

April 6, 2009

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02889

**RE: National Grid's Standard Offer Procurement Plan and
Renewable Energy Procurement Plan
Docket No. 4041**

Dear Ms. Massaro:

I am enclosing ten copies of National Grid's ¹ Motion for Expedited Treatment of an Accelerated Procurement Plan and Request for Extension of Time to Re-file Amended Standard Offer Procurement Plan and Renewable Energy Procurement Plan.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Paul Roberti, Esq.
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company")

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically submitted, hand delivered and/or mailed to the individuals listed below.



Joanne M. Scanlon

April 6, 2009

Date

**Docket No. 4041 National Grid – SOS and RES Procurement Plans
Service List Updated 4/3/09**

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**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**In re The Narragansett Electric Company)
d/b/a National Grid)
)
)**

Docket No. 4041

**THE NARRAGANSETT ELECTRIC COMPANY’S¹
MOTION FOR EXPEDITED TREATMENT OF AN ACCELERATED PROCUREMENT
PLAN AND REQUEST FOR EXTENSION OF TIME TO RE-FILE AMENDED
STANDARD OFFER PROCUREMENT PLAN AND RENEWABLE ENERGY
PROCUREMENT PLAN**

I. INTRODUCTION

National Grid hereby requests permission to file and expedited treatment of an Accelerated 2010 Procurement Plan (“Accelerated Procurement Plan”) to help control the projected energy costs for the Rhode Island Residential and Small Commercial and Industrial customers (“Small Customer Class”).² The Company also requests a short extension to May 1, 2009 to file its Standard Offer Portfolio and its 2009 Renewable Energy Procurement Plan under Commission Order 19602.

The Company seeks expedited review of an Accelerated Procurement Plan designed to lock in currently favorable electric energy wholesale rates relative to the projected needs of its Small Customer Class during calendar year 2010 and into the beginning of 2011. Under this procurement plan, the Company will propose to purchase financial fixed-price contracts as a

¹ The Narragansett Electric Company b/b/a National Grid (“National Grid” or “Company”).

² The Small Customer Class consists of customers receiving service on Basic Residential Rate A-16, Low Income Rate A-60, Small C&I Rate C-06, Limited Private Lighting Rate S-10, and General Streetlighting Rate S-14.

hedging tool to effectively fix the price of the energy component for this projected load, which is the largest and most volatile component of the customer's electric commodity rates.

The Company fully intends to file its amended overall 2010 Standard Offer Service Procurement Plan ("SOS Procurement Plan") in compliance with the Commission's clarified order. That filing will contain the Company's plan for procuring the entire physical supply for its 2010 Standard Offer Service, and it will be coordinated with a Renewable Energy Procurement Plan to be re-filed at the same time. However, the Company will be filing this accelerated plan in advance of those filings to propose a potential means to lock in 2010 energy prices for the Small Customer Class, which is the segment of its Standard Offer customers that will most likely be dependent on receiving Standard Offer supply during 2010.

II. PROCEDURAL BACKGROUND

On March 2, 2009, in accordance with its obligations under R.I. Gen. Laws § 39-1-27.8, National Grid filed its SOS Procurement Plan with the Commission. Also on March 2, 2009, in compliance with the Renewable Energy Standards and the Commission's Order 19580 in Docket No. 4012, National Grid submitted its Renewable Energy Procurement Plan. On March 16, 2009, the Commission voted to reject National Grid's SOS Procurement Plan and Renewable Energy Procurement Plan and directed National Grid to re-file both plans on or before April 16, 2009. (Order 19602, Docket No. 4041). The Company petitioned the Rhode Island Supreme Court to review the March 16 order and also moved for clarification of that order. On April 7, 2009, the Commission clarified its order.

In compliance with the Commission's clarified order, the Company is preparing an amended SOS Procurement Plan. That plan covers the procurement of the projected electric

supply for all of the Company's Standard Offer customer classes for the year 2010. In tandem with that effort, the Company also is preparing an amended Renewable Energy Procurement Plan under the provisions of the Renewable Energy Standards Act. Under the Act, the Company is obligated to procure minimum, periodically escalating, amounts of electricity from eligible renewable resources ("Renewable Energy Obligations"). For 2010, that amount is set at 4.5 percent of the electricity it provides to its retail customers. R.I. Gen. Laws § 39-26-4(a).

In this motion, the Company is now requesting expedited treatment for an Accelerated Procurement Plan, which is described below and which the Company would file with the Commission as soon as practicable, but no later than April 15.

III. PROPOSED PLAN

The current wholesale market prices for electric energy have dropped significantly. Under the Accelerated Procurement Plan, the Company will propose to move promptly to realize the benefits of these current prices by obtaining financial hedges for a large portion of its projected standard offer load for the Small Customer Class. This hedging plan will be similar to commodity cost-containment activities that the Company has employed on behalf of its natural gas customers under the Gas Purchase Incentive Plan. It should be noted that the possibility certainly exists that the market price for electric energy may move below the levels that would be achieved through this hedging proposal. Nevertheless, the Company, following discussions with Division of Public Utilities and Common Carriers ("Division"), believes that these customers would benefit by having electric energy costs locked-in at prices that are below the costs that these customers are currently experiencing.

Although the current statutory framework does not require it to enter into long-term contracts for renewable resources, the proposed Accelerated Purchase Plan would preserve for

future consideration the advisability and scope of such long-term contracts. The Company's RES obligations under R.I.G.L. §39-26-4 relate to 4.5 % of the standard offer procurement for 2010. The Accelerated Plan would provide for less than all of the projected supply requirements for the Small Customer class, and hence would completely set aside a portion of the Small Customer Class load for treatment within the context of its upcoming amended 2010 SOS Procurement Plan.³ Importantly, this approach would allow National Grid to immediately proceed with procurement of financial contracts that the Company expects to result in a downward impact on 2010 rates, assuming market conditions do not change dramatically in the near term.

The Company seeks expedited Commission review and consideration of its Accelerated Plan, which the Company will be filing as early as April 9 and no later than April 15. If approved, the plan should result in the issuance of an RFP during the month of April. The details of the procurement and the criteria will be more fully explained in the filing, portions of which the Company may seek confidential treatment to preserve the integrity of the process.

V. CONCLUSION

National Grid respectfully requests that the Commission (1) permit National Grid to file an Accelerated Procurement Plan on or before April 15, 2009, and (2) expedite its consideration of the Accelerated Procurement Plan. Allowance of the Company's proposed Accelerated Procurement Plan is consistent with recent Commission action permitting acceleration of purchases under the Gas Purchasing Incentive Plan to take advantage of currently favorable gas prices. The Company has worked on this accelerated plan in consultation with the Division of

³ Alternatively, because the Accelerated Purchase Plan employs a financial hedge and not a purchase of the physical supply, even if the Company were to purchase hedging instruments related to the entire projected load for the Small

Public Utilities and Common Carriers (“Division”) and intends to continue to coordinate its actions with the Division and Commission staff as it files and effectuates the expedited plan discussed in this filing. The Company also requests that the Commission grant it a short extension, until May 1, 2009, to comply with the filing requirements of Order 19602 relative to the Company’s amended SOS Procurement Plan and its Renewable Energy Procurement Plan.

**THE NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID**

By its attorney,



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Date: April 6, 2009

Customer class, it would still arguably reserve the long-term renewables contracting issue for future determination.