

March 9, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: 2011 Standard Offer Service Procurement Plan
2011 Renewable Energy Standard Procurement Plan
Docket No. 4149**

Dear Ms. Massaro:

In its filing letter dated March 1, 2010, National Grid¹ indicated that it would supplement its filing in this docket with updated versions of its Standard Offer Service (“SOS”) Request for Proposals and Master Power Agreement, its Renewable Energy Standards (“RES”) Request for Proposals and Certificate Purchase Agreement, and associated documents. I have now enclosed ten (10) copies of the updated versions of the following documents: (1) SOS Master Power Agreement (Schedule 5); (2) SOS Request for Proposals Notice (Schedule 6); (3) SOS Request for Proposals Summary (Schedule 7); (4) RES Certificate Purchase Agreement (Schedule 9); (5) RES Request for Proposals Notice (Schedule 10); and (6) RES Request for Proposals Summary (Schedule 11).

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: Leo Wold, Esq.
Steve Scialabba, Division

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

National Grid

2011 STANDARD OFFER
SERVICE PROCUREMENT PLAN

&

2011 RENEWABLE ENERGY
STANDARD PROCUREMENT
PLAN

Consisting of the
Direct Testimony and Schedules of
Margaret M. Janzen
Jeanne A. Lloyd

March 1, 2010

Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. 4149

Submitted by:
nationalgrid

March 1, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: 2011 Standard Offer Service Procurement Plan
2011 Renewable Energy Standard Procurement Plan
Docket No. _____**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's¹ Standard Offer Service ("SOS") procurement plan for 2011 as well as the Company's Renewable Energy Standard ("RES") procurement plan for 2011. The SOS Procurement Plan is submitted in compliance with the provisions of R.I.G.L. §39-1-27.8. The RES Procurement Plan is submitted in compliance with the provisions of R.I.G.L. §39-26-4 and the Rules and Regulations Governing the Implementation of a Renewable Energy Standard promulgated by the Rhode Island Public Utilities Commission ("Commission").

The filing relative to the Company's 2011 SOS Plan includes the proposed Procurement Plan for each customer group, the standard Master Power Agreement, a Request for Proposal ("RFP") Notice (template), and an RFP Summary (template). The Company is seeking Commission approval of its proposed Procurement Plan, the Master Power Agreement, and the RFP documents. (Since the Company is in the process of revising certain portions of its form RFP documents, the Company will supplement this filing will supplement this filing with the most current version of these documents shortly.) Additionally, the Company is seeking approval of its 2011 RES Procurement Plan consisting of the Plan document, Standard Certificate Purchase Agreement, RES RFP Notice (template), and RES RFP Summary (template). In support of the SOS Procurement Plan and the RES Procurement Plan, the Company is submitting the pre-filed direct testimony of Margaret M. Janzen. The Company is also submitting the pre-filed direct testimony of Jeanne A. Lloyd to describe its proposed SOS Procurement Plan tariff changes, pricing provisions, and rate-change and reconciliation filing schedules.

SOS Procurement Plan

Under the Company's proposed 2011 SOS procurement plan, starting in April 2011 there will be three customer groups consisting of an Industrial Group, a Commercial Group, and a Residential Group. In designing the 2011 SOS procurement plan, the Company drew on a comprehensive analysis of the strengths and weaknesses of various SOS procurement approaches. The Company was also guided by a survey of active Full Requirements Service ("FRS") suppliers to help determine which types of FRS products may be

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

associated with the most efficient FRS prices.² The Company's SOS procurement plan contains the following significant features:

Three Distinct Classes of Service

- Starting in April 2011, the Company is proposing to redefine its SOS customer groups by splitting the existing SOS customer groups into the following three groups instead of the current two:
 - 1) "Industrial Group" consisting of customers receiving service on 200 kW Demand Rate G-32, 3,000 kW Demand Rate G-62, Backup Service Rates B-32 and B62, and Electric Propulsion Rate X-01;
 - 2) "Commercial Group" consisting of customers receiving service on General C&I Rate G-02, Small C&I Rate C-06, Decorative Street and Area Lighting Rate S-06, Limited Private Lighting Rate S-10, and General Streetlighting Rate S-14;
 - 3) "Residential Group" consisting of customers receiving service on Basic Residential Rate A-16 and Low Income Discount Rate A-60.

Procurement Methods and Schedule:

- For the Industrial Group, the Company is proposing to continue the existing approved method of procuring SOS supply through FRS contracts, three months in duration, solicited quarterly, for 100% of the load through March 2012.
- For the Commercial Group and for the Residential Group, the Company is proposing a procurement schedule that will allow for a transition to a repeating schedule that would begin in late 2011. The repeating schedule for the Commercial Group would consist of quarterly solicitations for FRS contracts, with delivery periods between six months and twelve months, to meet the requirements of 90% of the Commercial Group load, with the remaining 10% of the necessary supply procured by the Company through ISO-NE spot market purchases. For the Residential Group, the repeating procurement schedule would consist of quarterly solicitations for FRS contracts, with delivery periods between six months and twenty-four months, to meet the requirements of 90% of the Residential Group load, with the remaining 10% of the necessary supply procured by the Company through ISO-NE spot market purchases.
- The Company's plan includes the steps and timing of the procurements, including opportunities for the Commission to review the bid results and approve the winning bidders.
- The Company is also proposing a slight modification to the products procured under the approved 2010 SOS Procurement Plan to allow the Company to extend the policy of procuring 5% of Small Customer Group supply in the form of spot market purchases through March 31, 2011.

Rate Changes

- Starting April 2011, the Industrial Group rates will be priced similar to the current Large Customer Group, with a fixed price that varies monthly, based on the three month FRS contract for 100% of

² Pursuant to Rule 1.2(g) of the Commission's Rules of Practice and Procedure, the Company is requesting confidential treatment relative to the competitively sensitive survey summary included as Schedule 2 to the Janzen testimony. A Motion for Confidential Treatment is included with this filing.

Luly E. Massaro, Commission Clerk

March 1, 2010

Page 3 of 3

the load. However, for the Residential and Commercial Groups, the rate change on April 1, 2011 would be effective through December 31, 2011. Thereafter, rate changes for the Residential and Commercial groups will occur each January 1 and July 1. Accordingly, the Company proposes to move to semi-annual rate filings for the Residential and Commercial Groups that would include a reconciliation of actual costs incurred during the prior periods of January through June and July through December with Standard Offer adjustment factor changes effective April 1 and October 1 of each year.

RES Procurement Plan

Finally, as mentioned previously, the Company is also filing its 2011 RES procurement plan. As was approved for the Company's 2010 RES Procurement Plan, for 2011 the Company proposes to continue to request separate pricing from FRS bidders to take on the RES obligation at the same time as providing SOS service. If the pricing provided by the winning SOS supplier or suppliers is higher than available market prices or if market prices are not available for comparison, then the Company would procure renewable energy certificates ("RECs") through a series of stand-alone RFPs issued by the Company as well as in response to unsolicited offers, sufficient to meet its RES obligations.

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: Leo Wold, Esq.
Steve Scialabba, Division

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

2011 Standard Offer Service Procurement Plan

2011 Renewable Energy Standard Procurement Plan Docket No. _____

**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY,
D/B/A NATIONAL GRID
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

Now comes The Narragansett Electric Company, d/b/a National Grid (“Company”) and hereby requests that the Rhode Island Public Utilities Commission (“Commission”) grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(i)(B).

I. BACKGROUND

On March 1, 2010, the Company filed with the Commission its Standard Offer Service Procurement Plan. As an attachment to the testimony of Margaret M. Janzen, the Company attached a supplier survey that was conducted by the Company. This survey information is competitively sensitive, proprietary information that the Company wishes to keep confidential. For the reasons stated below, the Company requests that this information be protected from public disclosure. The Company has also filed redacted copies of its filing deleting the competitively sensitive information in question.

II. LEGAL STANDARD

Rule 1.2(g) of the Commission's Rules of Practice and Procedure provides that access to public records shall be granted in accordance with the Access to Public Records Act ("APRA"), R.I.G.L. §38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to the public records law, the Commission has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(i)(B) provides that the following records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that the determination as to whether this exemption applies requires the application of a two-pronged test set forth in Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001). The first prong of the test assesses whether the information was provided voluntarily to the governmental agency. Providence Journal, 774 A.2d at 47. If the answer to the first question is affirmative, then the question becomes whether the information is "of a kind that would customarily not be released to the public by the person from whom it was obtained." Id.

In addition, the Court has held that the agencies making determinations as to the disclosure of information under APRA may apply the balancing test established by the Court in Providence Journal v. Kane, 577 A.2d 661 (R.I.1990). Under this balancing test, the Commission may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies.

III. BASIS FOR CONFIDENTIALITY

One of the key considerations, consistent with the Commission's rules and precedent, is that public disclosure of these terms would be commercially harmful to the Company and to its customers. In the instant case, the Company indicated to suppliers that participated in its survey that the survey would be kept confidential. Among other things, the survey requests participants to identify preferred types of supply procurements in terms of size and duration. If responses from suppliers were to become public it is foreseeable that in the future suppliers will not participate in similar Company-initiated surveys, which would ultimately impede the Company's ability to obtain the best possible bid for its customers.

The Company seeks to protect from public disclosure the terms contained in its filing at Attachments 2 to the testimony of Margaret M. Janzen

V. CONCLUSION

In light of the foregoing, the Company respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY**

By its attorney,



Thomas R. Teehan (RI #4698)
280 Melrose Street
Providence, RI 02907
(401) 784-7667

Dated: March 1, 2010

TESTIMONY
MARGARET M. JANZEN

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
R.I.P.U.C. DOCKET NO. _____
STANDARD OFFER SUPPLY PROCUREMENT PLAN FILING
WITNESS: MARGARET M. JANZEN

DIRECT TESTIMONY

OF

MARGARET M. JANZEN

MARCH 1, 2010

TABLE OF CONTENTS

I. Introduction..... 1

II. Purpose of Testimony 3

III. Current 2010 SOS Procurement Plan and Proposed Modification 4

IV. Proposed SOS Procurement Plan for 2011 and Subsequent Periods 6

V. SOS Rate Pricing for the Customer Groups 15

VI. Procurement Process and Schedule 17

VII. Renewable Energy Standard Procurement Plan for 2011 22

VIII. Conclusion 26

1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. My name is Margaret M. Janzen, and my business address is 100 East Old Country Road,
4 Hicksville, NY 11801.

5
6 Q. Please state your position with and describe your duties at National Grid.

7 A. I am the Director of Electric Supply and Distributed Generation for National Grid USA
8 Service Company, Inc. I oversee the procurement of energy, capacity and ancillary
9 services, portfolio hedging strategies and other energy supply related activities, as well as
10 the interconnections of unaffiliated generating units to the electric distribution systems,
11 for National Grid's operating companies, including Narragansett Electric d/b/a/ National
12 Grid ("Narragansett" or "Company"). For Narragansett, these activities include the
13 procurement of power for Standard Offer Service ("SOS") as well as the procurement of
14 renewable energy certificates ("RECs").

15

16 Q. Will you describe your educational background and training?

17 A. I graduated from The Cooper Union in 1993 with a Bachelor of Engineering in Civil
18 Engineering. I received a Masters in Business Administration in Finance from Baruch
19 College in 2000.

20

21 Q. What is your professional background?

1 A. In July 1993 I joined the Brooklyn Union Gas Company as a Management Trainee and
2 Associate Engineer in the Project Engineering Department. In September 1997 I
3 accepted a position as an analyst in the Strategic Planning Department, and the name of
4 the company was changed to KeySpan Corporation. In August 1999 I became Manager
5 of the Capital Markets group in the Treasury Department and was responsible for
6 hedging of the corporate bond portfolio as well as new equity and debt issuances for
7 KeySpan. In August 2003 I moved to the Investor Relations Department, providing
8 financial and strategic information regarding the company to the investment community.
9 In March 2006 I joined the Regulatory Department and became Manager of the Gas
10 Pricing group, working on gas rate cases, regulatory mechanisms, implementation and
11 compliance. In March 2008 I accepted my current position of Director of Electric Supply
12 and Distributed Generation.

13
14 Q. Have you previously testified before the Rhode Island Public Utilities Commission
15 (“Commission”)?

16 A. Yes.

17
18 Q. Have you testified before any other state regulatory agencies?

19 A. Yes. I have testified before the New Hampshire Public Utilities Commission regarding
20 electric supply procurement activities and rates.

21

1 **II. Purpose of Testimony**

2 Q. What is the purpose of your testimony?

3 A. There are two purposes of my testimony. First, regarding Standard Offer Service, I will
4 review the existing 2010 Standard Offer Supply Procurement Plan (“2010 SOS Plan”)
5 approved by the Commission last year, and I will discuss the Company’s proposal for a
6 slight modification to the products procured under this plan. I will also discuss the
7 procurement plan that is proposed in this filing for 2011 and subsequent periods (“2011
8 SOS Plan”).

9
10 The second purpose of my testimony is to propose the Company’s 2011 Renewable
11 Energy Standard Procurement Plan (“RES Plan”). This plan is designed to meet the
12 Company’s 2011 obligations under the Renewable Energy Standard (“RES”) by obtaining
13 the statutorily established percentage of its energy supply from eligible renewable energy
14 resources including through the procurement of qualifying NE-GIS certificates. (See
15 R.I.G.L. §39-26-4 (d).)

16
17 Q. What is the basis for the Company’s submitting its proposed 2011 SOS Plan for
18 Commission approval?

19 A. Rhode Island General Laws §39-1-27.3 and 39-1-27.8 require the Company to arrange
20 for a power supply for customers who are not otherwise receiving electric service from a
21 non-regulated power supplier. Pursuant to §39-1-27.8, from 2009 through 2018, the

1 Company must file an annual supply procurement plan with the Commission that
2 includes the procurement procedure, the pricing options being sought, and a proposed
3 term of service for which SOS will be acquired. All such components of the procurement
4 plan are subject to review and approval by the Commission.

5
6 Q. What is the basis for the Company's submitting its proposed 2011 RES Procurement Plan
7 for Commission approval?

8 A. On June 29, 2004, the Rhode Island legislature enacted into law a Renewable Energy
9 Standard (R.I. Gen. Laws § 39-26-1 et seq.). On December 8, 2005, the Commission
10 issued final regulations implementing the RES effective January 1, 2006. Pursuant to the
11 RES law and Commission regulations, beginning on January 1, 2007, the Company and
12 all other obligated entities (as specified in Definition 3.24 of the RES Regulations) are
13 required to obtain a percentage of their energy supply from a mix of new and existing
14 renewable energy resources. Section 8.2 of the RES Regulations requires the Company,
15 and all obligated electric utility distribution companies, to annually submit a Renewable
16 Energy Procurement Plan to the Commission that demonstrates its procedures for
17 obtaining resources that satisfy the Company's RES obligations.

18
19 **III. Current 2010 SOS Procurement Plan and Proposed Modification**

20 Q. Please review the existing approved 2010 SOS procurement plan.

1 A. The 2010 SOS Plan [Docket 4041, approved on 11/24/09] has two distinct classes of
2 service:

3 (1) Large Customer Group, consisting of customers receiving service on General C&I
4 Rate G-02, 200 kW Demand Rate G-32, 3,000 kW Demand Rate G-62, Backup Service
5 Rates B-32 and B62, and Electric Propulsion Rate X-01 and (2) Small Customer Group,
6 consisting of customers receiving service on Basic Residential Rate A-16, Low Income
7 Discount Rate A-60, Small C&I Rate C-06, Limited Private Lighting Rate S-10,
8 Decorative Street and Area Lighting Service S-06, and General Streetlighting Rate S-14.

9
10 The 2010 SOS Plan for the Large Customer Group involves acquiring load following,
11 full requirements service (“FRS”) contracts for 100% of the load through quarterly
12 solicitations for three months in duration: January through March, April through June,
13 July through September, and October through December.

14
15 The 2010 SOS Plan for the Small Customer Group involves two distinct procurement
16 periods. The first period, January through September 2010, has 95% of the load
17 contracted through FRS contracts. The remaining 5% is purchased by the Company
18 through Independent System Operator-New England (“ISO-NE”) spot market purchases.

19 For the second period, October 2010 through March 2011, the Company has received
20 Commission approval in Order 19839 for 100% FRS contracts. Currently the Company
21 has entered into FRS transactions for 87.5% of the load for this period.

1 Schedule 1 depicts the approved 2010 SOS Plan and the proposed modifications to the
2 October 2010 through March 2011 period, for which the Company is seeking approval.

3
4 Q. Please describe the proposed modifications to the approved 2010 SOS Plan.

5 A. Currently, 12.5% of the Small Customer Group load, for the October 2010 to March 2011
6 period, needs to be procured during mid-2010. Although the approved plan involves
7 procurement of this supply in the form of FRS contracts, the Company is proposing
8 instead to continue the ISO-NE spot market purchases that are currently being made.
9 Specifically, the Company is proposing to procure 5% of the 12.5% through ISO-NE spot
10 market purchases and the remaining 7.5% of the 12.5% through an FRS solicitation in
11 May 2010. This will allow the Company to extend the policy of procuring 5% of Small
12 Customer Group supply in the form of spot market purchases through March 31, 2011.
13 Absent any problems with spot procurement in the future, the Company believes that it is
14 reasonable to continue the current level of spot procurement rather than revert back to
15 100% FRS contracts for the Small Customer Group during the six month period from
16 October 2010 through March 2011 since this minor change to the approved 2010 SOS
17 plan is consistent both with how supply is being procured now and the proposed SOS
18 procurement plan for 2011 and subsequent periods.

19 **IV. Proposed SOS Procurement Plan for 2011 and Subsequent Periods**

20 Q. Please summarize the Company's proposed SOS procurement plan for periods
21 subsequent to those addressed in the approved 2010 SOS Plan.

1 A. First of all, the Company is proposing to hold one more solicitation for a three-month
2 FRS supply product for the Large C&I Group, for the January to March 2011 period.
3 Second, as of April 1, 2011, the Company is proposing to redefine the SOS customer
4 groups. Third, the Company is proposing to continue the practice of procuring SOS
5 supply through a combination of FRS contracts and ISO-NE spot market purchases with
6 the mix of products tailored to meet the needs of each customer group.

7
8 Q. Why is the Company proposing to hold one more solicitation for a three-month FRS
9 supply product for the Large C&I Group, for the January to March 2011 period?

10 A. There are two reasons. First, this is simply an extension of the current approved
11 procurement practice for Large C&I supply. Second, this additional three-month FRS
12 product will result in adequate supply for the Large C&I group through March 31, 2011,
13 which is when the approved supply purchases for the Small Customer Group expire and
14 the SOS procurement groups can be redefined.

15
16 Q. Please describe the proposed redefinition of the SOS customer groups starting April 1,
17 2011.

18 A. Starting in April 2011, the Company is proposing to split the existing SOS customer
19 groups into three groups instead of two, and the three groups will be defined as follows:

20 (1) The “Industrial Group” will consist of customers receiving service on 200 kW

1 Demand Rate G-32, 3,000 kW Demand Rate G-62, Backup Service Rates B-32 and B62,
2 and Electric Propulsion Rate X-01.

3 (2) The “Commercial Group” will consist of customers receiving service on General C&I
4 Rate G-02, Small C&I Rate C-06, Decorative Street and Area Lighting Rate S-06,
5 Limited Private Lighting Rate S-10, and General Streetlighting Rate S-14.

6 (3) The “Residential Group” will consist of customers receiving service on Basic
7 Residential Rate A-16 and Low Income Discount Rate A-60.

8
9 Q. Why is the Company proposing to redefine the customer groups?

10 A. The Company believes that there are differences between various types of customers, and
11 as markets continue to develop, it is important to tailor the SOS supply portfolio for a
12 given type of customers to the appropriate balance of price stability and the ability and
13 willingness to respond to price signals to encourage efficient consumption, customer
14 investment, and service decisions. Industrial customers are generally the most willing
15 and/or able to access the competitive retail supply market to meet their needs. As a
16 result, these customers do not need to rely upon utility standard offer service to provide
17 them price stability to the same degree that commercial and residential customers do.
18 Therefore the SOS supply portfolio for industrial customers should comprise a greater
19 portion of shorter-term supply products. Similarly, commercial customers are generally
20 more willing and/or able to access the competitive retail supply market to meet their
21 needs than are residential customers.

1 As a result of these observations, under the Company’s plan, the supply portfolio for
2 industrial customers involves the highest portion of shorter-term FRS products (and
3 hence the lowest level of price stability and the strongest market price signals), followed
4 by the commercial customers, and then followed by the residential customers. Using a
5 tailored and separate supply portfolio for distinct customer groups is also consistent with
6 the Company’s experience in other service areas and ensures proper assignment of costs
7 and risks.

8
9 Furthermore, the types of supply products contemplated under the Company’s plan for
10 each customer group are generally consistent with a survey initiated by the Company of
11 active FRS contract suppliers. The purpose of this survey was to obtain a consensus of
12 important variables in order to help determine which types of FRS products may be
13 associated with the most efficient FRS prices. The Supplier Survey results are tabulated
14 in Schedule 2. The survey results indicate the following:

- 15 a) Procuring FRS contracts on a calendar year basis is preferable;
- 16 b) For residential customers, the preferred contract duration is 12 to 24 months;
- 17 c) For commercial customers, the preferred contract duration is 6 to 12 months; and
- 18 d) Procuring smaller blocks of approximately 50 MW is preferable (multiple bid
19 blocks would total the required load percentage for each solicitation).

1 Q. How is the Company proposing to procure SOS supply for the Industrial Group for
2 deliveries after March 31, 2011?

3 A. For the Industrial Group, the Company is proposing to continue the approved method of
4 procuring SOS supply through FRS contracts, three months in duration, solicited
5 quarterly, for 100% of the load through March 2012, as shown in Schedule 3A. This
6 proposed plan is similar to the approved 2010 SOS Plan the Company currently employs
7 for the Large Customer Group.

8
9 Q. How is the Company proposing to procure SOS supply for the Commercial and
10 Residential Groups in 2011?

11 A. SOS supply for the Commercial and Residential Groups will be procured separately.
12 Both portfolios will include a combination of FRS contracts and ISO-NE spot market
13 purchases, but the terms of the contracts and level of price stability offered to each group
14 is tailored to meet its needs.

15
16 Q. Why is procurement of supply through FRS products beneficial for customers?

17 A. An FRS product obligates the seller of the product to satisfy a specified percentage of all
18 of the standard offer service customers' supply requirements in every hour of the delivery
19 period, regardless of the standard offer service customers' changes in energy
20 consumption, and regardless of how frequently customers switch to or from default
21 service. Under the Company's plan, the seller of the FRS product is paid a

1 predetermined price per megawatt-hour for this service, so seller is responsible for
2 assuming, managing, and covering the financial costs and risks associated with electricity
3 supply, and customers are provided the associated price stability and protection against
4 adverse market outcomes. Sellers of FRS products must satisfy their obligation,
5 regardless of how high market prices may increase during the delivery period and
6 regardless of the SOS load level. Yet if market prices decrease after the supply contracts
7 are signed, then customers may elect service from a lower cost competitive retail supplier
8 without affecting the price of the SOS supply contracted under the FRS products.
9 Furthermore, under the Company’s plan, bidders compete on the basis of the lowest price
10 to provide the FRS product, and customers’ rates are based on the winning bid prices for
11 the fixed-price FRS products (with the exception of the portion of supply that is procured
12 through spot market-priced purchases).

13
14 **Q.** Do you have quantitative analysis that supports your statements about the benefits
15 provided by supply portfolios consisting of a mix of FRS products and spot purchases?

16 **A.** Yes. The Company completed a comprehensive review of procurement approaches for
17 Standard Offer Service for mass market residential and small commercial customers, and
18 engaged The NorthBridge Group (“NorthBridge”), a consulting firm with expertise
19 regarding electricity market pricing and standard offer service procurement, to assist with
20 the analysis of the costs and risks associated with various procurement approaches.
21 NorthBridge’s quantitative analysis utilized a Monte Carlo simulation approach to

1 replicate market uncertainty based on actual market data, including the prices for over 40
2 different standard offer service products recently solicited by 10 different utilities. The
3 results of this analysis are presented in the Company's January 22, 2010 compliance
4 filing in this docket, so I will not describe them here. Based in part on this analysis, the
5 Company determined that a combination of spot market purchases and FRS contracts is
6 the optimal procurement approach for mass market Standard Offer customers in Rhode
7 Island. Based on NorthBridge's analysis, the Company believes that a combination of
8 FRS contracts and spot purchases reasonably manages price volatility and reduces risks
9 for customers.

10
11 Q. Why is the Company proposing to combine spot purchases with FRS contracts in the
12 SOS supply portfolios?

13 A. There are a few reasons. First, spot market purchasing is effective in continuing to keep
14 the Company engaged in the energy markets for the Rhode Island load zone within the
15 ISO-NE. This is important for contingency reasons, as the Company would be better
16 positioned to perform 100% load bidding in the event of a supplier default. Second, the
17 inclusion of an appropriate amount of spot-based pricing will begin the process of
18 allowing customers to respond to short-term market signals, when appropriate rate
19 mechanisms are put in place. It should be noted that the level of spot market purchases
20 can be adjusted in the future as wholesale and retail markets evolve and technologies that
21 allow customers to respond to hourly market price signals become further developed.

1 Q. Why is the Company not proposing any spot purchases for the Industrial Group's load?

2 A. The Company views the 2011 period as a transition for the Industrial Group and will
3 collaborate with The Energy Council of Rhode Island (TEC-RI) and other interested
4 parties on the development of hourly pricing and transitioning for periods beyond 2011.
5 This development process will need to take into account the implementation and cost
6 recovery mechanism needed to initiate hourly pricing, as well as sufficient time to make
7 technical changes and to properly communicate pricing options to industrial customers.

8
9 Q. What are the specific procurement schedules for Commercial and Residential Groups?

10 A. Schedule 3B and C describe the details of the Commercial and Residential procurement
11 schedules. The Company considered the supplier survey feedback when determining the
12 duration of the layered FRS contracts for each customer group. Initially, several FRS
13 solicitations are proposed during 2010, as the Company would begin to layer in
14 solicitations for the benefit of diverse pricing points in a manner that diversifies risk for
15 customers. During 2011, several FRS solicitations will occur, resulting in contracts of
16 various durations that would serve customers in 2011 and 2012. To clarify, by this filing,
17 the Company is requesting approval of the proposed plan to conduct FRS solicitations
18 during 2010 and 2011, recognizing that some contracts will have delivery periods beyond
19 2011.

20

1 The Company is proposing a Commercial Group procurement schedule in 2011 that will
2 allow a transition to a repeating schedule. The repeating schedule consists of quarterly
3 solicitations, with each solicitation alternating between procuring one six-month contract
4 and one twelve-month contract. Each contract will be for 30% of the Commercial load.
5 When all FRS contracts have been completed, each month will have FRS contracts for
6 90% of the Commercial load and the remaining 10% of the load would be procured by
7 the Company through the ISO-NE spot market purchases. It should be noted that the
8 term “contract” used in this context, may in fact be several “bid blocks” that add up to a
9 total of 30% of the load. The smaller bid blocks should benefit pricing and supplier
10 diversity.

11
12 Thus, initially in 2010 and 2011 for the procurement period from April through
13 December 2011, the Commercial Group would have three FRS solicitations for contracts
14 of various durations, each serving 30% to 35% of the Commercial load. The remaining
15 5% will be procured by the Company through ISO-NE spot market purchases.

16
17 The repeating procurement schedule for the Residential Group also consists of quarterly
18 solicitations; however, the FRS contracts will be for four different durations and
19 percentages of load. The four contracts will be for 6 months, 12 months, 18 months and
20 24 months. When all FRS contracts have been completed, each month will have FRS
21 contracts for 90% of the Residential load and the remaining 10% of the load would be

1 procured by the Company through the ISO-NE spot market purchases. The additional
2 laddering and varying lengths of the Residential FRS contracts allows for mitigation of
3 price volatility because the individual contracts are procured at different times and are
4 “dollar cost averaged” to create a blended supply rate.

5
6 While the Company’s plan is designed to allow for repeating procurement schedules with
7 purchases of supply at different times and contract lengths for the Commercial and
8 Residential Groups, the plans to procure SOS supply for each group are flexible and
9 could be modified in future SOS filings as market conditions change.

10
11 Schedule 3 shows the procurement calendar for each customer group: Schedule 3A is for
12 the Industrial Group; Schedule 3B is for the Commercial Group; and Schedule 3C is for
13 the Residential Group. The white-colored blocks in the Schedule represent solicitations
14 for which the Company is requesting approval. The gray-colored blocks in the Schedule
15 represent those solicitations that are the intent of the Company at this point, but not for
16 approval.

17
18 **V. SOS Rate Pricing for the Customer Groups**

19 Q. How will the change from two customer groups to three customer groups starting April
20 2011 impact the SOS rate pricing?

1 A. The Large Customer and Small Customer Groups will continue on their current rate
2 pricing schedule through March 2011. The Large Customer Group will have a fixed
3 price that varies monthly and is based on the FRS supply contract prices. The Small
4 Customer Group rates are currently approved for a fixed commodity-only rate through
5 September 2010 at 9.281 cents/kWh. For the period October 2010 through March 2011,
6 the Small Customer rate would also be fixed at one flat level.

7
8 Starting April 2011, the Industrial Group will be priced similar to the current Large
9 Customer Group, with a fixed price that varies monthly, based on the three month FRS
10 contract for 100% of the load. However, for the Residential and Commercial Groups, the
11 rate change on April 1, 2011 would be effective through December 31, 2011. Thereafter,
12 all rate changes for the Residential and Commercial groups will occur each January 1 and
13 July 1. The Company proposes that the Residential Group have a flat fixed price for each
14 six-month period and the Commercial Group have a fixed price for each six month period
15 that varies monthly, based upon the FRS contract costs. In addition, the Company
16 proposes that the Commercial Group have the option to choose the flat fixed price for
17 each rate period. Schedule 2 demonstrates the timing of the contracts and rate periods;
18 all of the contract costs will be known at the time that the rates are set. The proposed
19 Standard Offer tariff and pricing provisions are discussed further in Ms. Lloyd's
20 testimony.

1 Q. Please describe the cost recovery mechanism.

2 A. The Company reconciles SOS revenue and expense pursuant to the Standard Offer
3 Adjustment Provision, R.I.P.U.C. No. 2014. As described in Ms. Lloyd's testimony, the
4 Company is proposing to include in its semi-annual retail rate filing for the Residential
5 and Commercial Groups, a reconciliation of actual costs incurred during the prior periods
6 of January through June and July through December. The Company will include separate
7 reconciliations for each customer group.

8
9 Q. What are the expected loads for these two SOS groups?

10 A. Schedule 4 shows the historical wholesale SOS loads and the forecast monthly loads for
11 2010. Schedule 4 also shows the SOS 2010 load forecast for the two customer groups,
12 and reflects the separation of SOS load into the three procurement groups starting in
13 April 2011.

14
15 **VI. Procurement Process and Schedule**

16 Q. Please explain the procedure that the Company will utilize to physically procure FRS
17 contracts.

18 A. Basically, the Company is not proposing any major changes to the methodology it
19 utilizes to obtain FRS contracts. The Company proposes to continue using the current
20 standard MPA agreement that is used to procure FRS contracts.

21

1 Q. Is the Company seeking approval of the MPA?

2 A. Yes, the Company is seeking approval of its standard MPA agreement which is included
3 as Schedule 5. The Company would only accept non-substantive changes to the standard
4 MPA if such changes proposed by suppliers do not shift risk to the Company's
5 customers.

6
7 Q. For what other documents is the Company requesting approval?

8 A. In addition to the SOS Procurement Plan in Schedule 3, the Company is requesting
9 approval for the standard SOS RFP Notice, as shown in Schedule 6, as well as the
10 standard SOS RFP Summary, as shown in Schedule 7.

11
12 Q. What is the Company requesting approval for, on an ongoing basis?

13 A. On an ongoing basis, the Company is seeking approval of the results of each solicitation.
14 In order to assist the Commission in making its decision whether to approve the lowest
15 bidders as the winning bidders, within one business day of receipt of final bids, the
16 Company will file with the Commission a confidential summary of the solicitation
17 results. If the Commission takes no action within three business days of receiving this
18 RFP summary, then the lowest bidders will be deemed to be approved by the
19 Commission as the winning bidders. If within that period of time, the Commission issues
20 an order disapproving or rejecting the results of the Company's solicitation for SOS, the
21 agreement between the Company and the suppliers shall become null and void, and the

1 parties shall have no further obligation under the agreements.

2
3 Q. What contingency plans is the Company proposing to support SOS?

4 A. The Company proposes a contingency plan that would be used in the event that: (1) an
5 SOS supplier defaults on its contract; or (2) the Commission does not approve winning
6 bids sufficient to meet the supply solicited.

7
8 In either of the two contingency events, the Company will acquire supply from the ISO-
9 NE administered markets until the applicable portion of its requirements is being
10 supplied by new suppliers under newly executed FRS contracts. The Company will also
11 consult with the Division to determine whether an unscheduled solicitation
12 (“Replacement RFP”) for FRS contracts should be held to replace the necessary supply.
13 The Company and the Division will file their recommendations with the Commission
14 regarding whether a Replacement RFP is warranted, and the Commission will decide
15 whether or not an unscheduled solicitation should be conducted. If a Replacement RFP
16 is held, the Commission will decide within three business days after Replacement RFP
17 bids are due whether to approve the Replacement RFP results, and the associated
18 contracts will be executed within one business day of Commission approval. If no
19 Replacement RFP is held, then in the next scheduled solicitation the Company will solicit
20 FRS contracts for any remaining portion of the necessary supply, and will continue to
21 acquire supply from the ISO-NE administered markets until the necessary supply has

1 been replaced by new suppliers under newly executed FRS contracts.

2
3 **Q.** Is the Company proposing that all costs that are incurred by the Company associated with
4 this contingency plan be reflected in the rates paid by retail customers?

5 **A.** Yes. However, in the case of supplier default, the Company would attempt to recover
6 any damages as a result of default in accordance with the credit provisions in the supplier
7 contract. The Company would first resort to the collateral provided by the supplier to
8 remediate damages under the default, and only if a deficiency remained would the
9 Company need to obtain recovery from retail customers. Even in that situation, the
10 Company could pursue other legally available remedies to recover damages from the
11 defaulting supplier, and if damages were recovered then the Company would refund to
12 customers the amount that exceeded any costs incurred.

13
14 **Q.** Please explain the procedure that the Company will utilize to physically procure SOS.

15 **A.** Similar to its recent FRS solicitations, the Company will take the following steps:

- 16 1. Issue a Request for Proposal (“RFP”) to all interested wholesale power suppliers
17 approximately 75 days prior to the start of the new service period;
- 18 2. Require that all suppliers have signed a Master Power Agreement (“MPA”);
- 19 3. Receive initial responses to the RFP, which will include background information on
20 each Respondent and the indicative pricing for the FRS contracts;

- 1 4. Review the FRS contract indicative bids with the Rhode Island Division of Public
2 Utilities and Carriers (“Division”);
- 3 5. Receive final binding prices and evaluate final prices and security requirements
4 within the day;
- 5 6. Review final binding prices for the FRS Contracts with the Division;
- 6 7. Select a supplier(s) and execute a power supply confirm(s); and
- 7 8. File the RFP Summary, provided in Schedule 7, of the procurement process including
8 bids received, on a confidential basis, with the Commission for its review and
9 approval, as described above.

10

11 Q. Can you explain how the winning bidders will be determined?

12 A. Subject to Commission approval, the winning bidders will be those who have offered the
13 lowest final bid prices.

14

15 Q. What form of RFP will the Company use to obtain FRS Contracts?

16 A. The proposed RFP Notification document, provided in Schedule 7, would reserve to the
17 Company the right to make non-substantive changes to the form and requirements of the
18 RFP to address any issues that may arise during the solicitation process. In addition, the
19 Company reserves the right to make non-substantive changes to the form and
20 requirements of the RFP to address any issues that may arise or to incorporate best
21 practices learned between the date of the Company’s filing in this Docket and the date

1 the RFP is issued; provided, however, that the Company will inform the Commission and
2 the Division in writing of such changes, if any.

3
4 **VII. Renewable Energy Standard Procurement Plan for 2011**

5 Q. How does the proposed 2011 RES Procurement Plan compare to 2010 RES plan
6 approved by the Commission?

7 A. For 2011, the Company is proposing to continue to follow the same procurement
8 approach that was approved in 2010. This approach consisted of purchasing through
9 FRS contracts, standalone RES RFPs, or through brokers. The Company is seeking
10 approval of the proposed 2011 RES Procurement Plan, which is included as Schedule 8.
11 The Company proposes to continue using the current standard Certificate Purchase
12 Agreement (“CPA”) that is used to procure renewable energy certificates (“RECs”).

13 Q. Is the Company seeking approval of the CPA?

14 A. Yes, the Company is seeking approval of its standard CPA which is included as Schedule
15 9. The Company would only accept non-substantive changes to the standard CPA if such
16 changes proposed by suppliers do not shift risk to the Company’s customers.

17
18 Q. For what other documents is the Company requesting approval?

19 A. The Company is requesting approval for the standard RES RFP Notice, as shown in
20 Schedule 10, as well as the standard RES RFP Summary, as shown in Schedule 11.

1 Q. What is the Company requesting approval for, on an ongoing basis?

2 A. On an ongoing basis, the Company is seeking approval of the results of each solicitation.
3 In order to assist the Commission in making its decision whether to approve the lowest
4 bidders as the winning bidders, within one business day of receipt of final bids, the
5 Company will file with the Commission a confidential summary of the solicitation
6 results. If the Commission takes no action within three business days of receiving this
7 RFP summary, then the lowest bidders will be deemed to be approved by the
8 Commission as the winning bidders. If within that period of time, the Commission issues
9 an order disapproving or rejecting the results of the Company's solicitation for RES, the
10 agreement between the Company and the suppliers shall become null and void, and the
11 parties shall have no further obligation under the agreements.

12
13 Q. Please describe the 2011 RES Procurement Plan that the Company is submitting with this
14 filing.

15 A. As stated above, the Company is submitting for approval its 2011 RES Plan. As with the
16 2010 RES Plan that was approved by the Commission (Docket 4041, Order No. 19839,
17 11/24/09), the 2011 RES Plan will continue to be integrated with the SOS procurement
18 plan. Consequently, in accordance with Section 8.2 of the Commission's Rules and
19 Regulations Governing the Implementation of a Renewable Energy Standard ("RES
20 Regulations"), the Company is submitting the 2011 RES Procurement Plan in

1 conjunction with the 2011 SOS Procurement Plan. I will cover the following topics in
2 my testimony regarding the Company's proposal to meet the RES for 2011:

- 3 • Estimated RES Requirements
- 4 • The Company's proposed 2011 RES Procurement Plan
- 5 • Integration of the 2011 RES Plan with SOS procurement

6
7 Q. Has the Company estimated its RES obligations for 2011?

8 A. Yes, the Company has developed an estimate of its RES obligations for Standard Offer
9 Service in 2011. This estimate of RES obligations is calculated by multiplying the 2011
10 required percentage from new or existing renewable energy resources by the estimated
11 SOS load for 2011. Schedule 4 is a summary of actual SOS loads and the estimate of
12 2010 Standard Offer load that is based on 2009 data and recent migration levels. Since
13 the Company is unable to predict customer migration, the Company is using the 2010
14 load estimate as a proxy for the time period covered by the 2011 RES Procurement Plan.

15
16 Q. How is the Company proposing to meet its RES obligations in 2011?

17 A. As was approved for the Company's 2010 RES Procurement Plan, for 2011 the Company
18 proposes to continue to link its purchase of NEPOOL-GIS Certificates with its purchase
19 of SOS FRS load requirements. Linking the purchase of the remaining RES obligation
20 with the actual SOS load requirement would enable the Company to directly purchase the

1 actual RES obligations from the FRS suppliers which would deliver the exact number of
2 NEPOOL-GIS Certificates to satisfy the RES requirement.

3
4 Accordingly, the Company proposes to continue to request separate pricing from FRS
5 bidders to take on the RES obligation at the same time as providing SOS service. The
6 Company will evaluate the RES pricing provided by the bidders by comparing it to
7 available RES market prices. If the pricing provided by the winning SOS supplier or
8 suppliers is at or less than the available market prices, then the SOS supplier will also be
9 contracted to provide the RES obligation. If the bid pricing is higher than the available
10 market pricing or if market prices are not available for comparison, then the Company
11 will not include the RES obligation with the SOS supply.

12 To meet RES obligations not secured through the purchase of its SOS supply, the
13 Company proposes to procure RECs through a series of stand alone RFPs issued by the
14 Company, sufficient to meet its RES obligations. The NEPOOL-GIS trading period for
15 2011 RECs will not begin until July 15, 2011 and conclude June 15, 2012. As a result,
16 there is sufficient time for the Company to procure these RECs. The Company may also
17 evaluate unsolicited offers from brokers or other parties for the sale of RECs. If an
18 unsolicited offer is at or less than the available market pricing, then the Company would
19 consult with the Division as to whether the Company should proceed with the REC
20 purchase.

1 **VIII. Conclusion**

2 Q. Does this conclude your testimony?

3 A. Yes. It does.

INDEX TO SCHEDULES

Schedule 1	Approved SOS Procurement Plan
Schedule 2	FRS Supplier Survey Results
Schedule 3	Proposed 2011 Procurement Plan – Industrial, Commercial, & Residential
Schedule 4	SOS Wholesale Loads
Schedule 5	Master Power Agreement (MPA)
Schedule 6	SOS RFP Notice (Template)
Schedule 7	SOS RFP Summary (Template)
Schedule 8	RES Procurement Plan for 2011
Schedule 9	Certificate Purchase Agreement (CPA)
Schedule 10	RES RFP Notice (Template)
Schedule 11	RES RFP Summary (Template)

Schedule 1

Approved SOS Procurement Plans

FRS Contract RFP Date		Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010	Jul-2010	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011
Large C&I RFPs																
Award	Nov-2009	100%	100%	100%												
		(Awarded)														
Award	Feb-2010				100%	100%	100%									
					(Awarded)											
	May-2010							100%	100%	100%						
	Aug-2010										100%	100%	100%			

Small Customer RFPs

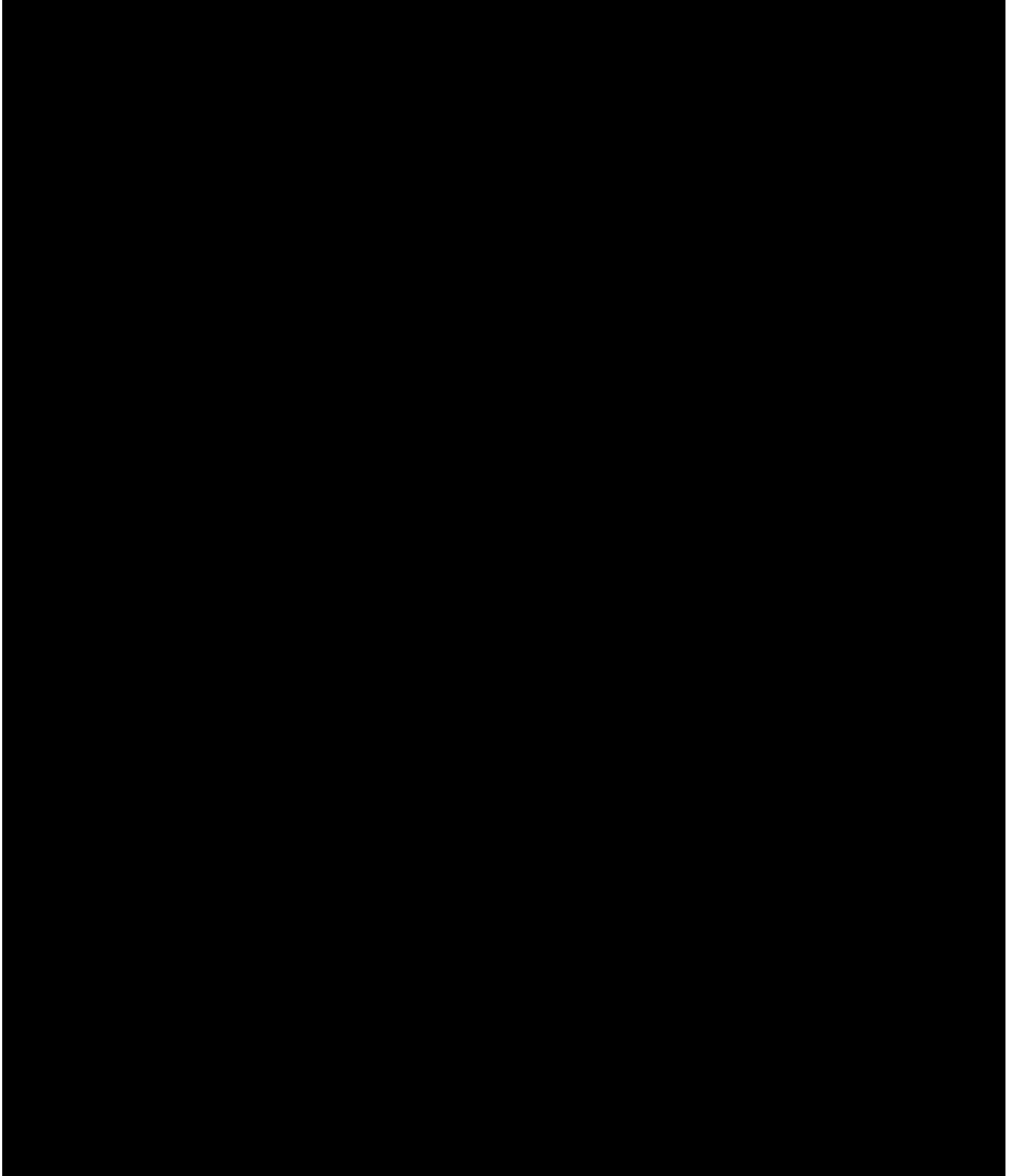
Award		95%	95%	95%	95%	95%	95%	95%	95%	95%	50%	50%	50%	50%	50%	50%
On-Going		5 % ISO-NE Spot Market Purchases by the Company														
Award	Nov-2009										25%	25%	25%	25%	25%	25%
Award	Feb-2010										12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
	Mid 2010										12.5%	12.5%	12.5%	12.5%	12.5%	12.5%

Proposed SOS Procurement Plans revisions to Small Customers

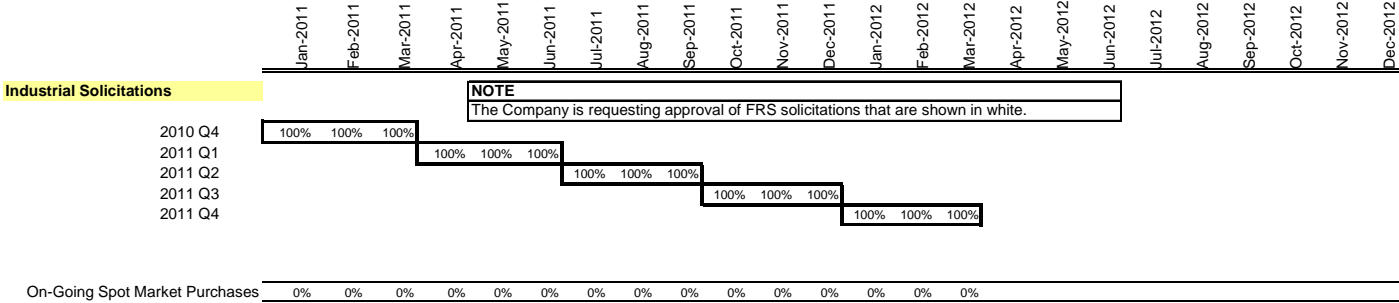
Small Customer RFPs

Award		95%	95%	95%	95%	95%	95%	95%	95%	95%	50%	50%	50%	50%	50%	50%
On-Going		5 % ISO-NE Spot Market Purchases by the Company														
Award	Nov-2009										25%	25%	25%	25%	25%	25%
Award	Feb-2010										12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
	May-2010										7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
On-Going		5 % ISO-NE Spot Market Purchases														

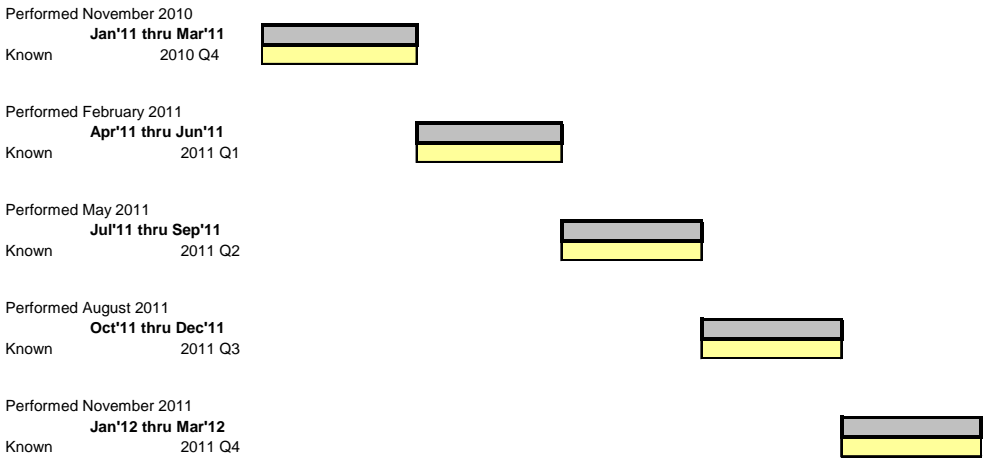
Schedule 2 Supplier Survey Results



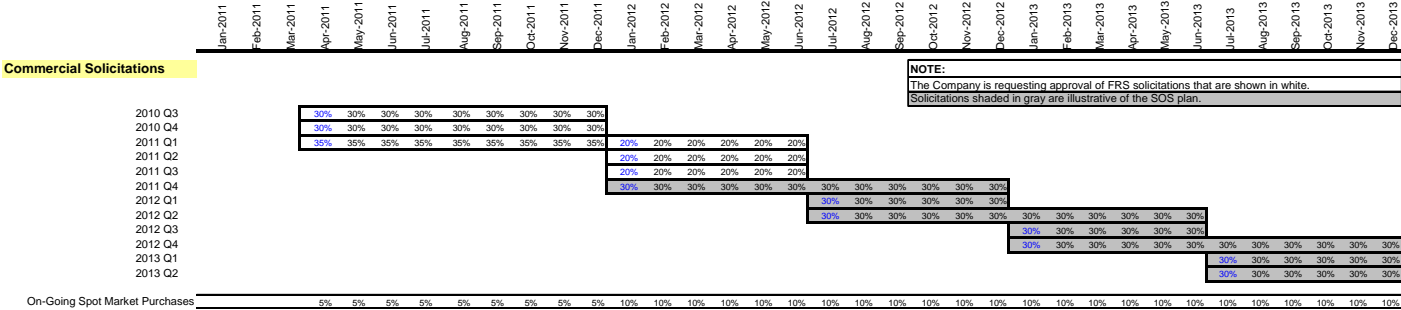
Schedule 3A 2011 SOS Procurement Plan Industrial Customers



Rate Period Calculation



Schedule 3B 2011 SOS Procurement Plan Commercial Customers



NOTE:
The Company is requesting approval of FRS solicitations that are shown in white.
Solicitations shaded in gray are illustrative of the SOS plan.

Rate Period Calculation

Performed February 2011
Apr'11 thru Sept'11

Contract Price	2010 Q3
Contract Price	2010 Q4
Contract Price	2011 Q1
Forecasted Spot Market Price	

Performed November 2011
Jan'12 thru Jun'12

Contract Price	2011 Q1
Contract Price	2011 Q2
Contract Price	2011 Q3
Contract Price	2011 Q4
Forecasted Spot Market Price	

Performed May 2012
Jul'12 thru Dec'12

Contract Price	2011 Q4
Contract Price	2012 Q1
Contract Price	2012 Q2
Forecasted Spot Market Price	

Performed November 2012
Jan'13 thru Jun'13

Contract Price	2012 Q2
Contract Price	2012 Q3
Contract Price	2012 Q4
Forecasted Spot Market Price	

Performed May 2013
Jul'13 thru Dec'13

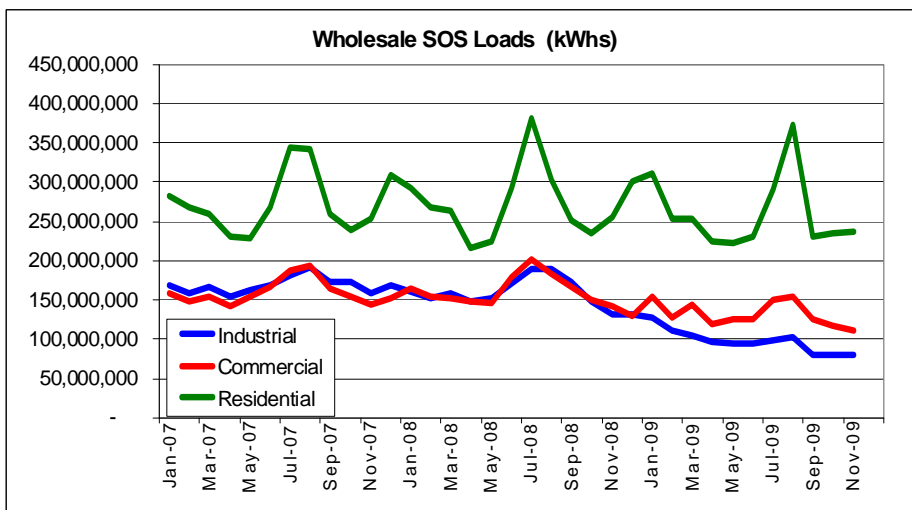
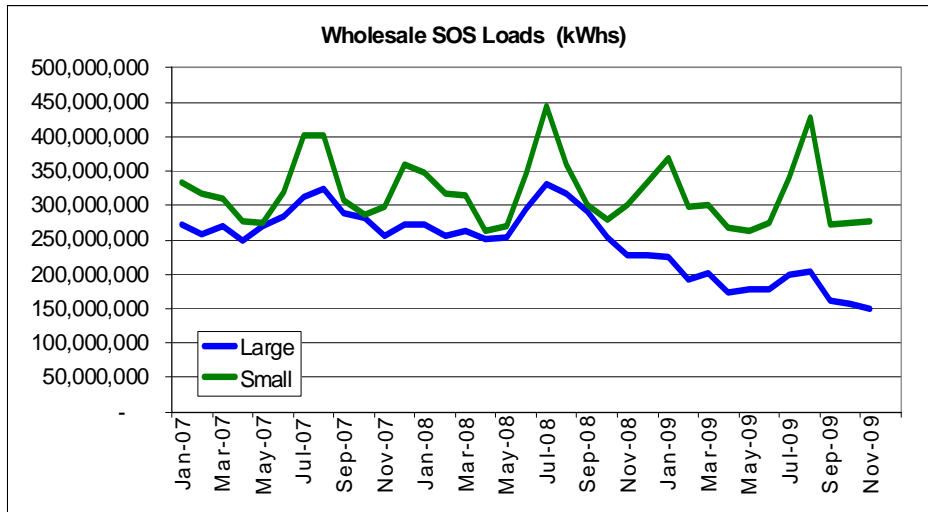
Contract Price	2012 Q4
Contract Price	2013 Q1
Contract Price	2013 Q2
Forecasted Spot Market Price	

Schedule 3C 2011 SOS Procurement Plan Residential Customers

	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sept-2011	Oct-2011	Nov-2011	Dec-2011	Jan-2012	Feb-2012	Mar-2012	Apr-2012	May-2012	Jun-2012	Jul-2012	Aug-2012	Sept-2012	Oct-2012	Nov-2012	Dec-2012	Jan-2013	Feb-2013	Mar-2013	Apr-2013	May-2013	Jun-2013	Jul-2013	Aug-2013	Sept-2013	Oct-2013	Nov-2013	Dec-2013	Jan-2014	Feb-2014	Mar-2014	Apr-2014	May-2014	Jun-2014	Jul-2014	Aug-2014	Sept-2014							
Residential Solicitations	NOTE: The Company is requesting approval of FRS solicitations that are shown in white. Solicitations shaded in gray are illustrative of the SOS plan.																																																			
2010 Q3	30%	30%	30%	30%	30%	30%	30%	30%	30%																																											
2010 Q4	30%	30%	30%	30%	30%	30%	30%	30%	30%																																											
2011 Q1	30%	30%	30%	30%	30%	30%	30%	30%	30%																																											
2011 Q2										15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
2011 Q3										15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2011 Q4										15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2012 Q1																																																				
2012 Q2																																																				
2012 Q3																																																				
2012 Q4																																																				
2013 Q1																																																				
2013 Q2																																																				
2013 Q3																																																				
2013 Q4																																																				
2014 Q1																																																				
2014 Q2																																																				
2014 Q3																																																				
2014 Q4																																																				
On-Going Spot Market Purchases		5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Rate Period Calculation																																																				
Performed February 2011																																																				
Apr'11 thru Dec'11																																																				
Contract Price 2010 Q3																																																				
Contract Price 2010 Q4																																																				
Contract Price 2011 Q1																																																				
Forecasted Spot Market Price																																																				
Performed November 2011																																																				
Jan'12 thru Jun'12																																																				
Contract Price 2011 Q1																																																				
Contract Price 2011 Q2																																																				
Contract Price 2011 Q3																																																				
Contract Price 2011 Q4																																																				
Forecasted Spot Market Price																																																				
Performed May 2012																																																				
Jul'12 thru Dec'12																																																				
Contract Price 2011 Q1																																																				
Contract Price 2011 Q2																																																				
Contract Price 2011 Q3																																																				
Contract Price 2011 Q4																																																				
Contract Price 2012 Q1																																																				
Forecasted Spot Market Price																																																				
Performed November 2012																																																				
Oct'12 thru Mar'13																																																				
Contract Price 2011 Q4																																																				
Contract Price 2012 Q1																																																				
Contract Price 2012 Q2																																																				
Contract Price 2012 Q3																																																				
Contract Price 2012 Q4																																																				
Forecasted Spot Market Price																																																				
Performed May 2013																																																				
Apr'13 thru Sept'13																																																				
Contract Price 2011 Q4																																																				
Contract Price 2012 Q2																																																				
Contract Price 2012 Q3																																																				
Contract Price 2012 Q4																																																				
Contract Price 2013 Q1																																																				
Forecasted Spot Market Price																																																				

Schedule 4

Historical Wholesale Loads



Actual Wholesale SOS Loads (GWhs)					
	2 Procurement Groups		3 Procurement Groups		
	Large	Small	Industrial	Commercial	Residential
2007	3,340	3,893	2,025	1,921	3,286
2008	3,236	3,874	1,903	1,920	3,287
2009	2,206	3,672	1,168	1,588	3,122

Schedule 4 (continued)

Forecasted Wholesale Loads

		SOS PROCUREMENT GROUPS (MWhs)				
		Large	Small	Industrial	Commercial	Residential
Jan	2010	168,026	362,908	87,253	133,150	311,028
Feb	2010	150,157	294,112	79,606	112,008	252,059
Mar	2010	163,020	296,296	81,852	128,169	252,820
Apr	2010	149,764	263,905	79,722	109,357	223,347
May	2010	155,397	259,731	80,224	115,108	221,479
Jun	2010	159,119	270,557	83,318	115,854	231,237
Jul	2010	179,434	337,307	90,126	140,730	290,234
Aug	2010	189,481	421,359	96,820	146,050	373,110
Sep	2010	163,342	272,299	84,782	121,740	229,829
Oct	2010	159,347	275,625	83,474	116,968	235,003
Nov	2010	151,123	276,946	79,829	110,677	237,564
Dec	2010	163,074	329,138	85,264	111,740	300,654
Total		1,951,284	3,660,183	1,012,269	1,461,550	3,158,364

Schedule 5

Master Power Agreement (MPA)

RHODE ISLAND MASTER POWER AGREEMENT

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

ARTICLE 1. BASIC UNDERSTANDINGS

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

ARTICLE 2. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit Rating means, with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody's, S&P and/or the other specified rating agency or agencies to such Party's (or its Credit Support Provider's, as the case may be) or entity's unsecured, senior, long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody's and/or S&P as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody's, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a "split rating"), the lowest rating assigned shall control.

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

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

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

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

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

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

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Standard Offer Service Customers.

Delivery Point means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to a specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power

System Model for the registered Load Assets representing the physical loads of Standard Offer Service Customers for the Delivery Term for such customers, identified by the Load Asset (“Loads With Nodes”), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Standard Offer Service Customers for the Delivery Term for such customers, identified by the Load Asset (“Loads with Zones”) if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

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

Distribution Service Terms means Narragansett’s Terms and Conditions, R.I.P.U.C. No. 1197, as may be amended from time to time and approved by the RIPUC.

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

EPT means Eastern Prevailing Time.

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

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

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

Industrial Customer Group means Narragansett’s customers in the 200 kW Demand Rate G-32, 3,000 kW Demand Rate G-62, Backup Service Rates B-32 and B62, and Electric Propulsion Rate X-01 retail rate classes, or such other rate classes as may be added from time to time.

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to

the Standard Offer Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

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

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

ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission’s Order No. 2000 (and its progeny) and the Commission’s regulations, and any successor organization (including but not limited to a Regional Transmission Organization.).

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

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

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

Large Commercial and Industrial Customer Group means Narragansett’s customers in the G-02, B-32, B-62, G-32, G-62, and X-01 retail rate classes, or such other rate classes as may be added from time to time.

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

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

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

contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

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

MWh means Megawatt-hour.

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

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

NEPOOL means the New England Power Pool, or its successor.

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

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

NERC means the North American Electric Reliability Council

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

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

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

NYMEX means the New York Mercantile Exchange, Inc., its successors and assigns,

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

Off-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Off-Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol KI.

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

On-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Internal Hub Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol NI.

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

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

RES means Renewable Energy Standard.

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

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

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

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

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

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

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

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

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

Small Commercial and Residential Customer Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Small Commercial and Residential Customer Group means Narragansett's customers in the A-16, A-60, C-06, S-10 and S-14 retail rate classes, or such other rate classes as may be added from time to time.

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

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

Standard Offer Service Tariff means Narragansett's Tariff for Standard Offer Service, R.I.P.U.C. No. 2011, as may be amended from time to time and approved by the RIPUC.

Term means as defined in Section 3.1.

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

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall continue in effect until the earlier of (i) its termination by any Party upon thirty (30) days' prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty:

Seller's obligations on the Commencement Date shall be to provide Requirements for all Standard Offer Service Customers identified in the related Confirmation taking service as of and including the Commencement Date.

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

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Standard Offer Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Supply

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

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

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

Section 3.4 Customer Disconnection Date

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

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

Section 3.5 Distribution Service Interruptions

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

Section 3.6 Release of Customer Information

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

Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol ("FTP"), files with Pretty Good Privacy ("PGP"), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt.

Section 3.8 Change in Supply; No Prohibition on Programs

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

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

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

Section 3.9 Uniform Disclosure Requirements

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

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

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

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

Section 4.2 Responsibilities

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

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

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based including, but not limited to, the real-time load obligations, capacity obligations and/or charges(including but not limited to installed capacity, unforced capacity, locational installed capacity, locational unforced capacity, forward capacity market obligations, forward capacity market transition payment obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to, (w) any real-time reserve charges, (x) any forward reserve charges, (y) any charges associated with reserve constraint penalty factors, and (z) net commitment period compensation ("NCPC") charges (other than monthly fixed-cost charges paid to resources pursuant to reliability agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2),), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Standard Offer Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in

effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph, Seller's responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Standard Offer Service (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

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

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

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

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

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

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller pursuant to Section 5.1 with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the later of the twentieth (20th) day of the month or ten (10) Business Days after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

Section 5.3 Challenge to Invoices

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

Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies ("Taxes") which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements and both Existing and New Renewable Energy Resource NEPOOL-GIS Certificates to the Buyer, if any. Seller shall pay all Taxes with respect to the Requirements up to and at the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

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

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

Section 6.1 Quality

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

Section 6.2 Losses

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

Section 6.3 Determination and Reporting of Hourly Loads

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

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

Section 6.4 ISO Settlement Market System Implementation

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

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

ARTICLE 7. DEFAULT AND TERMINATION

Section 7.1 Events of Default

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

(i) Failure of the Buyer

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

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days),

provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

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

(i) Failure of Seller

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

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

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

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

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

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

(ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency,

reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action;

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

Section 7.2 Remedies Upon Default

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

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a “Termination Notice”) terminating this Agreement and all, but not less than all, Transactions. Upon a termination for an Event of Default under Section 7.1(a), (b) or (c)(iii), (c)(iv) or (c)(v), such termination shall be effective as of the date specified in the Termination Notice, which date shall be no earlier than the date such notice is effective and no later than thirty (30) days after the date such notice is provided to the defaulting Party in accordance with Article 8. Upon a termination for a default or Event of Default under Section 7.1(c)(i) or (ii), such termination shall be effective as of the Event of Default, provided that the non-defaulting Party provides written notice to the defaulting Party in accordance with Article 8 within ten (10) Business Days of the

Event of Default. If such notice is not given within ten (10) Business Days of the Event of Default, the non-defaulting Party shall be entitled to terminate this Agreement effective as of the date specified in the written notice termination. Any attempted cure by a defaulting Party after this Agreement has been terminated by the non-defaulting Party shall be void and of no effect. The Parties' obligations under this Agreement, in general and under this Section 7.2 in particular, are subject to the duty to mitigate damages as provided under common law. Termination of this Agreement shall in no way limit or restrict any Party's right to pursue any legal or equitable remedies available to it arising from an Event of Default.

(b) Seller expressly agrees that at any time after the occurrence of an Event of Default by Seller, or the delivery of a Termination Notice to Seller by the Buyer, the Buyer may exercise any rights it may have pursuant to the CSA.

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

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

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

(e) Upon termination the Buyer shall, and upon the occurrence of an Event of Default by Seller, the Buyer shall have the right to, immediately notify the ISO that (i) the assignment

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

Section 7.3 Forward Contract.

Each Party represents and warrants to the other that it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code, that this Agreement is a “forward contract” within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be “contractual rights” as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

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

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

Director, Electric Supply & Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3282 (phone)
(516) 545-3130 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel

National Grid
201 Jones Road
Waltham, MA 02451
(781) 907-1600 (phone)
(781) 907-1647 (fax)

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

[Name]
[Company]
[Address]
[City, State & Zip]
[Phone]
[FAX]

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

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL

APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

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

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

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Standard Offer Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

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

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

ARTICLE 11. SUCCESSORS AND ASSIGNS

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

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Standard Offer Service Tariff and (ii) it is not within the reasonable

control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Standard Offer Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

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

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

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

ARTICLE 13. WAIVERS

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

ARTICLE 14. LAWS AND REGULATIONS

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

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives

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

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

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

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

Section 15.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the

dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable and have at least two (2) years experience in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. If a panel of arbitrators, all of their decisions shall be by majority vote. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment.

Section 15.3 Venue; Waiver of Jury Trial

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

ARTICLE 16. SEVERABILITY

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

ARTICLE 17. MODIFICATIONS

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

ARTICLE 18. ENTIRE AGREEMENT

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

ARTICLE 19. COUNTERPARTS

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

ARTICLE 20. INTERPRETATION; CONSTRUCTION

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

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

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

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

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

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

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

(e) Neither the execution and delivery of this Master Power Agreement or any and all Confirmations by it, nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

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

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

(h) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement (“Seller’s MPSA”), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller’s MPSA.

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

ARTICLE 22. CONSENTS AND APPROVALS

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

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b), Article 7 and Appendix C [BIDDERS: Insert additional sections] of the Master Power Agreement, (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency, or governmental authority with jurisdictional interest, requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of

its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

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

THE NARRAGANSETT ELECTRIC COMPANY

Name (print): _____
Title: _____

[COMPANY]

Name (print): _____
Title: _____

APPENDIX A

ESTIMATION OF SELLER HOURLY LOADS

Overview

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

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

Daily Estimation of Suppliers' Own Load

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

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

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

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

Monthly Reconciliation Process

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

**APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of _____ between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and **[Company], a [what]** (“Seller”) regarding the sale/purchase of Standard Offer Service specified herein under the terms and conditions under the Master Power Agreement, dated [] (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

- a) This Confirmation shall be binding on the Parties upon execution by all Parties (such date the “Confirmation Effective Date”). Buyer shall submit to the Commission a review of the results of Buyer’s solicitation for Standard Offer Service. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the third Business Day after (but not including) the Buyer’s submission of the review to the Commission (the “Third Day”), of either (a) approval by the Commission of the results of Buyer’s solicitation for Default Service or (b) the Commission taking no action on the Buyer’s request for approval of the results of its solicitation for Standard Offer Service. If the Commission issues an order opening an investigation, disapproving or rejecting the results of Buyer’s solicitation for Standard Offer Service (including by way of an order using terms of similar effect to signify its disapproval or rejection of the solicitation on or before the Third Day (a “RIPUC Notice”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the Department Action shall not be a default or constitute an Event of Default by either Party.

- b) As of the expiration of this Confirmation or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to audit rights, remedies for default, damages claims, indemnification and defense of claims shall survive the termination or expiration of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run, subject to any time limits specifically set forth in this Confirmation.

2. Standard Offer Service Requirements Matrix

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

3. Contract Rate - \$/MWh

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

4. Load Asset Designation within the ISO Settlement Market System

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

5. RES Requirement

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

Or

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

6. Amount Payable

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

- (i) The product of (a) the Delivered Energy for Standard Offer Service to the Small Commercial and Residential Customer Group in a month and (b) Small Commercial and Residential Contract Rate in the month plus,
- (ii) The product of (c) the Delivered Energy for Standard Offer Service to the Large Commercial and Industrial Customer Group in a month and (d) Large Commercial and Industrial Contract Rate in the month plus,
- (iii) The product of (a) the number of New Renewable Energy Resource NEPOOL-GIS Certificates and Existing Renewable Energy Resource NEPOOL-GIS Certificates delivered in the month, not to exceed the Aggregate RES Requirement and (b) the applicable Alternative Compliance Payment Rate less,
- (iv) The product of (a) the RES Requirement and (b) the applicable Alternative Compliance Payment Rate.

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

8. Security

A. Calculation of Exposure

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

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

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

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

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

Adjustment Factor is X.XX.

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

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

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

B. Delivery of Collateral

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

9. Confidentiality

Articles 2, 3, 4, 5, 6, and 8 [additional articles to be determined for each Transaction] of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

10. Ratification of the Terms and Conditions of the Agreement

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

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

11. Counterparts

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

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

Remainder of Page Intentionally Left Blank

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

THE NARRAGANSETT ELECTRIC COMPANY

Name (print): _____
Title: _____

[COMPANY]

Name (print): _____
Title: _____

**APPENDIX C
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [___], 2009 (the “Effective Date”), is made and entered into by [_____], a [_____] corporation (“Guarantor”).

WITNESSETH:

WHEREAS, The Narragansett Electric Company (“the Buyer”) and [_____], a corporation organized under the laws of the State of [_____] (“Seller”) and a [_____] of Guarantor, have entered into that certain Confirmation, dated _____ (the “Confirmation”), under the Master Power Agreement, dated [_____], (collectively with the Confirmation, as the foregoing and the terms therein and the obligations and liabilities thereunder may from time to time and without notice to or consent of the Guarantor, and without impairing or releasing the obligations of the Guarantor, be amended, modified, revised, supplemented or waived by Buyer and Seller, the "Agreement") and

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

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

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

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

3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

(b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated

to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

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

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

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

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

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

To the Buyer:

Director, Electric Supply &
Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801

(516) 545-3282 (phone)
(516) 545-3130 (fax)

To Guarantor:

Fax No.:
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice

in accordance with the requirements of this Section.

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

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

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

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

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

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

Remainder of Page Intentionally Left Blank

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

[GUARANTOR]

Name (print): _____
Title: _____

APPENDIX D

CREDIT SUPPORT ANNEX (RI SOS)

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

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

Paragraph 1. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Letter of Credit Default*” shall mean with respect to an outstanding Letter of Credit, the

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

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

“Obligations” shall have the meaning specified Paragraph 2.

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

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

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

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

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

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

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

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

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

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

“Seller’s Credit Support Provider” means, _____

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

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

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

- (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by Buyer; and

- (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to Buyer.

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

“**Valuation Date**” means each Business Day.

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

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

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

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

Paragraph 3. Calculations of Collateral Requirement.

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

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

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

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

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

be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller; and

(iii) the Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for Each Transaction (“*Proxy Settlement Amount*”);

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

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

Or

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

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

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

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

	<u>Seller</u>	<u>“Valuation Percentage”</u>
(A) Cash	[X]	100%
(B) Letters of	[X]	100% unless either (i) a Letter of Credit

Credit

Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).

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

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

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

Paragraph 6. Administration of Posted Collateral.

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

(i) So long as no Event of Default has occurred and is continuing with respect to Buyer, Buyer will be entitled to either hold Cash or to appoint an agent which is a Qualified Institution (a "***Custodian***") to hold Cash for Buyer. In the event that an Event of Default has occurred and is continuing with respect to Buyer, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to Buyer and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(iii)(B). Upon notice by Buyer to Seller of the appointment of a Custodian, Seller's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by Buyer for which the Custodian is acting. If Buyer or its Custodian fails to satisfy any conditions for holding

Cash as set forth above, or if Buyer is not entitled to hold Cash at any time, then Buyer will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(iii)(B). Except as set forth in Paragraph 6(c), Buyer will be liable for the acts or omissions of the Custodian to the same extent that Buyer would be held liable for its own acts or omissions.

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

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

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

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

(iv) **Interest.** So long as no Event of Default with respect to the Seller has occurred and is continuing, and no termination date for which any unsatisfied payment Obligations of Seller exist has occurred or been designated as the result of an Event of Default with respect to Seller, in the event that Buyer or its Custodian is holding Cash, Buyer will Transfer (or cause to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which shall be retained by Buyer), the Interest Amount. Interest on Cash shall accrue at the Collateral Interest Rate. Interest accrued during the previous month shall be paid by the Buyer to the Seller on the 3rd Business Day of each calendar month and on any Business Day that posted Eligible Collateral in the form of Cash is returned to Seller. On or after the occurrence of an Event of Default with respect to Seller or a termination date as a result of an Event of Default with respect to Seller, Buyer or its Custodian shall retain any such Interest Amount as additional Posted Collateral hereunder until the obligations

of Seller under the Agreement have been satisfied in the case of a termination date or for so long as such Event of Default is continuing in the case of an Event of Default.

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

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

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

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

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

Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

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

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

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

Paragraph 7. Exercise of Rights Against Posted Collateral.

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

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

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

Paragraph 9. Miscellaneous.

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

National Grid
Attn: Director, Electric Supply and Distributed Generation
100 East Old Country Road
Hicksville, NY 11801
Phone - (516) 545-3282
Fax: (516) 545-3130

National Grid
Attn: Credit Operations
100 East Old Country Road
Hicksville, New York 11801
Phone - (516) 545-3122
Fax - (516) 545-5466
Email – keysparmarg@keyspanenergy.com

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

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

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

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

Schedule 6

SOS RFP Summary (Template)

NATIONAL GRID

STANDARD OFFER SERVICE PROCUREMENT SUMMARY

FOR NARRAGANSETT ELECTRIC COMPANY

FOR THE PERIOD
[START DATE] – [END DATE]

1. RFP Issued

National Grid issued its Request for Power Supply Proposals (“RFP”) on [DATE] directly to over [NUMBER] suppliers for the service periods [START DATE] through [END DATE].

The RFP was also distributed to all members of the NEPOOL Markets Committee and posted on National Grid’s energy supply web site. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

This procurement was conducted in accordance with the Standard Offer Procurement Plan (“Plan”) approved by the Rhode Island Public Utilities Commission in Docket [NUMBER] (approved [DATE]) and is consistent with prior procurements conducted by National Grid.

National Grid’s RFP requested all-inclusive pricing for the following:

- [NUMBER]% of the Rhode Island Industrial Group Standard Offer Service requirements for the period [START DATE] through [END DATE];
- [NUMBER]% of the Rhode Island Commercial Group Standard Offer Service requirements for the period [START DATE] through [END DATE];
- [NUMBER] % of the Rhode Island Residential Group Standard Offer Service requirements for the period [START DATE] through [END DATE].

These requirements were divided into [NUMBER] distinct load blocks. A description of each load block is provided in Exhibit 1.

2. Key RFP Dates

- The RFP was issued on [DATE].
- Supplier information was received on [DATE].
- Indicative bids were received on [DATE].
- Final bids were received on [DATE].

3. Contract Submissions

All potential bidders had executed Master Power Agreements with National Grid before final bids and no contract revisions were necessary. **(AMEND AS NECESSARY)**. National Grid was able to resolve all outstanding issues with the bidders prior to receipt of bids and executed agreements that did not shift risks or obligations to its customers from those contained in its proposed agreements. **(AMEND AS NECESSARY)**.

4. Indicative Bids

Indicative bids were received on **[DATE]** from **[NUMBER]** bidders.

The indicative bids were evaluated and ranked (see Exhibits 2 and 3). Indicative pricing was used only to determine current market price, to prepare an initial ranking of bids and to identify any bidding anomalies. The Rhode Island retail prices in Exhibit 3 were calculated by adjusting the wholesale prices in Exhibit 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending **[DATE]**.

The lowest indicative bids for each load block were compared to National Grid’s estimate of expected indicative bids. Our methodology calculates the expected bid prices from the historical relationship of the bid price to all market components that comprise the bid price (see Exhibit 4). This method utilizes a detailed on-peak & off-peak calculation and incorporates all bid components: energy, capacity and ancillary services.

The results of the Rhode Island indicative bids were shared with the Rhode Island Division of Public Utilities and Carriers (“Division”) on **[DATE]**.

5. Award of Final Bids

Final bids were received on **[FINAL BID DATE]** from **[NUMBER]** bidders.

The final bids were evaluated and ranked (see Exhibits 5 and 6) The retail prices for Rhode Island in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending **[DATE]**.

A summary of the number of conforming bids per block is provided in the following table:

Block - # Bids	Block - # Bids	Block - # Bids	Block - # Bids
A - #	B - #	C - #	TBD - #

The lowest final bids for each load block were compared to National Grid’s estimate of expected bids based on the methodology described above (see Indicative Bids). The calculations of these expected prices can be found in Exhibit 7.

Exhibit 8 provides a summary of the winning supplier for each block as well as the basis for the award. Exhibit 9 provides a bidder key to help identify bidders.

The results of the final bids were shared with the Division on **[DATE]**. In consultation with the Division, National Grid identified the winning bids as shown in Exhibit 8.

6. Description of Wholesale Markets Conditions

[UPDATED SUMMARY CHANGES IN MARKET CONDITIONS].

7. Renewable Energy Standard

The Rhode Island load covered by this RFP is subject to a **[NUMBER]**% Renewable Energy Standard (“RES”) requirement in calendar year **[YEAR]**.

The cost of obtaining the RES certificates associated with the load requirements from the bidders was compared to the available market cost of obtaining RES certificates. Exhibit 10 compares the RES Adders contained in the lowest final bids to the market prices. Because the prices from the winning bidders were **[INSERT RESULTS]**.

National Grid estimated the costs to comply with the RES obligations by utilizing the applicable market price or ACP rate as specified in the RES regulations. Exhibit 11 provides a calculation of the cost adder to include these costs.

8. Retail Rate

The expected retail rates for the Industrial Group, excluding administrative cost adders, were based on the wholesale bids that were awarded supply. For the Commercial and Residential Groups, the rates are **[INSERT DESCRIPTION]**.

The Rhode Island retail rates were calculated by adjusting the wholesale prices using the ratio of wholesale kWh purchases to retail kWh deliveries over the twelve-month period ending **[DATE]**.

A summary of the estimated retail rates for blocks A through **TBD** is provided in Exhibit 12.

EXHIBIT 1
LOAD BLOCK DESCRIPTIONS

EXHIBIT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS A – TBD

EXHIBIT 3
INDICATIVE BID RANKING AT RETAIL
WITHOUT RES (¢/kWh)
BLOCKS A – TBD

EXHIBIT 4
ESTIMATED INDICATIVE PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
[START DATE] - [END DATE] PERIOD

EXHIBIT 5
FINAL BID RANKING AT WHOLESALE
BLOCKS A – TBD

EXHIBIT 6
FINAL BID RANKING AT RETAIL
WITHOUT RES ($\text{\$/kWh}$)
BLOCKS A – TBD

EXHIBIT 7
ESTIMATED FINAL PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
[START DATE] - [END DATE] PERIOD

EXHIBIT 8
SUMMARY OF LOAD BLOCK AWARDS

EXHIBIT 9
BIDDER KEY

EXHIBIT 10
SUMMARY OF RES BIDS

EXHIBIT 11
RES COST ADDER CALCULATION

EXHIBIT 12
RETAIL RATES BASED ON FINAL BID PRICES

Schedule 7

SOS RFP Notice (Template)

Request for Power Supply Proposals to Provide the Following Services:

Standard Offer Service for
Residential,
Commercial, and
Industrial Groups
in Rhode Island

For the Period:

[START DATE] –
[END DATE]

[DATE ISSUED]

nationalgrid

REQUEST FOR POWER SUPPLY PROPOSALS

1. Overview

1.1 Background

Legislation in Rhode Island¹ provides for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The URA provides access to the competitive retail electricity market for all retail customers of National Grid's distribution company in Rhode Island (The Narragansett Electric Company or "NECO") as of January 1, 1998. In 2006 the Rhode Island legislature extended Standard Offer Service from the original termination date of December 31, 2009 until December 31, 2020. The Act requires National Grid to provide standard offer service ("Standard Offer Service") to those customers who are not receiving generation service from a non-regulated power producer.

1.2 Standard Offer Service

Beginning on the retail access date, National Grid's retail customers in Rhode Island have received generation service from either their choice of competitive suppliers or from National Grid through Standard Offer Service or Last Resort Service. Beginning on January 1, 2010, all National Grid customers not taking service from a competitive supplier began taking Standard Offer Service². Standard Offer Service also includes any Last Resort Service customers beginning on January 1, 2010. Thus, in a change from the current Standard Offer Service, customers who chose to take service from a competitive supplier after January 1, 2010 would be permitted to return to Standard Offer Service if they were no longer receiving service from a competitive supplier.

Under the Company's proposal, customers taking Standard Offer Service will be in either of three separate groups: the Residential, Commercial and Industrial Customer Groups. This RFP is to procure service for the following groups:

Residential Group (as defined below) for [NUMBER] % of the load for the period [START DATE] through [END DATE].

Commercial Group (as defined below) for [NUMBER] % of the load for the period [START DATE] through [END DATE].

¹ The Rhode Island Utility Restructuring Act of 1996 ("URA" and Rhode Island General Law 39-1-27.3, as amended in June 2002 and The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006 ("The Act") and Rhode Island General Law 39-1-27.3, as amended in 2006.

² On September 30, 2009, the Rhode Island Public Utility Commission ("RIPUC") approved National Grid's filing of April 29, 2009 (and revised July 10, 2009) to replace the current Standard Offer Service with a new Standard Offer Service.

Industrial Group (as defined below) for [**NUMBER**] % of the load for the period [**START DATE**] through [**END DATE**].

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet these Standard Offer Service requirements.

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

1.3 Rhode Island Customer Groups

For the purposes of this solicitation, the Rhode Island Residential, Commercial, and Industrial Groups are defined as:

Customer Group	Rate Class
Residential	A-16, A-60, C-06, S-10, S-14
Commercial	G-02, C-06, S-10, S-14
Industrial	G-32, B-32, G-62, B-62

2. Description of Services

2.1 Description

Appendix A contains an overview of the services covered by this Request for Proposal (“RFP”). The Appendix provides:

- A brief description of Standard Offer Service;
- The eligibility requirements for a customer to obtain or leave Standard Offer Service.

2.2 Expected Loads

National Grid is unable to predict the amount of load that will be required to meet the needs of any customer group. National Grid’s customers are free to leave Standard Offer Service at any time to take service from competitive suppliers. The ability of customers to enroll or return to Standard Offer Service is described in Appendix A.

To assist Respondents in determining the potential load requirements, National Grid is able to provide the following information on its Power Procurement Web Site:

- Aggregate reconciled historical wholesale hourly loads for the proposed Standard Offer Service customer groups (since January 1, 2007).
- Aggregate historical wholesale hourly load data for Last Resort Service.

- Aggregate historical wholesale hourly load data for Standard Offer Service.
- Class average load shapes at the retail meter point.
- Historical customer counts, as of the last billing day in each month, by each National Grid company, SMD Load Zone (since March 1, 2003) and rate class. These counts represent the number of active accounts in each rate class as of the last billing day in each month.
- Historical customer counts for customers taking service from a competitive supplier, as of the last billing day in each month, by rate class.
- ICAP tags as of the last day of the month for each load asset.

Please use the following link to access the site:

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

Click on “Data” at the upper right of the screen to access Load data, Customer Count data, Class Average Load Shapes and ICAP Tags. This site is open to anyone with the above link. No user id or password is required to access the data on the site.

2.3 Load Blocks

National Grid’s total Standard Offer Service requirements covered by this RFP are broken down into the following **[NUMBER]** load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Residential	RI	# %	Standard Offer Service	[Start date – End date]
B	Commercial	RI	# %	Standard Offer Service	[Start date – End date]
C	Industrial	RI	# %	Standard Offer Service	[Start date – End date]

A Respondent may bid on any number of load blocks that it wishes to serve. A Respondent wishing to serve the entire load for a particular customer group should submit a bid for each load block of that customer group. Respondents may not limit the amount of service that may be purchased for a given load block. Proposals that contain limits on the amount of service provided will be rejected³.

The amount of load for each load block to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in Article 6 of the Master Power Agreement, a copy of which is provided in Appendix B.

³ For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period. The Respondent may not offer to serve Block A provided that the amount of service purchased does not exceed [specified value] MW in any hour.

2.4 Rhode Island Retail Customer Rates

During the term of service covered by this RFP, National Grid intends to establish retail rates for generation service for Standard Offer Service customers in Rhode Island. The Standard Offer Service rates will reflect National Grid’s purchase costs for such service due to commitments made as a result of this RFP.

3. General Provisions

3.1 Terms and Conditions

The winning Supplier(s) may be selected to provide Standard Offer Service to the applicable customer groups/load blocks during the term covered by this RFP. Standard Offer Service will be provided by such Supplier(s) to National Grid in accordance with the terms and conditions of the Master Power Agreement. A copy of the proposed Master Power Agreement for Rhode Island is provided in Appendix B. All Respondents must have an updated executed Master Power Agreement(s) prior to the indicative bid date.

The winning Supplier(s) will be required to execute the applicable confirmation(s) within two (2) business days of being notified that it has been selected as the winning Supplier.

See Section 3.2 for the description of when the agreement between National Grid and Supplier(s) shall become null and void, and the parties will have no further obligation under the agreement(s).

Under Article 7 of the Master Power Agreement, failure of the winning supplier to deliver Requirements would constitute an event of default under the agreement, allowing National Grid to terminate and recover liquidated damages from the supplier.

3.2 Proposal Process and Submission Dates

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

Process Step	Date
Company Issues Request for Proposal	[DATE]
Submit Respondent Proposal Information	[DATE] – 5pm EPT
Submit Indicative Pricing	[DATE] – 10am EPT
Company Reviews Indicative Pricing with the Division of Public Utilities and Carriers	[DATE]
Submit Final Pricing	[DATE] – 10am EPT
Company Reviews Final Pricing with the Division of Public Utilities and Carriers	[DATE]
Company Notifies Winning Bidders	[DATE] – 1pm

Company submits solicitation process summary to RIPUC	No later than one business day after Final Pricing
Winning Bidders and Company execute Confirmations	No later than two business days after Final Pricing
RIPUC Reviews and Approves winning bidders	No later than four business days after Final Pricing (or three business days after filing solicitation process summary)
Service Begins	[DATE]

One (1) copy of a Respondent’s Proposal Information and proposed agreement modifications must be submitted by e-mail or facsimile or mailed to the following address:

NGRID EMPLOYEE
 Electric Supply & Distributed Generation
 National Grid
 100 East Old Country Road
 Hicksville, NY 11801
 (516) 545-XXXX
 (516) 545-2464 (fax)
 e-mail: electric.electricsupply@us.ngrid.com

National Grid is conducting the procurement process in three steps. The first step is for Respondents to provide National Grid with their background and financial information by 5:00 p.m. EPT on **[DATE]**. Upon receipt, National Grid will evaluate each Respondent’s qualifications and will notify any Respondent that does not qualify by at least one business day before Indicative Pricing is due.

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

The second step in this process is for Respondents to provide indicative pricing information by 10:00 a.m. EPT on **[DATE]** at the above address. National Grid will evaluate the indicative pricing as described above, and if required, National Grid may seek clarifications from Respondents. National Grid will review the indicative pricing with staff of the Division of Public Utilities and Carriers.

The third step is as follows: Respondents to provide final pricing information by 10:00a.m. EPT on **[DATE]** at the above address. National Grid will review the final pricing with the staff of the Division of Public Utilities and Carriers. National Grid requests final pricing be valid until 1:00 p.m. National Grid intends to evaluate the final pricing and select a Supplier(s) that day by that time. Final pricing shall be binding until execution of a confirmation. Respondents should specify the manner in which they will accept a binding acceptance of their offer by National Grid prior to receipt of an executed

agreement (letter of intent or e-mail) or they will be deemed to be bound by National Grid's acceptance communicated in any of the preceding manners.

Within one business day of receipt of final pricing, National Grid will file with the Rhode Island Public Utilities Commission ("RIPUC") a confidential summary of the solicitation process.

The RIPUC will have three business days to review the results of National Grid's solicitation for Standard Offer Service. If the RIPUC takes no action within three business days of receiving this summary, then the lowest bidders will be deemed to be approved by the RIPUC as the winning bidders. If within that period of time, the RIPUC issues an order disapproving or rejecting the results of National Grid's solicitation for Standard Offer service, the agreement between National Grid and Supplier(s) shall become null and void and the parties will have no further obligation under the agreement(s).

If any of the winning bids are not deemed approved by the RIPUC, then National Grid would consult with the Division as to when the Company should prepare another separate solicitation in a similar manner.

3.3 Contact Person/Questions

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

4. Service Features

4.1 Commencement Date of Supply

Service from the winning Supplier(s) to National Grid shall begin as of HE 0100 EPT on the date specified in the table found in Section 2.3 – Load Blocks.

Service from National Grid to individual customers who are currently taking Standard Offer Service as of Commencement Date, if any, will be transferred to the appropriate customer group and continue with the winning Supplier(s) providing such service to National Grid as of the Commencement Date.

Service from National Grid to individual customers taking Standard Offer Service as of the Commencement Date shall begin on the customer's meter reading date following notification/determination that a customer will be commencing Standard Offer Service or such other date designated by National Grid consistent with National Grid's Tariff for Off Cycle Meter Read for Switch of Supplier R.I.P.U.C. No. 1193 in Rhode Island.

National Grid’s procedures provide for customers to be switched from one service option to another (e.g., from Standard Offer Service to a competitive supplier, from one competitive supplier to another competitive supplier, from a competitive supplier to Standard Offer Service) on their normal cycle meter reading dates. However, there may be circumstances (e.g., default of a competitive supplier) that might require a customer to be switched to Standard Offer Service “off-cycle”. In such case, the customer will be switched to Standard Offer Service on a date designated by National Grid consistent with National Grid’s Tariff for Off Cycle Meter Read for Switch of Supplier R.I.P.U.C. No. 1193 in Rhode Island.

4.2 Termination Date of Supply

Service from the winning Supplier(s) to National Grid shall terminate at HE 2400 EPT on the dates specified in the table found in Section 2.3 – Load Blocks.

Individual customers taking Standard Offer Service from National Grid may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer’s taking competitive service from a competitive supplier, (ii) disconnection of service by National Grid in accordance with regulations and procedures approved by the RIPUC, or (iii) closing of a customer’s account. National Grid’s procedures provide for customers electing to terminate such service to be switched to their successor service on their normal cycle meter reading date following the date that National Grid receives notification of such switch. However, there may be circumstances which might require a customer to be terminated “off-cycle”. In such a case, the customer will be terminated from Standard Offer Service on a date to be determined by National Grid.

4.3 Delivery Points

The Supplier(s) of Standard Offer Service will be responsible for delivering power to the nodes/zones representing the actual locations of the Standard Offer Service loads. The Supplier(s) of each of the services will be responsible for any PTF losses allocated by the ISO related to the services. The locations of the applicable Standard Offer Service load assets are as follows:

Company	SMD Load Zone	Load Asset	Load Asset Name	Load Block
NECo	RI	TBD	NECO RESIDENTIAL CUST SO LOAD	TBD
NECo	RI	TBD	NECO COMMERCIAL CUST SO LOAD	TBD
NECo	RI	TBD	NECO INDUSTRIAL SO LOAD	TBD

4.4 Form of Service

The Supplier(s) of each Load Block shall be responsible for meeting the specified service requirements for all of National Grid's customers in a specific Load Block. These service requirements include the generation and/or market procurement and delivery to the delivery point(s) of the portion of the electric capacity, energy and ancillary services required to meet the needs of National Grid's ultimate customers taking such service. National Grid will implement the transfer of these responsibilities to the Supplier(s) by updating the asset registration for each of the above Load Assets. National Grid will assign to the Supplier(s) the applicable Ownership Share for each Load Asset. Once a Supplier's obligation terminates, National Grid will terminate the Supplier's Ownership Share of a Load Asset.

The Supplier(s) shall be responsible for all obligations, requirements, and costs associated with the Supplier(s) having the Load Asset Ownership Share which shall include but not be limited to the day-ahead load obligations and real-time load obligations at the nodes/zones of each Load Asset. A more complete description of a Supplier(s)'s responsibilities can be found in the proposed Master Power Agreements in Appendix B of this RFP.

The Supplier(s) shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier(s) shall be responsible for all components of any Locational Marginal Prices the Supplier must pay in delivery of the services. These components include, but are not limited to, the day-ahead and real-time energy, marginal losses, and congestion charges. As the supplier of such services, the Supplier(s) will be responsible for all present or future requirements and associated costs (to the extent such charges are not imposed on National Grid as a transmission charge by NEPOOL or the ISO) associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time.

The Supplier(s) will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the Standard Offer Service customer's meter. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the proposed Master Power Agreements, found in Appendix B of this RFP.

National Grid will make arrangements with the ISO for transmission service over the PTF and non-PTF, from and after the Delivery Point to the Customers' meters. National Grid will be billed by the ISO and the applicable Participating Transmission Owner(s) for these services. National Grid will pay these bills and collect the costs, along with National Grid's distribution costs, from its retail customers through its retail delivery service tariffs. Any other transmission or distribution costs will be the Supplier(s)' responsibility.

4.5 Implementation of the Rhode Island Renewable Energy Standards ("RES")

The RIPUC established rules and procedures implementing a renewable energy standard for all retail electricity suppliers selling electricity to end-use consumers in the State of Rhode Island to meet the Renewable Energy Standards passed by the state legislature in 2004⁴. These rules and regulations can be found at:

<http://www.ripuc.state.ri.us/utilityinfo/res.html>

These rules require National Grid to demonstrate that a portion of its Rhode Island electricity sales are supplied from a mix of renewable energy generation resources. They are:

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

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

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

National Grid requests Respondents to separately bid the cost of RES compliance equivalent to the applicable percent of sales. If National Grid accepts bids with the RES components, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System (“NEPOOL GIS”) to provide NEPOOL GIS Certificates that comply with the requirements of the RES regulations. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the RES component, National Grid will take a credit equal to the product of the RES obligation and the Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

5. Proposal Requirements

5.1 Format of Proposal

The information required by National Grid to evaluate each proposal is identified in Appendix C. Respondents may simply complete the forms provided in Appendix C in

⁴ Title 39 Public Utilities and Carriers Chapter 39-26 RES.

any legible fashion and return them to **NGRID EMPLOYEE** as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

5.2 Proposed Pricing

Respondents must specify the price at which they will provide Standard Offer Service for each Load Block on which they are bidding to serve. Purchases will be made on an “as-delivered” energy basis with prices stated on a fixed \$/MWh basis. Such prices may vary by calendar month and by load block, but must be uniform for the entire calendar month or period, as specified, and cover the entire term of this Request for Proposals.

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. Prices which exclude one or more market costs (e.g. Installed Capacity, uplift costs, etc.) will be rejected.

National Grid intends to pay a Supplier(s) based on the billing determinants as defined in the proposed Master Power Agreement. These billing determinants are the loads as reported to and settled by the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier by the ISO during the settlement.

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (A through **TBD**), a price which includes all costs. Should National Grid select this option, (1) suppliers would be responsible for all costs including capacity market charges and (2) Suppliers would not be responsible for supplying the RES component.
- **RI-RES Compliance:** Price, on a separate \$ per MWh basis in **[YEAR]** and **[YEAR]**, for Supplier to provide the RI-RES component. Should National Grid select this option, the RI-RES Compliance Bid price would be added to the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.5).

5.3 Terms and Conditions

Service will be provided pursuant to the terms of the Master Power Agreement.

5.4 New England Market Participation

Each Respondent must indicate whether it has an executed and accepted Market Participant Service Agreement with ISO New England or if it plans to execute an agreement and, if so, at what point it is in the application process and the time frame for completing the process. Respondents must also provide evidence of agreements with a Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.

5.5 Competitive Supplier Registration

The service provided by the Supplier(s) of Standard Offer Service to National Grid is a wholesale transaction between the Supplier(s) and National Grid; therefore, the Supplier(s) do not have to be licensed or registered suppliers with any state regulatory commission.

5.6 Regulatory Approvals

The Supplier(s) of the services covered by this Request for Proposal must obtain and maintain all necessary regulatory approvals required to enable it to provide the applicable service; such approvals must be obtained prior to [START DATE] or [START DATE], as applicable.

6. Retail Customer Relationships

6.1 Customer Billing

All customers taking Standard Offer Service covered by this RFP will be retail customers of National Grid. As the retail provider of such service, National Grid will bill customers for the Standard Offer Service provided.

6.2 Notification of Enrollments and Terminations

National Grid will provide electronic notification to the Supplier(s) of Standard Offer Service customer enrollments and terminations within a customer group. Enrollment information will include account number, rate class and commencement date of service. Termination information will include account number, rate class and termination date of service. Such notifications shall only be provided when a Supplier establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol (“FTP”), files with Pretty Good Privacy (“PGP”), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from National Grid at least fourteen (14) days prior to the day on which a Supplier desires to commence electronic receipt.

6.3 Customer Service

National Grid, as the retail provider of Standard Offer Service, will provide customer service to all customers receiving Standard Offer Service.

7. Selection Process

- The criteria to be used in evaluating proposals will be the lowest evaluated bid price by Load Block.

National Grid will evaluate the RI-RES bids only for the Load Block winning bidders. National Grid will accept the RI-RES bid if it is at or less than the available market prices.

8. Credit Requirements

In order to protect National Grid's Standard Offer Service customers from the risk of Supplier(s) default, a winning Supplier(s) must be able to demonstrate it has the financial resources to perform during the term of the agreement. As reflected in the attached proposed Master Power Agreement (Appendix B to this RFP), National Grid will require Supplier(s) to provide some form of security when entering into a Confirmation. The security arrangement will be based on the expected volume of load for the bid block and a mark-to-market margining clause. As forward market prices change, the Supplier(s) will be required to post security for those incremental changes. Additionally, Suppliers that are rated at or below BBB-/Baa3 will be required to post an Independent Amount equal to 10% of the notional value of each Load Block awarded. The Supplier(s) shall provide security in one of the following forms:

- Unsecured line of credit for a rated counterparty
- Parental Guaranty
- Letter of Credit
- Cash deposit with National Grid

Respondents that are rated by a major credit rating agency must provide the ratings assigned by such agencies. Respondents that are not rated by a major credit rating agency must provide the following information to enable National Grid to evaluate a Respondent's financial strength:

- Respondent's organizational history
- Date of establishment
- Initial (if founded within the last ten years) and current capitalization
- Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period
- Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable;
- Short-term and long-term debt ratings from Moody's Investor Service or Standard & Poor's Corporation
- Corporate affiliates or joint venture partners including any details regarding financial limitations between partners or affiliates.

If a Respondent has provided this information to National Grid or an affiliate in a response to a previous RFP, then the Respondent needs only to identify the date and to whom the information was submitted and update the previously provided information.

National Grid agrees that it will treat the information it receives from Respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

9. General Requirements

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

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

Each Respondent certifies, by its submission of a bid, that it is bidding independently and that it has no knowledge of any proposal being submitted by another Respondent in response to this RFP. Each Respondent further certifies that, by its submission of a bid, it has not disclosed and will not disclose prior to any award hereunder any information relating to its proposal which could have an effect on whether another party submits a proposal to this RFP or on the contents of such proposal that another bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the bidder is submitting a proposal in response to this RFP; the bidder's bids; the bidder's quantities of each product bid; the bidder's estimation of the value of a product; the bidder's estimation of the risks associated with supplying a product; and the bidder's preference for bidding on one or several products.

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

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

APPENDIX A

DESCRIPTION OF SERVICES

The Narragansett Electric Company	
Standard Offer Service	
Description	Electric Service provided to retail customers who are not taking service from a competitive supplier.
Eligibility Requirements	<p>Service to customers can be initiated by:</p> <ul style="list-style-type: none"> a) A customer notifying National Grid that it wishes to terminate service from its competitive supplier and commence Standard Offer Service. b) A competitive supplier notifying National Grid that it is terminating service to a customer. c) A competitive supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid’s service territory and does not affirmatively choose a competitive supplier.
Aggregate Number of Customers Taking Service and Historical Load Profiles	<p>Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement web site:</p> <p style="text-align: center;">http://www.nationalgridus.com/energysupply/</p>

APPENDIX B

PROPOSED MASTER POWER AGREEMENT

APPENDIX C

REQUIRED PROPOSAL INFORMATION

RESPONDENT: _____

1. General Information

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

RESPONDENT: _____

2. Financial Information

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

3. Defaults and Adverse Situations

<p>Describe, in detail, any situation in which Respondent (either individually or as part of a consortium, joint venture or other group), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to transact business in the energy sector within the past five years including, without limitation, to purchase or deliver energy, capacity or other market products at retail or wholesale, or for the purchase or sale of electricity or natural gas, and including any financing agreements or financing provisions of any agreement.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event.</p> <p>If there was litigation, provide the case caption, index number and court.</p> <p>Identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
--	--

RESPONDENT: _____

<p>Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors.</p>	
<p>Describe any facts presently known to Respondent that might adversely affect its ability to provide the service(s) bid herein as provided for in the RFP</p>	

4. NEPOOL AND POWER SUPPLY EXPERIENCE

<p>Is Respondent a member of NEPOOL?</p>	
<p>Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England?</p>	
<p>Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations .</p>	
<p>Describe Respondent’s experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.</p>	
<p>Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.</p>	

RESPONDENT: _____

5. CONFLICTS OF INTEREST

Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Buyer, National Grid USA or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, National Grid or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, National Grid or an affiliate of any of the foregoing.	

6. SCOPE OF BID AND TERMS OF SALE

Will Respondent execute a contract substantially similar to the proposed Master Power Agreements contained in Appendices B, C and D? Explain any proposed modifications.	
List all regulatory approvals required before service can commence.	

RESPONDENT: _____

7. Proposed Pricing

(Respondent required to submit bidding spreadsheet included on procurement web site)

Standard Offer Service

Schedule 8

2011 Renewable Energy Standard Procurement Plan

Objectives

This plan satisfies Section 8.2 of the Commission’s Rules and Regulations Governing the Implementation of a Renewable Energy Standard (“RES Regulations”). Under Section 8.2, the Company is required to annually submit a Renewable Energy Standard Procurement Plan that sets out its procedures for obtaining resources that satisfy its obligations under the Rhode Island Renewable Energy Standard (“RES”) (R.I. Gen. Laws § 39-26-1 et seq.).

The plan is for the procurement of the RES renewable energy certificates (“RECs”) to meet the obligations associated with provision of Standard Offer Service (“SOS”) for 2011. A competitive procurement process will be utilized for the purchase of 2011 requirements for both Existing and New RECs, either bundled with Full Requirements Service (“FRS”) transactions or purchased separately.

Requirements

Year	Percentage from New Renewable Energy Resources	Percentage from <i>either</i> New or Existing Renewable Energy Resources	Total RES Target Percentage	Estimated Standard Offer Load (MWhs)	Standard Offer Existing RES Obligation (RECs)	Standard Offer New RES Obligation (RECs)
2011	3.5	2.0	5.5	5,611,467	112,229	196,401

REC Procurement

Procurement of RECs (both New and Existing) will be linked to the purchase of SOS FRS load requirements. Separate pricing would be requested from bidders to take on the RES obligations at the same time as providing this service. The Company will evaluate the RES pricing provided by the bidders and compare it to the Company’s best estimate of REC market prices. If the pricing provided by the winning SOS supplier is at or less than the Company’s market price estimate, the SOS supplier will also be contracted to provide the RES obligation.

RECs not purchased with SOS supply will be acquired through standalone RFPs for RECs. The Company expects to issue two or more REC RFPs in 2011. The Company may also evaluate unsolicited offers from brokers or other parties.

The principal criteria to be used in evaluating proposals will be lowest evaluated bid price. In the event of identical low bids, the Company will use other criteria to determine the winning bidder such as:

- Quantity of RECs offered
- Firmness of delivery

For a unit contingent offer, a supplier will also be required to demonstrate the likelihood that NEPOOL-GIS certificates will be created from a renewable resource. For resources under construction, a supplier will be required to demonstrate the likelihood that the resource will create certificates during the contract period.

Schedule 9

Certificate Purchase Agreement (CPA)

RHODE ISLAND CERTIFICATE PURCHASE AGREEMENT

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

ARTICLE 1. BASIC UNDERSTANDINGS

Seller, in response to a Request for Proposal dated [DATE] issued by the Buyer, has been selected to supply a quantity of NEPOOL-GIS Certificates to meet a portion of the Buyer’s requirements to comply with the RES Regulations, as defined herein. This Agreement sets forth the terms under which Seller will supply a quantity of NEPOOL-GIS Certificates to the Buyer.

ARTICLE 2. DEFINITIONS

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

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

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

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

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

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

Credit Rating means with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody’s, S&P and/or the other specified rating agency or agencies to such Party’s (or its Credit Support Provider’s, as the case may be) or entity’s unsecured, senior long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody’s and/or S&P as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by

Moody's, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a "split rating"), the lowest rating assigned shall control.

EPT means Eastern Prevailing Time.

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

Generating Unit means [_____].

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

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

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

ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including, but not limited to, a Regional Transmission Organization).

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

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

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

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

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

MWh means Megawatt-hour.

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

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

NEPOOL-GIS Certificate Purchase Price means _____.

NEPOOL-GIS Certificate Quantity means _____.

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

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

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

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

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

RES means Renewable Energy Standard.

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

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

Security Amount means the sum of:

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

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

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

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

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

Buyer will file the results of the RES solicitation with the RIPUC no later than one Business Day after pricing was submitted. This Agreement shall take effect (“Effective Date”) upon the close of business on the third Business Day following such filing (not including the date of filing) (“Three Day Waiting Period”) unless the RIPUC communicates to the Buyer that it has concerns about the bid awards, requires further time for review for any reason, or otherwise does not desire the Buyer to go forward with the Agreement (“RIPUC Notice”). If the Buyer receives such RIPUC Notice, it will immediately notify Seller, and either Buyer or Seller may unilaterally terminate this Agreement upon written notice to the other at any time prior to RIPUC Approval (as defined below).

- (a) The term of this Agreement (“Term”) shall commence on the Effective Date and expire effective on the later of (i) the date on which all performances of the Parties under this

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

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

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

Section 4.2 Seller Representations and Warranties:

Seller represents, warrants, and agrees that:

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

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

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

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

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

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

Section 5.2 Billing and Payment

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

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

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

Section 5.3 Challenge to Invoices

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

Section 5.4 Taxes, Fees and Levies

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

Section 5.5 Netting and Setoff

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

ARTICLE 6. DEFAULT AND TERMINATION

Section 6.1 Events of Default

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

(i) Failure of the Buyer

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

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

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

(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and

except attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement): and

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

- (ii) Failure of Seller to transfer NEPOOL-GIS Certificates in the amounts and/or at the times required by, and otherwise in accordance with, Article 4.
- (iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with Section 6.3.

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

- (i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;
- (ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing

of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action; and

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

Section 6.2 Remedies Upon Default

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

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

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

(c) In the event Seller causes or suffers an Event of Default, and the Buyer elects to terminate this Agreement, then, on or before five (5) Business Days following issuance of a Termination Notice by Buyer, Seller shall pay the Buyer an amount equal to the positive amount, if any, equal to the product of (i) the number of NEPOOL-GIS Certificates to be transferred to Buyer under this Agreement during the Term that have not been so transferred ("Undelivered Certificates"), and (ii) the positive difference, if any, of the applicable Alternative Compliance Payment rate or rates determined in accordance with the RES Regulations less the applicable NEPOOL-GIS Certificate Purchase Price the Buyer would have had to pay Seller for each Undelivered Certificate if the same had actually been delivered hereunder as and when required, plus all costs, fees and expenses incurred by Buyer in connection with making Alternative Compliance Payment(s) for the Undelivered Certificates. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

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

Section 6.3 Security

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

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

- (A) A guaranty of Seller’s obligations hereunder issued by an Affiliate of Seller that meets the Credit Requirements and in substantially the form set forth in Appendix A attached hereto;
- (B) An irrevocable, transferable standby letter of credit (x) issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least “A-” from S&P or “A3” from Moody’s, (y) in a form acceptable to Buyer, including a provision permitting the Buyer, upon an Event of Default by Seller to draw down, on one or more occasions, in whole or in part, as the case may be, on the letter of credit and also permitting the Buyer to draw down an amount equal to the amount specified in Section 6.2(c) without giving effect to Section 5.5 (Netting and Setoff), and (z) that shall terminate no earlier than 120 days following the later of the termination or expiration of this Agreement. If

Seller is required to provide the bank with a guarantee or any other form of financial assurance from one or more other entities to secure its letter of credit obligations, then such entities shall also guarantee all of Seller's obligations to the Buyer under this Agreement;

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

Section 6.4 Forward Contract.

Each Party represents and warrants to the other that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 7. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 7.1 Notices

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

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

Director, Electric Supply and Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3282 (phone)
(516) 545-3130 (fax)

and

With a copy to:

General Counsel
National Grid
40 Sylvan Road
Waltham, MA 02451-1120
(781) 907-1000 (phone)
(781) 907-5701 (fax)

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

[Name]
[Company]
[Address]
[City, State & Zip]
[Phone]
[FAX]

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

Section 7.2 Authority of Representative

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

ARTICLE 8. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 8.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 8.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN 13.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION),

BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 8.2 Indemnification

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

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

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 8.3 Independent Contractor Status

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

ARTICLE 9. ASSIGNMENT

Section 9.1 General Prohibition Against Assignments

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

Section 9.2 Exceptions to Prohibition Against Assignments

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

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

ARTICLE 10. SUCCESSORS AND ASSIGNS

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

ARTICLE 11. WAIVERS

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

deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 12. LAWS AND REGULATIONS

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

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

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

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

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

ARTICLE 13. INTERPRETATION, DISPUTE RESOLUTION

Section 13.1 Governing Law

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

Section 13.2 Dispute Resolution

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 13.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any rights or remedy it has under this Agreement, including those in Article 6. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment

Section 13.3 Venue; Waiver of Jury Trial

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

ARTICLE 14. SEVERABILITY

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

ARTICLE 15. MODIFICATIONS

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

ARTICLE 16. ENTIRE AGREEMENT

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

ARTICLE 17. COUNTERPARTS

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

ARTICLE 18. INTERPRETATION; CONSTRUCTION

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

ARTICLE 19. REPRESENTATIONS; WARRANTIES AND COVENANTS

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

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

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

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

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

(e) Neither the execution and delivery of this Agreement by it will nor the performance by it of its obligations under this Agreement will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which

requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

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

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

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

ARTICLE 20. CONSENTS AND APPROVALS

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

ARTICLE 21. SURVIVAL

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

ARTICLE 22. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of **[BIDDERS: Insert sections -]** or disclose the contents or terms thereof, (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency requesting and/or requiring such Confidential Terms, provided that any such disclosure must include a request for confidential

treatment of the Confidential Terms, and (2) an Affiliate if related to the Party's performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

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

THE NARRAGANSETT ELECTRIC COMPANY

Name (print): _____
Authorized Signatory

[COMPANY]

Name (print): _____
Title: _____

**APPENDIX A
FORM OF GUARANTY**

Guaranty

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

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

To the Buyer:

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

Fax No.: (516) 545-3130
Phone No.: (516) 545-3282

To Guarantor:

Fax No.:
Phone No.:

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

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

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

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

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

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

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

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

[GUARANTOR]

BY:

NAME:

TITLE:

Schedule 10

RES RFP Notice (Template)

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

For the Period:

Calendar Year[s] [YEARS]

[DATE ISSUED]

REQUEST FOR PROPOSALS

1. Overview

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

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

These rules require National Grid to demonstrate that a portion of its Rhode Island electricity sales are supplied from a mix of renewable energy generation resources. They are:

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

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

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

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

National Grid² is seeking proposals for the supply of RECs from generating facilities in Rhode Island, New England and surrounding regions that have been approved by the RIPUC as either existing or new renewable energy resources that meet the RES requirements. National Grid is seeking proposals that provide RECs that comply with the RES for Calendar year[s] [YEARS].

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

² The contracting entity will be The Narragansett Electric Company.

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

2. Quantity of Certificates Sought and Description of Proposals

2.1. Quantity of Certificates

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

Year	NEPOOL-GIS Certificates From Existing Energy Resources	NEPOOL-GIS Certificates From New Energy Resources	Total NEPOOL-GIS Certificates
[YEAR]	[NUMBER]	[NUMBER]	[NUMBER]
[YEAR]	[NUMBER]	[NUMBER]	[NUMBER]

2.2. Description of Proposals

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

- Firm RECs issued by the NEPOOL-GIS in the current trading period.
- Firm RECs to be issued by the NEPOOL-GIS in future trading periods.
- Non-cancelable Forward Certificates issued by the NEPOOL-GIS for future trading periods.

2.3 Proposal Documents and Information

To assist Respondents in responding to this RFP, National Grid is providing the RFP and Certificate Purchase Agreement on its Wholesale Energy supplier web page. Please use the following link to access the site:

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

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

3. General Provisions

3.1 Terms and Conditions

National Grid is seeking to purchase NEPOOL-GIS Certificates that are least cost and in the best interests of its customers. The winning supplier(s) will be required to execute a Certificate Purchase Agreement with National Grid for the purchase of NEPOOL-GIS Certificates in the form provided in Appendix A within two (2) business days of being notified that it has been selected as a winning supplier. No proposed changes to the form of the Certificate Purchase Agreement will be accepted.

See Section 3.2 for the description of when the agreement between National Grid and Supplier(s) shall become null and void, and the parties will have no further obligation under the agreement(s).

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

3.2 Proposal Process and Submission Dates

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

Process Step	Date
Issue Request for Proposal	[DATE]
Submit Respondent Proposal Information	[DATE] – 5pm EPT
Submit Pricing	[DATE] – 10am EPT
Company reviews Pricing with the Division of Public Utilities and Carriers and informs winning suppliers	[DATE] – 5pm EPT
Company submits solicitation process summary to RIPUC	No later than one business day after Pricing
Winning bidder(s) and Company execute CPA(s)	No later than two business days after Pricing
RIPUC reviews and approves winning bidders	No later than four business days after Pricing (or three business days after filing solicitation process summary)

One (1) copy of a Respondent’s Proposal Information must be submitted by e-mail or facsimile or mailed to the following address:

NGRID EMPLOYEE
 Electric Supply & Distributed Generation
 National Grid
 100 East Old Country Road
 Hicksville, NY 11801
 (516) 545-XXXX
 (516) 545-2464 (fax)
 e-mail: electric.electricsupply@us.ngrid.com

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

The second step in this process is for Respondents to provide pricing information by 10:00 a.m. EPT on [DATE] to the above National Grid contact. National Grid intends to evaluate the pricing and select a Supplier(s) that day. National Grid will share a copy of each bid received with the Rhode Island Division of Public Utilities and Carriers (“Division”), Office of Energy Resources (“OER”), and the EDC. National Grid will review the pricing received with the staff of the Division to determine the number of NEPOOL-GIS Certificates it will purchase, if any, and begin to inform Respondents from which it will make such purchases.

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

Within one business day of receipt of final pricing, National Grid will file with the Rhode Island Public Utilities Commission a confidential summary of the solicitation process. The RIPUC will have three business days to review the results of National Grid’s solicitation for RECs. If the RIPUC takes no action within three business days of receiving this summary, then the lowest bidders will be deemed to be approved by the RIPUC as the winning bidders. If within that period of time, the RIPUC issues an order disapproving or rejecting the results of National Grid’s solicitation for Standard Offer service, the agreement between National Grid and Supplier(s) shall become null and void and the parties will have no further obligation under the agreement(s).

If any of the winning bids are not deemed approved by the RIPUC, then National Grid would consult with the Division as to when the Company should prepare another separate solicitation for the RES requirements in a similar manner.

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

3.3 Contact Person/Questions

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

4. Proposal Requirements

4.1 Format of Proposal

The information required by National Grid to evaluate each proposal is identified in Appendix B. Respondents may simply complete the forms provided in Appendix B in any legible fashion and return them to [NGRID EMPLOYEE] as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

4.2 Proposed Pricing

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

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

4.3 Regulatory Approvals

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

5. Selection Process

The criteria to be used in evaluating bids will include:

- Lowest evaluated bid price
- Quantity of NEPOOL-GIS Certificates offered

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

6. General Requirements

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

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

Each Respondent certifies, by its submission of a bid, that it is bidding independently and that it has no knowledge of any proposal being submitted by another Respondent in response to this RFP. Each Respondent further certifies that, by its submission of a bid, it has not disclosed and will not disclose prior to any award hereunder any information relating to its proposal which could have an effect on whether another party submits a proposal to this RFP or on the contents of such proposal that another bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the bidder is submitting a proposal in response to this RFP; the bidder's bids; the bidder's quantities of each product bid; the bidder's

estimation of the value of a product; the bidder's estimation of the risks associated with supplying a product; and the bidder's preference for bidding on one or several products.

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

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

APPENDIX A

PROPOSED CERTIFICATE PURCHASE AGREEMENT

APPENDIX B

REQUIRED RESPONDENT INFORMATION

1. General Information

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

2. Financial Information

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

3. Defaults and Adverse Situations

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

4. CONFLICTS OF INTEREST

Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Buyer, National Grid USA or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, National Grid or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, National Grid or an affiliate of any of the foregoing.	

5. SCOPE OF BID AND TERMS OF SALE

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

6. PROPOSED TRANSACTION

(Include pricing, term, description of renewable resource, and location of resource.)

Schedule 11

RES RFP Summary (Template)

NATIONAL GRID

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

FOR NARRAGANSETT ELECTRIC COMPANY

FOR THE OBLIGATION YEAR[s] **[YEARS]**

1. RFP Issued

National Grid issued its Request for Proposals to Provide NEPOOL-GIS Certificates in Compliance with the Rhode Island Renewable Energy Standard (“RFP”) on **[ISSUE DATE]** directly to the renewable generators who have filed their renewable energy applications for certification with the Rhode Island Public Utilities Commission (“RIPUC”) and organizations that have expressed interest in receiving RFPs from National Grid.

The RFP was also distributed to all members of the NEPOOL Markets Committee and posted on National Grid’s energy supply web site. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

The procurement was conducted in accordance with Narragansett’s Renewable Energy Procurement Plan filed on **[FILE DATE]** with the RIPUC and in compliance with the Renewable Energy Standard (“RES”)¹. The RIPUC approved the plan on **[APPROVAL DATE]** and issued a written order on **[DATE]** (Order No. **[NUMBER]**).

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

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

2. Key RFP Dates

The RFP was issued on **[DATE]**.

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

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

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

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

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

Respondents were informed of awards on **[DATE]**.

3. Contract Submissions

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

4. Award of New Renewable RECs

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

5. Award of Existing Renewable RECs

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

6. Summary of Award

On **[DATE]**, National Grid spoke with the Division Staff to review the REC bids. The Division Staff concurred with the Company that the RFP process was successful in selecting the lowest bids.

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

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

**CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 3 of 7
Docket No. **NUMBER**

EXHIBIT 1
CALCULATION OF REQUESTED RECs

**CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 4 of 7
Docket No. **NUMBER**

EXHIBIT 2
SUMMARY OF BIDS RECEIVED

**CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 5 of 7
Docket No. **NUMBER**

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

**CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 6 of 7
Docket No. **NUMBER**

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

**CONTAINS PRIVILEGED AND CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 7 of 7
Docket No. **NUMBER**

EXHIBIT 5
SUMMARY OF WINNING BIDS

**TESTIMONY
JEANNE A. LOYD**

DIRECT TESTIMONY

OF

JEANNE A. LLOYD

MARCH 1, 2010

Table of Contents

I.	<u>Introduction and Qualifications</u>	1
II.	<u>Purpose of Testimony</u>	2
III.	<u>Proposed Standard Offer Service Tariff and Rate Proposal</u>	3
	<u>Standard Offer Service Rate Filing Schedule</u>	3
	<u>Illustrative Standard Offer Service Tariff</u>	3
IV.	<u>Standard Offer Service Reconciliation</u>	3
V.	<u>Conclusion</u>	10

1 **I. Introduction and Qualifications**

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

3 A. My name is Jeanne A. Lloyd, and my business address is 40 Sylvan Road, Waltham,
4 Massachusetts 02451.

5

6 Q. Please state your position.

7 A. I am the Manager of Electric Pricing, New England in Regulation and Pricing's
8 Electricity Distribution and Generation group of National Grid USA Service Company,
9 Inc. This group provides rate-related support to The Narragansett Electric Company
10 d/b/a National Grid ("National Grid" or "Company").

11

12 Q. Please describe your educational background and training.

13 A. In 1980, I graduated from Bradley University in Peoria, Illinois with a Bachelor's Degree
14 in English. In December 1982, I received a Master of Arts Degree in Economics from
15 Northern Illinois University in De Kalb, Illinois.

16

17 Q. Please describe your professional experience?

18 A. I was employed by EUA Service Corporation in December 1990 as an Analyst in the
19 Rate Department. I was promoted to Senior Rate Analyst on January 1, 1993. My
20 responsibilities included the study, analysis and design of the retail electric service rates,
21 rate riders and special contracts for the EUA retail companies. After the merger of New
22 England Electric System and Eastern Utilities Associates in April 2000, I joined the

1 Distribution Regulatory Services Department as a Principal Financial Analyst. I
2 assumed my present position October 1, 2006. Prior to my employment at EUA, I was
3 on the staff of the Missouri Public Service Commission in Jefferson City, Missouri in the
4 position of research economist. My responsibilities included presenting both written and
5 oral testimony before the Missouri Commission in the areas of cost of service and rate
6 design for electric and natural gas rate proceedings.

7
8 Q. Have you previously testified before Rhode Island Public Utilities Commission
9 (“Commission”)?

10 A. Yes.

11
12 **II. Purpose of Testimony**

13 Q. What is the purpose of your testimony?

14 A. The purpose of my testimony is to present an illustrative Standard Offer Service (“SOS”)
15 tariff which has been revised to be consistent with the 2011 SOS supply procurement
16 plan (“the 2011 Plan”) as described in the testimony of Ms. Janzen. In addition, my
17 testimony discusses proposed SOS pricing provisions for each of the procurement classes
18 and changes to the SOS rate change and reconciliation filing schedules.

19
20 **III. Proposed Standard Offer Service Tariff and Rate Proposal**

21 Q. Please describe the changes that the Company is proposing to make to the existing SOS

1 tariff.

2 A. As explained in the testimony of Ms. Janzen, beginning in April 2011, the Company is
3 proposing to implement three SOS customer groups consisting of customers receiving
4 SOS on the identified rate classes: 1) the “Industrial Group” (Rate G-32, Rate G-62,
5 Rates B-32 and B62, and Rate X-01); 2) the “Commercial Group” (Rate G-02, Rate C-
6 06, Rate S-06, Rate S-10, and Rate S-14; and 3) the “Residential Group” (Rate A-16 and
7 Rate A-60).

8

9 Q. What is the Company’s proposal for SOS pricing for each customer group?

10 A. The Company is proposing to price the Residential Group in a manner similar to the
11 current pricing for the Small Customer Group, i.e., a fixed price for the six-month pricing
12 period that reflects the weighted average of the contract prices for the period plus an
13 estimate of the cost of procuring a portion of the load through spot market purchases.

14

15 Pricing for the Industrial Group will continue to be based upon the actual monthly
16 contract prices received for that customer group for a three-month period, as adjusted for
17 losses.

18

19 For the new Commercial Group, the Company is proposing both fixed and variable price
20 options. The variable price option will be similar to pricing for the current Large
21 Customer Group with prices that vary monthly based upon the contract prices for that

1 customer group for a six month period, in addition to the element of an estimate of the
2 cost of procuring a portion of the load through the spot market. The fixed price option
3 will be similar to the pricing for the Residential Group with a fixed price for the six-
4 month pricing period that reflects the weighted average of the contract prices for the
5 period plus an estimate of the cost of procuring a portion of the load through spot market
6 purchases.

7
8 Q. Why is the Company providing two pricing options to this customer group?

9 A. The Commercial Group consists of a mix of commercial and industrial customers. Some
10 customers in this group are currently receiving service in the Small Customer Group and
11 will become accustomed to receiving a fixed SOS price. These customers are relatively
12 small and, like residential customers, have few competitive options. Those customers
13 may prefer to continue to have a more stable fixed price option available to them. Other
14 larger customers have more competitive options available and may prefer to have prices
15 that more closely reflect market prices.

16
17 Q. How will the Company determine which pricing option to apply to each customer's bill?

18 A. The Company will designate the variable price option as the "customary" pricing option
19 for customers in the Commercial Group. This means that, upon implementation of the
20 change in the SOS pricing structure for this group, all customers will be assigned the
21 variable price option. Thereafter, the customer will have a one-time option to switch to

1 the fixed price option. If the customer chooses to switch to fixed pricing, the customer
2 must remain on fixed pricing throughout the remainder of his/her stay on SOS.

3
4 Q. Why will the Company allow customers to switch pricing options only once during their
5 stay on SOS?

6 A. The Company is proposing to impose a one-time option to switch to fixed pricing in
7 order to avoid allowing customers to “game” the system by remaining on the fixed price
8 option when the fixed price is below the variable price and switching to the variable price
9 option when the reverse is true.

10
11 Q. How will customers in the Commercial Group be notified of the availability of the two
12 pricing options and their ability to choose the fixed price option?

13 A. Prior to implementation, the Company will conduct an outreach effort for customers in
14 this group to inform them of changes to SOS and the pricing options available to them. If
15 customers in the Commercial Group wish to elect to switch to the fixed price option
16 before the implementation of the pricing structure for this group, the customers may do
17 so and the Company will classify the customer accordingly.

18
19 Standard Offer Service Rate Filing Schedule

20 Q. What is the current SOS rate filing schedule?

21 A. As approved in the 2010 SOS procurement plan, the Company conducts quarterly SOS

1 procurements for the Large Customer Group in February, May, August and November
2 and semi-annual procurements for the Small Customer Group in February and August.
3 Rate changes are effective April 1, July 1, October 1 and January 1 for the Large
4 Customer Group and April 1 and October 1 for the Small Customer Group.
5

6 Q. Is the Company proposing any changes to the SOS rate filing schedule?

7 A. Yes. As described in the testimony of Ms. Janzen, the Company is proposing that SOS
8 rate filings for SOS rates beginning January 1, 2012 for the Residential and Commercial
9 Groups be submitted in May and November of each year resulting in rate changes
10 effective July 1 and January 1, respectively.
11

12 Q. Why is the Company proposing to change the SOS rate filing schedule?

13 A. Shifting the effective dates of SOS rate changes follows directly from the proposed
14 procurement schedule as described in Ms. Janzen's testimony. As Ms. Janzen describes,
15 shifting the procurement schedule avoids a situation in which there would be SOS load
16 not covered by an underlying contract, making it necessary to estimate prices for the SOS
17 load not under contract. Such an estimation process is likely to result in the Company
18 incurring deferrals, either an over collection or under collection of SOS costs, as actual
19 costs will invariably be different than what the Company would have estimated.
20 Therefore, in order to avoid deferrals that create uncertainty for both customers and the
21 Company as a result of this approach, the Company is proposing to shift its procurement

1 schedule to avoid such a situation and, hence, the effective date of SOS rate changes.

2
3 Q. If the Commission approves the Company's proposal, when will the first January 1 rate
4 change occur?

5 A. The Company would propose to maintain the current schedule of rate changes through
6 April 2011. The rates effective April 1, 2011 for the Residential and Commercial Groups
7 would remain in effect through December 2011, with the first January 1 rate change
8 occurring on January 1, 2012. Under the new schedule, the Company would file
9 proposed SOS rates for the Residential Group and Commercial Group no later than June
10 1 and December 1 of each year, at least thirty (30) days prior to their respective July 1
11 and January 1 effective dates.

12
13 Illustrative Standard Offer Service Tariff

14 Q. Please describe the changes proposed to the illustrative SOS tariff included in Schedule
15 JAL-1.

16 A. The illustrative SOS tariff included in Schedule JAL-1 has been revised from the
17 currently effective tariff to reflect the change to the customer groups and the pricing
18 applicable to each group described earlier in my testimony.

19
20 In addition, the tariff has been revised to indicate that the billing adjustment currently
21 applicable to the Small Customer Group for customers who leave SOS to take service

1 from competitive suppliers prior to the end of the pricing period will be applicable to
2 customers in the Residential Group and the customers in the Commercial Group who
3 choose the fixed price option.

4
5 **IV. Standard Offer Reconciliation**

6 Q. Is the Company proposing any changes to the Standard Offer Adjustment Provision
7 (“SOAP”), R.I.P.U.C. No. 2014¹?

8 A. The Company is proposing that, beginning in 2012, the SOS reconciliation be filed every
9 six months in February and August for rate changes effective April 1 and October 1 of
10 each year.

11
12 Q. Why is the Company proposing to reconcile the SOS revenue and expenses every six
13 months, rather than annually, as has been the past practice?

14 A. The Company is proposing to reconcile SOS revenue and expenses every six months in
15 order to mitigate the potential for significant under or over collection of SOS expense.

16 While basing the SOS rates on the known underlying contract prices will minimize
17 deferrals, there remains a portion of SOS load that will be supplied through spot market
18 purchases. As it is likely that actual spot market prices will be different than how the cost
19 of this supply will be reflected in the SOS rates, the Company could incur an over or
20 under collection of costs. Reconciling revenue and expense more frequently will
21 ultimately allow for a better alignment of revenue and expense.

¹R.I.P.U.C. No. 2014 is currently pending Commission approval in Docket No. 4065.

1 Q. Will these semi-annual reconciliations be based on actual data?

2 A. Yes. The SOS reconciliations will reflect actual SOS revenue and expense for each six
3 month period. For example, the February filing would propose an SOS adjustment factor
4 effective April 1 and would include SOS revenue and expense for the period July through
5 December. The August filing would include SOS revenue and expense for the period
6 January through June with an adjustment factor effective October 1.

7
8 Q. Is the Company proposing any other changes to the SOAP?

9 A. The Company is not proposing any other substantive changes to the SOAP provisions
10 under which the Company is allowed to recover the costs associated with the
11 procurement of SOS. However, it will be necessary to revise the SOAP to reflect the
12 changes to the procurement classes in the SOS Administrative Cost adjustment section.
13 If the Commission approves the changes to the customer groups as proposed by the
14 Company in this docket, the Company intends to file the SOAP in advance of the
15 proposed April 1, 2011 effective date of the changes.

16

17 **V. Conclusion**

18 Q. Does this conclude your testimony?

19 A. Yes it does.

Index of Schedules

Schedule JAL-1

Proposed Standard Offer Service Tariff

**NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
R.I.P.U.C. DOCKET NO. ____
STANDARD OFFER SUPPLY PROCUREMENT PLAN FILING
WITNESS: JEANNE A. LLOYD**

Schedule JAL-1

Proposed Standard Offer Service Tariff

**NARRAGANSETT ELECTRIC COMPANY
TARIFF FOR STANDARD OFFER SERVICE**

AVAILABILITY

Standard Offer Service shall be available to all Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer or any Customer who, for any reason, has stopped receiving Generation Service from a non-regulated power producer.

MONTHLY CHARGE

The Charge for Standard Offer Service will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff. The monthly charge for Standard Offer Service shall also include the costs incurred by the Company to comply with the Renewable Energy Standard, established in R.I.G.L. Section 39-26-1 and the costs to comply with the Commission's Rules Governing Energy Source Disclosure. The charge for Standard Offer Service will include the administrative costs associated with the procurement of Standard Offer Service, including an adjustment for uncollectible accounts as approved by the Commission.

RATE FOR ALL CLASSES

The Supplemental Schedule to this tariff sets forth the rates for each rate class for the specified period. These rates are subject to change at the end of the period specified in the Supplemental Schedule. The Company will file a new Supplemental Schedule for the next pricing period prior to the expiration of the current period.

The rates for each rate class shall be as follows:

Residential Group (Rates A-16, A-60). The rate applicable to this class shall be a fixed price that represents a weighted average of the actual monthly contract prices over the period specified in the Supplemental Schedule, plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Commercial Group (Rates C-06, G-02, S-06, S-10, S-14). There are two rate options available to customers in the Commercial Group. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six month period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the six month period specified in the Supplemental Schedule.

Fixed Price Option: represents a weighted average of the applicable winning bid over six months plus an estimate of the costs of any supply not procured through

**NARRAGANSETT ELECTRIC COMPANY
TARIFF FOR STANDARD OFFER SERVICE**

full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Variable Price Option: represents the actual monthly price from the applicable winning bid for each month of the same six month period plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Customers in the Commercial Group have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Standard Offer Service unless and until they begin taking Generation Service from a Non-regulated Power Producer. Customers in the Commercial Group may make this election at the time they are first placed on Standard Offer Service or at any time after service has commenced.

Customers may notify the Company at any time to elect a different pricing option. The switch will be made by the Company on the next scheduled meter read date after receiving the notice, provided that the Company has received notice no later than two business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

Industrial Group (Rates B-32, G-32, B-62, G-62 and X-01). The rates applicable to this class shall be fixed monthly prices and represent the actual monthly contract prices for each month of the period specified in the Supplemental Schedule.

TERMINATION OF STANDARD OFFER SERVICE

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company's Terms and Conditions for Non-regulated Power Producers.

There shall be no fee for terminating Standard Offer Service.

BILLING ADJUSTMENT WHEN LEAVING STANDARD OFFER SERVICE

Customers in the Residential Group and customers in the Commercial Group billed under the Fixed Price Option who leave Standard Offer Service to receive Generation Service from a Nonregulated power producer shall be subject to a billing adjustment for the time they were billed under the Standard Offer Service rate during the current pricing period. Specifically, the

billing adjustment shall be based on the difference between the Standard Offer Service rate in effect for the current pricing period and the actual monthly contract rates for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit.

RATE CHANGES

The rates set forth in this tariff are effective for usage on and after the Effective Date. Any changes will be filed with the Commission and are subject to Commission review and approval.

Effective Date: April 1, 2011

**NARRAGANSETT ELECTRIC COMPANY
TARIFF FOR STANDARD OFFER SERVICE**

AVAILABILITY

Standard Offer Service shall be available to all Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer or any Customer who, for any reason, has stopped receiving Generation Service from a non-regulated power producer.

MONTHLY CHARGE

The Charge for Standard Offer Service will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff. The monthly charge for Standard Offer Service shall also include the costs incurred by the Company to comply with the Renewable Energy Standard, established in R.I.G.L. Section 39-26-1 and the costs to comply with the Commission's Rules Governing Energy Source Disclosure. The charge for Standard Offer Service will include the administrative costs associated with the procurement of Standard Offer Service, including an adjustment for uncollectible accounts as approved by the Commission.

RATE FOR ALL CLASSES

The Supplemental Schedule to this tariff sets forth the rates for each rate class for the specified period. These rates are subject to change at the end of the period specified in the Supplemental Schedule. The Company will file a new Supplemental Schedule for the next pricing period prior to the expiration of the current period.

The rates for each rate class shall be as follows:

Residential Group (Rates A-16, A-60). The rate applicable to this class shall be a fixed price that represents a weighted average of the actual monthly contract prices over the period specified in the Supplemental Schedule, plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Deleted: Small CustomerDeleted: .C-06, S-10 and S-14

Commercial Group (Rates C-06, G-02, S-06, S-10, S-14). There are two rate options available to customers in the Commercial Group. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six month period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the six month period specified in the Supplemental Schedule.

Deleted:

Fixed Price Option: represents a weighted average of the applicable winning bid over six months plus an estimate of the costs of any supply not procured through

Deleted: 2039

Deleted: 2012

**NARRAGANSETT ELECTRIC COMPANY
TARIFF FOR STANDARD OFFER SERVICE**

full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Variable Price Option: represents the actual monthly price from the applicable winning bid for each month of the same six month period plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Customers in the Commercial Group have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Standard Offer Service unless and until they begin taking Generation Service from a Non-regulated Power Producer. Customers in the Commercial Group may make this election at the time they are first placed on Standard Offer Service or at any time after service has commenced.

Customers may notify the Company at any time to elect a different pricing option. The switch will be made by the Company on the next scheduled meter read date after receiving the notice, provided that the Company has received notice no later than two business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

Industrial Group (Rates B-32, G-32, B-62, G-62 and X-01). The rates applicable to this class shall be fixed monthly prices and represent the actual monthly contract prices for each month of the period specified in the Supplemental Schedule.

Deleted: Large Commercial & Industrial

Deleted: G-02.

TERMINATION OF STANDARD OFFER SERVICE

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the Company’s Terms and Conditions for Non-regulated Power Producers.

There shall be no fee for terminating Standard Offer Service.

BILLING ADJUSTMENT WHEN LEAVING STANDARD OFFER SERVICE

Customers in the Residential Group and customers in the Commercial Group billed under the Fixed Price Option who leave Standard Offer Service to receive Generation Service from a Nonregulated power producer shall be subject to a billing adjustment for the time they were billed under the Standard Offer Service rate during the current pricing period. Specifically, the

Deleted:

Deleted: Small Customers

Deleted: -

billing adjustment shall be based on the difference between the Standard Offer Service rate in effect for the current pricing period and the actual monthly contract rates for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit.

RATE CHANGES

The rates set forth in this tariff are effective for usage on and after the Effective Date. Any changes will be filed with the Commission and are subject to Commission review and approval.

Effective Date April 1, 2011

Deleted: : March 1,

Deleted: 2010