

February 1, 2010

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Semi-annual Report on Gas Procurement Incentive Plan**

Dear Ms. Massaro:

Pursuant to the provisions of the Gas Procurement Incentive Plan (“Plan”) initially approved in Docket No. 3436, Order No. 17444 and subsequently modified, most recently in Docket No. 4097 (Order No. 19832, November 20, 2009), enclosed please find ten (10) copies of National Grid’s semi-annual report on the status of the penalties and incentives as of the end of December 2009.

The reports in this filing have been modified to improve the transparency of the results and to better reflect the changes made to the Plan by the Commission order effective December 1, 2008. In Docket 3982 the sharing formula of the Gas Procurement Incentive Program (“GPIP”) was modified as described below. Page 1 shows a summary of all incentives and penalties associated with the GPIP. This summary shows the hedges put in place under the GPIP for the months of July 2009 to December 2011 as of December 31, 2009. For each month the schedule shows the average unit cost for both mandatory and discretionary hedge purchases and the difference between them. It also shows the amount of discretionary hedges made, the gain or loss on the discretionary hedges and the calculated Company incentive or penalty. The summary results are derived by adding together the calculated incentive/penalty information from page 2, which shows the results for pre-December 2008 discretionary hedges, page 3, which shows the results for the post-November 2008 discretionary hedges eligible for a 10% incentive/penalty and page 4, which shows the results for post-November 2008 discretionary hedges eligible for a 20% incentive.

The old mechanism results shown on page 2 reflect the previously applicable provisions where, for hedges made prior to December 2008, the incentive was 10% unless the discretionary purchases were at least 50 cents per dekatherm lower in cost, in which case the incentive was 20%. Pages 3 and 4 reflect the currently effective provisions where post November 2008 discretionary hedges have a sharing of 10% if they are made eight months or less in advance of the date of flow and 20% if the discretionary hedges were made greater than 8 months before the start of the month of flow.

The summary table shows the savings to customers from the discretionary purchases in the column labeled "gain/(loss)" and the incentive/penalty impact on the Company as of December 31, 2009 in the last column of the table. For the July 2009 to June 2010 year, it shows a benefit to customers from discretionary purchases of \$11 million and a \$1.6 million calculated incentive, which would be subject to the incentive cap of \$1,000,000. For the July 2009 to June 2010 measurement year, the benefit is \$920,000 and the incentive is \$153,000. The details of the individual transactions were provided in the GPIP quarterly report filed on January 20, 2010.

Page 5 of the report shows the dollar amount of hedges broken out into mandatory, accelerated, and discretionary and the unit cost of each type of hedge under the program. It shows that in addition to the benefit provided to customers by the discretionary hedges, customer have also benefited from the accelerated hedges.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact Gary Beland at (781) 907-2129 or me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Thomas Ahern, Division  
Stephen Scialabba, Division  
Bruce Oliver, Division  
Leo Wold, Esq.

Gas Procurement Incentive Program Worksheet - Dec 31, 2009  
 Incentive Calculation  
 National Grid - Rhode Island

TOTAL

	Mandatory NYMEX	Discretionary NYMEX	Difference	Discretionary Volumes (Dt)	Gain/ (Loss)	Aggregate * Incentive %	Company Incentive	
Jul-09	\$ 8.2187	\$ 6.7181	1.50	200,000	\$ 300,111	12.08%	\$ 36,260	**
Aug-09	\$ 8.4090	\$ 5.9470	2.46	250,000	\$ 615,502	11.37%	\$ 70,004	
Sep-09	\$ 8.5793	\$ 5.8915	2.69	250,000	\$ 671,957	15.76%	\$ 105,913	**
Oct-09	\$ 8.6087	\$ 4.9288	3.68	500,000	\$ 1,839,971	11.84%	\$ 217,854	
Nov-09	\$ 9.0895	\$ 6.5111	2.58	350,000	\$ 902,432	15.98%	\$ 144,204	
Dec-09	\$ 9.3808	\$ 6.5491	2.83	450,000	\$ 1,274,270	15.45%	\$ 196,864	
Jan-10	\$ 9.6441	\$ 6.6709	2.97	500,000	\$ 1,486,575	13.37%	\$ 198,693	
Feb-10	\$ 9.6066	\$ 6.8329	2.77	500,000	\$ 1,386,825	15.98%	\$ 221,547	
Mar-10	\$ 9.3888	\$ 6.6991	2.69	450,000	\$ 1,210,370	16.79%	\$ 203,252	
Apr-10	\$ 7.2889	\$ 5.6178	1.67	400,000	\$ 668,445	20.00%	\$ 133,689	
May-10	\$ 6.4765	\$ 5.3401	1.14	231,000	\$ 262,502	14.72%	\$ 38,645	
Jun-10	\$ 6.8195	\$ 5.7011	1.12	300,000	\$ 335,514	13.13%	\$ 44,055	
<b>Subtotal 09-10</b>				<b>4,381,000</b>	<b>\$ 10,954,474</b>		<b>\$ 1,610,979</b>	
Jul-10	\$ 7.0155	\$ 5.9670	1.05	250,000	\$ 262,136	20.00%	\$ 52,427	
Aug-10	\$ 6.9000	\$ 6.0422	0.86	250,000	\$ 214,460	20.00%	\$ 42,892	
Sep-10	\$ 6.7443	\$ 6.1150	0.63	200,000	\$ 125,851	20.00%	\$ 25,170	
Oct-10	\$ 6.6316	\$ 6.2069	0.42	470,000	\$ 199,584	10.00%	\$ 19,958	
Nov-10	\$ 6.7196	\$ 6.3997	0.32	210,000	\$ 67,174	10.00%	\$ 6,717	
Dec-10	\$ 7.0069	\$ 6.8415	0.17	170,000	\$ 28,131	10.00%	\$ 2,813	
Jan-11	\$ 7.1765	\$ 6.9563	0.22	250,000	\$ 55,055	10.00%	\$ 5,506	
Feb-11	\$ 7.0687	\$ 7.1482	(0.08)	170,000	\$ (13,527)	-10.00%	\$ (1,353)	
Mar-11	\$ 6.8271	\$ 6.8015	0.03	140,000	\$ 3,583	10.00%	\$ 358	**
Apr-11	\$ 6.3088	\$ 6.4846	(0.18)	130,000	\$ (22,852)	-10.00%	\$ (2,285)	
May-11	\$ 6.2947	\$ 6.3800	(0.09)	50,000	\$ (4,266)	-10.00%	\$ (427)	
Jun-11	\$ 6.4343	\$ 5.8650	0.57	10,000	\$ 5,693	20.00%	\$ 1,139	
<b>Subtotal 10-11</b>				<b>2,300,000</b>	<b>\$ 921,022</b>		<b>\$ 152,916</b>	
Jul-11	\$ 6.3777	\$ 5.9250	0.45	10,000	\$ 4,527	10.00%	\$ 453	
Aug-11	\$ 6.3990	\$ -	-	-	\$ -	0.00%	\$ -	
Sep-11	\$ 6.4817	\$ -	-	-	\$ -	0.00%	\$ -	
Oct-11	\$ 6.4400	\$ -	-	-	\$ -	0.00%	\$ -	
Nov-11	\$ 6.6120	\$ -	-	-	\$ -	0.00%	\$ -	
Dec-11	\$ 6.9900	\$ -	-	-	\$ -	0.00%	\$ -	
<b>Subtotal 11-12</b>				<b>10,000</b>	<b>\$ 4,527</b>		<b>\$ 453</b>	
<b>TOTAL</b>				<b>6,691,000</b>	<b>\$ 11,880,023</b>		<b>\$ 1,764,348</b>	

\* Percentage Computed as the weighted average of the three levels of incentive as detailed below:

- a) OLD MECHANISM
- b) NEW MECHANISM

- Deals executed prior to Dec 1 2008.
- Deals executed after Dec 1 2008
  - b. i) 10% for trades executed within the 8 months to the start of the Supply Month.
  - b. ii) 20% for trades executed at least 8 months prior to the start of the Supply Month and Margin is higher than \$.50, 10% if margin is lower than \$.50.

\*\* See "Exception (Error) Trades" tab!

Gas Procurement Incentive Program Worksheet - Dec 31, 2009  
 Incentive Calculation  
 National Grid - Rhode Island

OLD MECHANISM

~ Volumes purchased before Dec 2008

	VOLUME (Dth)			PURCHASE (USD)			Average Price (\$/Dth)			Margin (\$/Dth)	Incentive (USD)	Incentive %
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary			
Jul-09	890,000	80,000	100,000	\$ 7,314,610	\$ 585,000	\$ 743,000	\$ 8.2187	\$ 7.3125	\$ 7.4300	\$ 0.7887	\$ 15,773	20%
Aug-09	830,000	110,000	50,000	\$ 6,979,450	\$ 813,800	\$ 342,500	\$ 8.4090	\$ 7.3982	\$ 6.8500	\$ 1.5590	\$ 15,590	20%
Sep-09	780,000	170,000	50,000	\$ 6,691,840	\$ 1,258,250	\$ 344,000	\$ 8.5793	\$ 7.4015	\$ 6.8800	\$ 1.6993	\$ 16,993	20%
Oct-09	940,000	250,000	50,000	\$ 8,092,200	\$ 1,868,750	\$ 348,750	\$ 8.6087	\$ 7.4750	\$ 6.9750	\$ 1.6337	\$ 16,337	20%
Nov-09	1,350,000	570,000	100,000	\$ 12,270,850	\$ 4,155,010	\$ 802,250	\$ 9.0895	\$ 7.2895	\$ 8.0225	\$ 1.0670	\$ 21,340	20%
Dec-09	1,680,000	940,000	100,000	\$ 15,759,750	\$ 6,973,350	\$ 840,250	\$ 9.3808	\$ 7.4185	\$ 8.4025	\$ 0.9783	\$ 19,566	20%
Jan-10	1,660,000	1,110,000	100,000	\$ 16,009,200	\$ 8,470,060	\$ 863,750	\$ 9.6441	\$ 7.6307	\$ 8.6375	\$ 1.0066	\$ 20,132	20%
Feb-10	1,300,000	1,040,000	100,000	\$ 12,488,550	\$ 7,894,390	\$ 864,000	\$ 9.6066	\$ 7.5908	\$ 8.6400	\$ 0.9666	\$ 19,332	20%
Mar-10	1,130,000	1,160,000	100,000	\$ 10,609,400	\$ 8,454,680	\$ 844,500	\$ 9.3888	\$ 7.2885	\$ 8.4450	\$ 0.9438	\$ 18,877	20%
Apr-10	1,320,000	740,000	-	\$ 9,621,300	\$ 4,061,470	\$ -	\$ 7.2889	\$ 5.4885	\$ -	\$ -	\$ -	0%
May-10	1,320,000	320,000	-	\$ 8,548,950	\$ 1,766,040	\$ -	\$ 6.4765	\$ 5.5189	\$ -	\$ -	\$ -	0%
Jun-10	790,000	280,000	-	\$ 5,387,400	\$ 1,569,890	\$ -	\$ 6.8195	\$ 5.6068	\$ -	\$ -	\$ -	0%
Jul-10	590,000	290,000	-	\$ 4,139,170	\$ 1,657,680	\$ -	\$ 7.0155	\$ 5.7161	\$ -	\$ -	\$ -	0%
Aug-10	510,000	310,000	-	\$ 3,519,020	\$ 1,794,470	\$ -	\$ 6.9000	\$ 5.7886	\$ -	\$ -	\$ -	0%
Sep-10	470,000	330,000	-	\$ 3,169,800	\$ 1,920,490	\$ -	\$ 6.7443	\$ 5.8197	\$ -	\$ -	\$ -	0%
Oct-10	570,000	440,000	-	\$ 3,779,990	\$ 2,601,660	\$ -	\$ 6.6316	\$ 5.9129	\$ -	\$ -	\$ -	0%
Nov-10	980,000	770,000	-	\$ 6,585,200	\$ 4,796,230	\$ -	\$ 6.7196	\$ 6.2289	\$ -	\$ -	\$ -	0%
Dec-10	1,080,000	1,110,000	-	\$ 7,567,500	\$ 7,326,740	\$ -	\$ 7.0069	\$ 6.6007	\$ -	\$ -	\$ -	0%
Jan-11	960,000	1,240,000	-	\$ 6,889,440	\$ 8,466,940	\$ -	\$ 7.1765	\$ 6.8282	\$ -	\$ -	\$ -	0%
Feb-11	750,000	1,100,000	-	\$ 5,301,500	\$ 7,510,920	\$ -	\$ 7.0687	\$ 6.8281	\$ -	\$ -	\$ -	0%
Mar-11	650,000	1,140,000	-	\$ 4,437,610	\$ 7,850,420	\$ -	\$ 6.8271	\$ 6.8863	\$ -	\$ -	\$ -	0%
Apr-11	420,000	820,000	-	\$ 2,649,710	\$ 5,159,890	\$ -	\$ 6.3088	\$ 6.2925	\$ -	\$ -	\$ -	0%
May-11	320,000	620,000	-	\$ 2,014,300	\$ 4,212,900	\$ -	\$ 6.2947	\$ 6.7950	\$ -	\$ -	\$ -	0%
Jun-11	220,000	480,000	-	\$ 1,415,550	\$ 3,177,600	\$ -	\$ 6.4343	\$ 6.6200	\$ -	\$ -	\$ -	0%
Jul-11	130,000	480,000	-	\$ 829,100	\$ 3,084,500	\$ -	\$ 6.3777	\$ 6.4260	\$ -	\$ -	\$ -	0%
Aug-11	100,000	470,000	-	\$ 639,900	\$ 3,109,050	\$ -	\$ 6.3990	\$ 6.6150	\$ -	\$ -	\$ -	0%
Sep-11	60,000	470,000	-	\$ 388,900	\$ 3,062,050	\$ -	\$ 6.4817	\$ 6.5150	\$ -	\$ -	\$ -	0%
Oct-11	90,000	590,000	-	\$ 579,600	\$ 3,986,800	\$ -	\$ 6.4400	\$ 6.7573	\$ -	\$ -	\$ -	0%
Nov-11	100,000	1,210,000	-	\$ 661,200	\$ 8,103,300	\$ -	\$ 6.6120	\$ 6.6969	\$ -	\$ -	\$ -	0%
Dec-11	140,000	1,350,000	-	\$ 978,600	\$ 9,290,000	\$ -	\$ 6.9900	\$ 6.8815	\$ -	\$ -	\$ -	0%

Gas Procurement Incentive Program Worksheet - Dec 31, 2009  
 Incentive Calculation  
 National Grid - Rhode Island

NEW MECHANISM\_ < 8 MONTHS ~ 10%

~ Volumes purchased after Nov 2008

10%

	VOLUME (Dth)			PURCHASE (USD)			Average Price (\$/Dth)			Margin (\$/Dth)	Incentive (USD)	Incentive %
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary			
Jul-09	890,000	80,000	100,000	\$ 7,314,610	\$ 585,000	\$ 617,000	\$ 8.2187	\$ 7.3125	\$ 6.1700	\$ 2.0487	\$ 20,487	10%
Aug-09	830,000	110,000	200,000	\$ 6,979,450	\$ 813,800	\$ 1,137,650	\$ 8.4090	\$ 7.3982	\$ 5.6883	\$ 2.7207	\$ 54,415	10%
Sep-09	780,000	170,000	50,000	\$ 6,691,840	\$ 1,258,250	\$ 188,750	\$ 8.5793	\$ 7.4015	\$ 3.7750	\$ 4.8043	\$ 24,021	10%
Oct-09	940,000	250,000	300,000	\$ 8,092,200	\$ 1,868,750	\$ 1,191,270	\$ 8.6087	\$ 7.4750	\$ 3.9709	\$ 4.6378	\$ 139,135	10%
Nov-09	1,350,000	570,000	50,000	\$ 12,270,850	\$ 4,155,010	\$ 240,250	\$ 9.0895	\$ 7.2895	\$ 4.8050	\$ 4.2845	\$ 21,423	10%
Dec-09	1,680,000	940,000	100,000	\$ 15,759,750	\$ 6,973,350	\$ 533,000	\$ 9.3808	\$ 7.4185	\$ 5.3300	\$ 4.0508	\$ 40,508	10%
Jan-10	1,660,000	1,110,000	200,000	\$ 16,009,200	\$ 8,470,060	\$ 1,105,350	\$ 9.6441	\$ 7.6307	\$ 5.5268	\$ 4.1173	\$ 82,347	10%
Feb-10	1,300,000	1,040,000	100,000	\$ 12,488,550	\$ 7,894,390	\$ 571,850	\$ 9.6066	\$ 7.5908	\$ 5.7185	\$ 3.8881	\$ 38,881	10%
Mar-10	1,130,000	1,160,000	50,000	\$ 10,609,400	\$ 8,454,680	\$ 275,500	\$ 9.3888	\$ 7.2885	\$ 5.5100	\$ 3.8788	\$ 19,394	10%
Apr-10	1,320,000	740,000	-	\$ 9,621,300	\$ 4,061,470	\$ -	\$ 7.2889	\$ 5.4885	\$ -	\$ -	\$ -	10%
May-10	1,320,000	320,000	81,000	\$ 8,548,950	\$ 1,766,040	\$ 387,585	\$ 6.4765	\$ 5.5189	\$ 4.7850	\$ 1.6915	\$ 13,701	10%
Jun-10	790,000	280,000	200,000	\$ 5,387,400	\$ 1,569,890	\$ 1,116,250	\$ 6.8195	\$ 5.6068	\$ 5.5813	\$ 1.2382	\$ 24,765	10%
Jul-10	590,000	290,000	-	\$ 4,139,170	\$ 1,657,680	\$ -	\$ 7.0155	\$ 5.7161	\$ -	\$ -	\$ -	10%
Aug-10	510,000	310,000	-	\$ 3,519,020	\$ 1,794,470	\$ -	\$ 6.9000	\$ 5.7886	\$ -	\$ -	\$ -	10%
Sep-10	470,000	330,000	-	\$ 3,169,800	\$ 1,920,490	\$ -	\$ 6.7443	\$ 5.8197	\$ -	\$ -	\$ -	10%
Oct-10	570,000	440,000	-	\$ 3,779,990	\$ 2,601,660	\$ -	\$ 6.6316	\$ 5.9129	\$ -	\$ -	\$ -	10%
Nov-10	980,000	770,000	-	\$ 6,585,200	\$ 4,796,230	\$ -	\$ 6.7196	\$ 6.2289	\$ -	\$ -	\$ -	10%
Dec-10	1,080,000	1,110,000	-	\$ 7,567,500	\$ 7,326,740	\$ -	\$ 7.0069	\$ 6.6007	\$ -	\$ -	\$ -	10%
Jan-11	960,000	1,240,000	-	\$ 6,889,440	\$ 8,466,940	\$ -	\$ 7.1765	\$ 6.8282	\$ -	\$ -	\$ -	10%
Feb-11	750,000	1,100,000	-	\$ 5,301,500	\$ 7,510,920	\$ -	\$ 7.0687	\$ 6.8281	\$ -	\$ -	\$ -	10%
Mar-11	650,000	1,140,000	-	\$ 4,437,610	\$ 7,850,420	\$ -	\$ 6.8271	\$ 6.8863	\$ -	\$ -	\$ -	10%
Apr-11	420,000	820,000	-	\$ 2,649,710	\$ 5,159,890	\$ -	\$ 6.3088	\$ 6.2925	\$ -	\$ -	\$ -	10%
May-11	320,000	620,000	-	\$ 2,014,300	\$ 4,212,900	\$ -	\$ 6.2947	\$ 6.7950	\$ -	\$ -	\$ -	10%
Jun-11	220,000	480,000	-	\$ 1,415,550	\$ 3,177,600	\$ -	\$ 6.4343	\$ 6.6200	\$ -	\$ -	\$ -	10%
Jul-11	130,000	480,000	-	\$ 829,100	\$ 3,084,500	\$ -	\$ 6.3777	\$ 6.4260	\$ -	\$ -	\$ -	10%
Aug-11	100,000	470,000	-	\$ 639,900	\$ 3,109,050	\$ -	\$ 6.3990	\$ 6.6150	\$ -	\$ -	\$ -	10%
Sep-11	60,000	470,000	-	\$ 388,900	\$ 3,062,050	\$ -	\$ 6.4817	\$ 6.5150	\$ -	\$ -	\$ -	10%
Oct-11	90,000	590,000	-	\$ 579,600	\$ 3,986,800	\$ -	\$ 6.4400	\$ 6.7573	\$ -	\$ -	\$ -	10%
Nov-11	100,000	1,210,000	-	\$ 661,200	\$ 8,103,300	\$ -	\$ 6.6120	\$ 6.6969	\$ -	\$ -	\$ -	10%
Dec-11	140,000	1,350,000	-	\$ 978,600	\$ 9,290,000	\$ -	\$ 6.9900	\$ 6.8815	\$ -	\$ -	\$ -	10%

Gas Procurement Incentive Program Worksheet - Dec 31, 2009  
 Incentive Calculation  
 National Grid - Rhode Island

NEW MECHANISM > 8 MONTHS ~ 20%

~ Volumes purchased after Nov 2008

20%

	VOLUME (Dth)			PURCHASE (USD)			Average Price (\$/Dth)			Margin (\$/Dth)	Incentive (USD)	Incentive %
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary			
Jul-09	890,000	80,000	-	\$ 7,314,610	\$ 585,000	\$ -	\$ 8.2187	\$ 7.3125	\$ -	\$ -	\$ -	20%
Aug-09	830,000	110,000	-	\$ 6,979,450	\$ 813,800	\$ -	\$ 8.4090	\$ 7.3982	\$ -	\$ -	\$ -	20%
Sep-09	780,000	170,000	150,000	\$ 6,691,840	\$ 1,258,250	\$ 962,400	\$ 8.5793	\$ 7.4015	\$ 6.4160	\$ 2.1633	\$ 64,898	20%
Oct-09	940,000	250,000	150,000	\$ 8,092,200	\$ 1,868,750	\$ 979,400	\$ 8.6087	\$ 7.4750	\$ 6.5293	\$ 2.0794	\$ 62,382	20%
Nov-09	1,350,000	570,000	200,000	\$ 12,270,850	\$ 4,155,010	\$ 1,310,700	\$ 9.0895	\$ 7.2895	\$ 6.5535	\$ 2.5360	\$ 101,441	20%
Dec-09	1,680,000	940,000	250,000	\$ 15,759,750	\$ 6,973,350	\$ 1,661,250	\$ 9.3808	\$ 7.4185	\$ 6.6450	\$ 2.7358	\$ 136,790	20%
Jan-10	1,660,000	1,110,000	200,000	\$ 16,009,200	\$ 8,470,060	\$ 1,447,750	\$ 9.6441	\$ 7.6307	\$ 7.2388	\$ 2.4053	\$ 96,214	20%
Feb-10	1,300,000	1,040,000	300,000	\$ 12,488,550	\$ 7,894,390	\$ 2,065,300	\$ 9.6066	\$ 7.5908	\$ 6.8843	\$ 2.7222	\$ 163,335	20%
Mar-10	1,130,000	1,160,000	300,000	\$ 10,609,400	\$ 8,454,680	\$ 1,991,750	\$ 9.3888	\$ 7.2885	\$ 6.6392	\$ 2.7497	\$ 164,981	20%
Apr-10	1,320,000	740,000	400,000	\$ 9,621,300	\$ 4,061,470	\$ 2,247,100	\$ 7.2889	\$ 5.4885	\$ 5.6178	\$ 1.6711	\$ 133,689	20%
May-10	1,320,000	320,000	150,000	\$ 8,548,950	\$ 1,766,040	\$ 846,750	\$ 6.4765	\$ 5.5189	\$ 5.6450	\$ 0.8315	\$ 24,944	20%
Jun-10	790,000	280,000	100,000	\$ 5,387,400	\$ 1,569,890	\$ 585,500	\$ 6.8195	\$ 5.6068	\$ 5.8550	\$ 0.9645	\$ 19,290	20%
Jul-10	590,000	290,000	250,000	\$ 4,139,170	\$ 1,657,680	\$ 1,491,750	\$ 7.0155	\$ 5.7161	\$ 5.9670	\$ 1.0485	\$ 52,427	20%
Aug-10	510,000	310,000	250,000	\$ 3,519,020	\$ 1,794,470	\$ 1,510,550	\$ 6.9000	\$ 5.7886	\$ 6.0422	\$ 0.8578	\$ 42,892	20%
Sep-10	470,000	330,000	200,000	\$ 3,169,800	\$ 1,920,490	\$ 1,223,000	\$ 6.7443	\$ 5.8197	\$ 6.1150	\$ 0.6293	\$ 25,170	20%
Oct-10	570,000	440,000	470,000	\$ 3,779,990	\$ 2,601,660	\$ 2,917,250	\$ 6.6316	\$ 5.9129	\$ 6.2069	\$ 0.4246	\$ 19,958	20%
Nov-10	980,000	770,000	210,000	\$ 6,585,200	\$ 4,796,230	\$ 1,343,940	\$ 6.7196	\$ 6.2289	\$ 6.3997	\$ 0.3199	\$ 6,717	20%
Dec-10	1,080,000	1,110,000	170,000	\$ 7,567,500	\$ 7,326,740	\$ 1,163,050	\$ 7.0069	\$ 6.6007	\$ 6.8415	\$ 0.1655	\$ 2,813	20%
Jan-11	960,000	1,240,000	250,000	\$ 6,889,440	\$ 8,466,940	\$ 1,739,070	\$ 7.1765	\$ 6.8282	\$ 6.9563	\$ 0.2202	\$ 5,506	20%
Feb-11	750,000	1,100,000	170,000	\$ 5,301,500	\$ 7,510,920	\$ 1,215,200	\$ 7.0687	\$ 6.8281	\$ 7.1482	\$ (0.0796)	\$ (1,353)	20%
Mar-11	650,000	1,140,000	140,000	\$ 4,437,610	\$ 7,850,420	\$ 952,210	\$ 6.8271	\$ 6.8863	\$ 6.8015	\$ 0.0256	\$ 358	20%
Apr-11	420,000	820,000	130,000	\$ 2,649,710	\$ 5,159,890	\$ 843,000	\$ 6.3088	\$ 6.2925	\$ 6.4846	\$ (0.1758)	\$ (2,285)	20%
May-11	320,000	620,000	50,000	\$ 2,014,300	\$ 4,212,900	\$ 319,000	\$ 6.2947	\$ 6.7950	\$ 6.3800	\$ (0.0853)	\$ (427)	20%
Jun-11	220,000	480,000	10,000	\$ 1,415,550	\$ 3,177,600	\$ 58,650	\$ 6.4343	\$ 6.6200	\$ 5.8650	\$ 0.5693	\$ 1,139	20%
Jul-11	130,000	480,000	10,000	\$ 829,100	\$ 3,084,500	\$ 59,250	\$ 6.3777	\$ 6.4260	\$ 5.9250	\$ 0.4527	\$ 453	20%
Aug-11	100,000	470,000	-	\$ 639,900	\$ 3,109,050	\$ -	\$ 6.3990	\$ 6.6150	\$ -	\$ -	\$ -	20%
Sep-11	60,000	470,000	-	\$ 388,900	\$ 3,062,050	\$ -	\$ 6.4817	\$ 6.5150	\$ -	\$ -	\$ -	20%
Oct-11	90,000	590,000	-	\$ 579,600	\$ 3,986,800	\$ -	\$ 6.4400	\$ 6.7573	\$ -	\$ -	\$ -	20%
Nov-11	100,000	1,210,000	-	\$ 661,200	\$ 8,103,300	\$ -	\$ 6.6120	\$ 6.6969	\$ -	\$ -	\$ -	20%
Dec-11	140,000	1,350,000	-	\$ 978,600	\$ 9,290,000	\$ -	\$ 6.9900	\$ 6.8815	\$ -	\$ -	\$ -	20%

Gas Procurement Incentive Program Worksheet - Dec 31, 2009  
 Incentive Calculation  
 National Grid - Rhode Island

	PURCHASE (USD)			Average Price (\$/Dth)		
	Mandatory	Accelerated	Discretionary	Mandatory	Accelerated	Discretionary
07/01/2009	\$ 7,314,610	\$ 585,000	\$ 1,360,000	\$ 8.2187	\$ 7.3125	\$ 6.8000 **
08/01/2009	\$ 6,979,450	\$ 813,800	\$ 1,480,150	\$ 8.4090	\$ 7.3982	\$ 5.9206
09/01/2009	\$ 6,691,840	\$ 1,258,250	\$ 1,495,150	\$ 8.5793	\$ 7.4015	\$ 5.9806 **
10/01/2009	\$ 8,092,200	\$ 1,868,750	\$ 2,519,420	\$ 8.6087	\$ 7.4750	\$ 5.0388
11/01/2009	\$ 12,270,850	\$ 4,155,010	\$ 2,353,200	\$ 9.0895	\$ 7.2895	\$ 6.7234
12/01/2009	\$ 15,759,750	\$ 6,973,350	\$ 3,034,500	\$ 9.3808	\$ 7.4185	\$ 6.7433
01/01/2010	\$ 16,009,200	\$ 8,470,060	\$ 3,416,850	\$ 9.6441	\$ 7.6307	\$ 6.8337
02/01/2010	\$ 12,488,550	\$ 7,894,390	\$ 3,501,150	\$ 9.6066	\$ 7.5908	\$ 7.0023
03/01/2010	\$ 10,609,400	\$ 8,454,680	\$ 3,111,750	\$ 9.3888	\$ 7.2885	\$ 6.9150
04/01/2010	\$ 9,621,300	\$ 4,061,470	\$ 2,247,100	\$ 7.2889	\$ 5.4885	\$ 5.6178
05/01/2010	\$ 8,548,950	\$ 1,766,040	\$ 1,234,335	\$ 6.4765	\$ 5.5189	\$ 5.3434
06/01/2010	\$ 5,387,400	\$ 1,569,890	\$ 1,701,750	\$ 6.8195	\$ 5.6068	\$ 5.6725
07/01/2010	\$ 4,139,170	\$ 1,657,680	\$ 1,491,750	\$ 7.0155	\$ 5.7161	\$ 5.9670
08/01/2010	\$ 3,519,020	\$ 1,794,470	\$ 1,510,550	\$ 6.9000	\$ 5.7886	\$ 6.0422
09/01/2010	\$ 3,169,800	\$ 1,920,490	\$ 1,223,000	\$ 6.7443	\$ 5.8197	\$ 6.1150
10/01/2010	\$ 3,779,990	\$ 2,601,660	\$ 2,917,250	\$ 6.6316	\$ 5.9129	\$ 6.2069
11/01/2010	\$ 6,585,200	\$ 4,796,230	\$ 1,343,940	\$ 6.7196	\$ 6.2289	\$ 6.3997
12/01/2010	\$ 7,567,500	\$ 7,326,740	\$ 1,163,050	\$ 7.0069	\$ 6.6007	\$ 6.8415
01/01/2011	\$ 6,889,440	\$ 8,466,940	\$ 1,739,070	\$ 7.1765	\$ 6.8282	\$ 6.9563
02/01/2011	\$ 5,301,500	\$ 7,510,920	\$ 1,215,200	\$ 7.0687	\$ 6.8281	\$ 7.1482
03/01/2011	\$ 4,437,610	\$ 7,850,420	\$ 952,210	\$ 6.8271	\$ 6.8863	\$ 6.8015 **
04/01/2011	\$ 2,649,710	\$ 5,159,890	\$ 843,000	\$ 6.3088	\$ 6.2925	\$ 6.4846
05/01/2011	\$ 2,014,300	\$ 4,212,900	\$ 319,000	\$ 6.2947	\$ 6.7950	\$ 6.3800
06/01/2011	\$ 1,415,550	\$ 3,177,600	\$ 58,650	\$ 6.4343	\$ 6.6200	\$ 5.8650
07/01/2011	\$ 829,100	\$ 3,084,500	\$ 59,250	\$ 6.3777	\$ 6.4260	\$ 5.9250
08/01/2011	\$ 639,900	\$ 3,109,050	\$ -	\$ 6.3990	\$ 6.6150	\$ -
09/01/2011	\$ 388,900	\$ 3,062,050	\$ -	\$ 6.4817	\$ 6.5150	\$ -
10/01/2011	\$ 579,600	\$ 3,986,800	\$ -	\$ 6.4400	\$ 6.7573	\$ -
11/01/2011	\$ 661,200	\$ 8,103,300	\$ -	\$ 6.6120	\$ 6.6969	\$ -
12/01/2011	\$ 978,600	\$ 9,290,000	\$ -	\$ 6.9900	\$ 6.8815	\$ -

\*\* See "Exception (Error) Trades" tab!

### Exception (Error) Trades

Following trades are either over hedges or violate other strategy rules and are not incorporated in Incentive Calculation

Reason to exclude	DEAL TYPE	DEAL KEY	HEDGE TYPE	BUY/SELL	CONTRACT MONTH	TRADE DATE	VOLUME (Dth)	CONTRACTS	PRICE	M2M PRICE	MARGIN	PROFIT (LOSS)
July 09 Disc Hedge executed within 6 Business Days prior to the start of supply month	FUTS	11942	DISCRETIONARY	PURCHASE	200907	06/24/2009	50,000	5	\$ 3.800	\$3.949	\$0.149	\$ 7,450
July 09 Disc Hedge executed within 6 Business Days prior to the start of supply month	FUTS	11946	DISCRETIONARY	SALE	200907	06/24/2009	(250,000)	(25)	\$ 3.780	\$3.949	\$0.169	\$ (42,250)
Sep 09 Overhedge Mandatory	FUTS	10632	MANDATORY	PURCHASE	200909	12/13/2007	50,000	5	\$ 8.100	\$2.843	-\$5.257	\$ (262,850)
Sep 09 Overhedge Mandatory	FUTS	10790	MANDATORY	SALE	200909	01/25/2008	(50,000)	(5)	\$ 8.190	\$2.843	-\$5.347	\$ 267,350
Mar 11, Overhedge Accelerated	SWPS	14422	ACCELERATED	PURCHASE	201103	03/19/2009	270,000	27	\$ 6.640	\$6.630	-\$0.010	\$ (2,653)
Mar 11, Overhedge Accelerated	SWPS	14423	ACCELERATED	SALE	201103	03/20/2009	(270,000)	(27)	\$ 6.705	\$6.630	-\$0.075	\$ 19,896