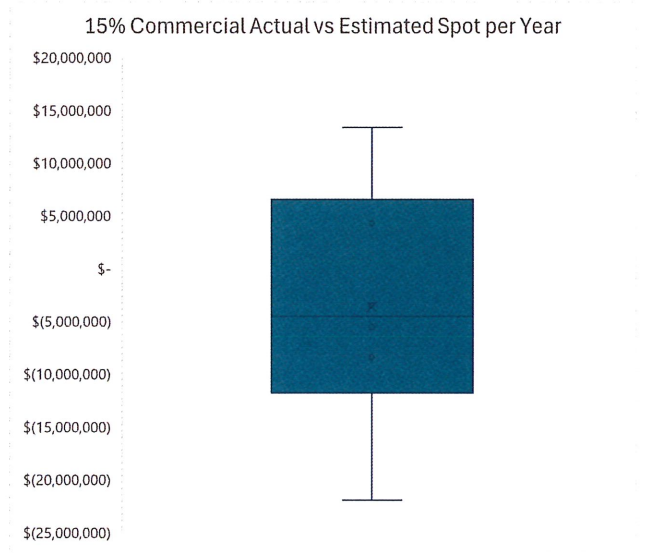
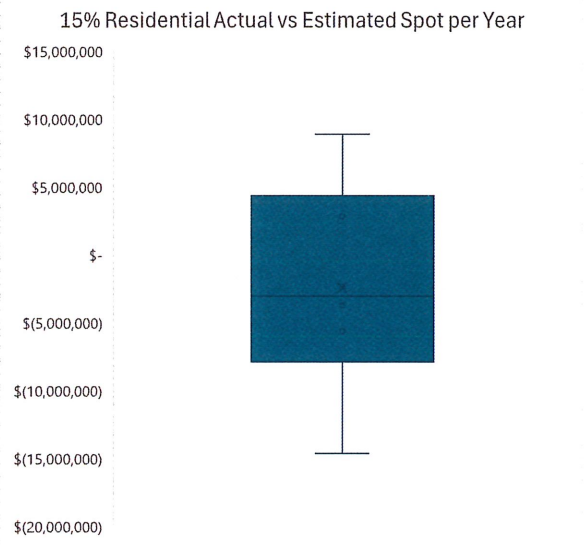
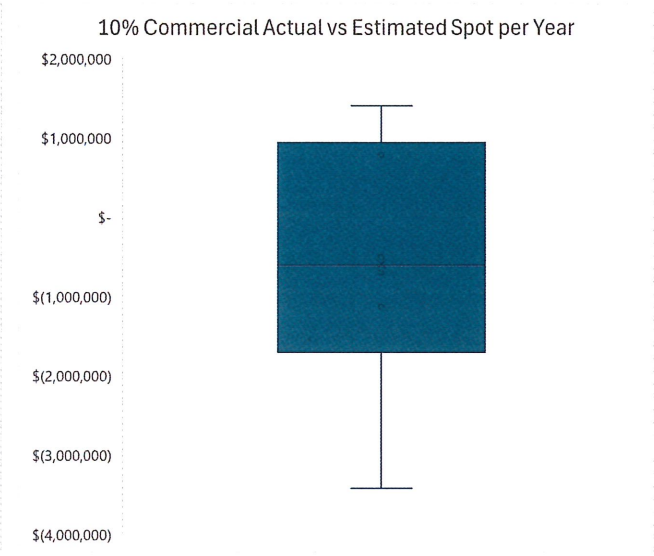
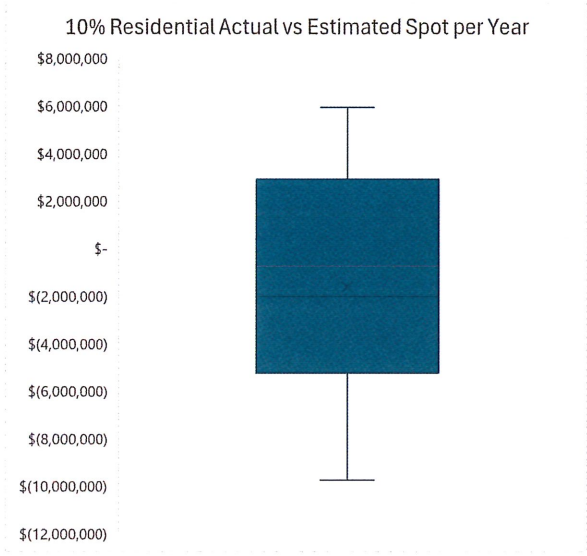
<sup>1</sup> The full quarterly report may be accessed at: <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-05/2202-RIE-LRS-Recon-Q1-2024.pdf>

**ATTACHMENT 1-8-1**

10% Spot	Actual Spot vs Estimated Annual Deviation 2016 - 2023	
	Residential	Commercial
Min	\$ (9,794,655)	\$ (3,432,800)
Quartile 1	\$ (3,784,642)	\$ (1,139,188)
Median	\$ (2,524,590)	\$ (708,964)
Quartile 3	\$ 1,853,949	\$ 776,278
Max	\$ 5,890,860	\$ 1,395,434
Mean	\$ (1,607,177)	\$ (513,575)

15% Spot	Actual Spot vs Estimated Annual Deviation 2016 - 2023	
	Residential	Commercial
Min	\$(14,691,982)	\$(22,037,973)
Quartile 1	\$ (5,676,963)	\$ (8,515,444)
Median	\$ (3,786,885)	\$ (5,680,328)
Quartile 3	\$ 2,780,923	\$ 4,171,385
Max	\$ 8,836,289	\$ 13,254,434
Mean	\$ (2,410,765)	\$ (3,616,147)

Negative = Over recovery







2018	January-19	57.79	664.336	37.03	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95	1717.14	106.95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# The Narragansett Electric Company

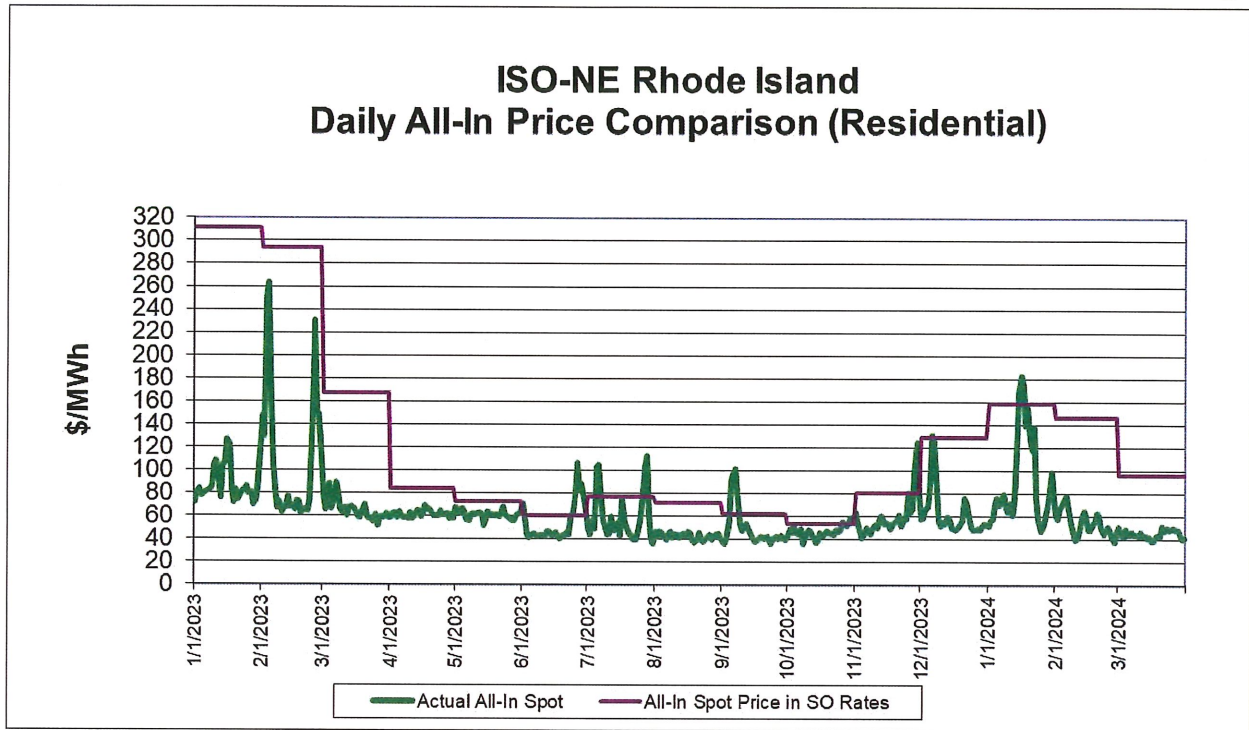
Report to the R.I.P.U.C.

Spot Market Purchases

for the period

January 2023 through March 2024

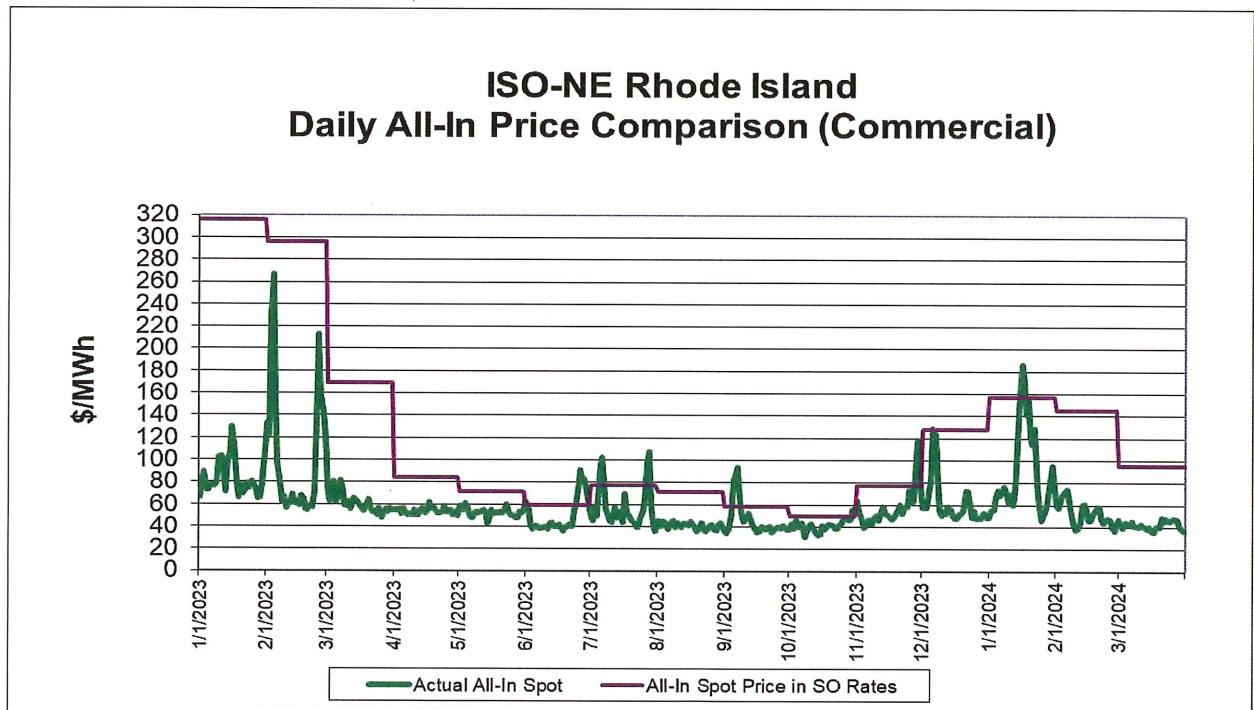
Submitted: April 2024



\* March 2023-February 2024 ancillary services costs used as estimate for March 2024 ancillary services costs.

\*\* Est. All-In Spot Cost for the spot market purchases used to calculate the retail rate.

\*\*\* Reconciled load data used for January 2023 through December 2023. Initial load data used for January through March 2024.



\* March 2023-February 2024 ancillary services costs used as estimate for March 2024 ancillary services costs.

\*\* Est. All-In Spot Cost for the spot market purchases used to calculate the retail rate.

\*\*\* Reconciled load data used for January 2023 through December 2023. Initial load data used for January through March 2024.