

November 7, 2012

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

**Re: Docket 4227 and Docket 4315: Renewable Energy Procurement Plan
Rhode Island RES RFP Summary
And Request for Confidential Treatment**

Dear Ms. Massaro:

Enclosed in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure are ten copies of a redacted Summary of the request for proposal ("RFP") process to provide NEPOOL-GIS certificates in Rhode Island. This RFP was conducted by The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company") pursuant to its Renewable Energy Procurement Plans ("Plans") approved by the Commission at its Open Meetings on July 29, 2011 in Docket 4227 and June 12, 2012 in Docket 4315. As part of the Plans, National Grid committed to file with the Commission a summary of the RFP. This summary contains the additional information requested in the Commission's September 26, 2012 letter to the Company in these dockets.

National Grid respectfully requests confidential and privileged treatment of the unredacted version of Attachment 1 described below. This attachment contains commercially sensitive market information, the disclosure of which could affect the balance of the renewable energy certificate markets as well as National Grid's ability to negotiate competitive terms with its renewable suppliers. In compliance with Rule 1.2(g), National Grid is providing one complete unredacted copy of the confidential documents in a sealed envelope marked "**Contains Privileged and Confidential Materials – Do Not Release.**" Copies of the confidential, unredacted documents have also been provided to Steve Scialabba representing the Division of Public Utilities and Carriers.

National Grid is hereby filing the following attachment for the Commission's information:

Attachment 1-A confidential summary of the Request for Proposal ("RFP") process to provide NEPOOL-GIS certificates in Rhode Island identifying the key actions taken by National Grid to procure such certificates.

Luly Massaro, Commission Clerk
Docket 4227 – 2012 Renewable Energy Procurement Plan
Docket 4315 – 2013 Renewable Energy Procurement Plan
November 7, 2012
Page 2

National Grid has included redacted versions of the RFP Summary for the public record. National Grid will provide copies of the unaccepted bids to the Participating Purchasers that have signed confidentiality agreements with the Company.

Thank you for your attention to this filing. Please feel free to contact me if you have any questions concerning this matter at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4227 Service List
Docket 4315 Service List
Steve Scialabba (w/confidential attachments)

NATIONAL GRID
RENEWABLE ENERGY CERTIFICATE
PROCUREMENT SUMMARY
NOVEMBER 2012
FOR THE NARRAGANSETT ELECTRIC COMPANY
FOR THE OBLIGATION YEARS 2012 & 2013

1. RFP Issued

The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) issued its Request for Proposals to Provide NEPOOL-GIS Certificates in Compliance with the Rhode Island Renewable Energy Standard (“RFP”) on October 19, 2012 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 website. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

The procurement was conducted in accordance with the Company’s 2012 Renewable Energy Procurement Plan filed on March 1, 2011 (approved July 29, 2011) and the 2013 Renewable Energy Procurement Plan filed on February 28, 2012 (approved June 12, 2012) with the RIPUC and in compliance with the Renewable Energy Standard (“RES”).¹ The RIPUC issued written orders for the 2012 Plan on September 20, 2011 (Order No. 20478) and the 2013 Plan on August 10, 2012 (Order No. 20795).

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 years 2012 and 2013.

The quantity of RECs specified in the Procurement Plan was updated to include reconciled load data through June 30, 2012, initial loads through September 30, 2012 and estimated loads for the remainder of the 2012 and 2013 RES obligations. A calculation of the quantities of RECs requested is provided in Exhibit 1.

2. Key RFP Dates

The RFP was issued on October 19, 2012.

¹ R.I.G.L. § 39-26-1, et seq., Renewable Energy Standard.

Respondent Proposal Information and proposed contract modifications were received on November 2, 2012.

Pricing was received on November 6, 2012 from [REDACTED]. The bidders were:

[REDACTED]

A summary of the bids received is found in Exhibit 2.

Respondents were informed of awards on November 6, 2012.

3. Contract Submissions

[REDACTED] submitted contract comments to National Grid in the form of proposed revisions to the Certificate Purchase Agreement. These comments were similar to previous agreements with bidders.

4. Award of New Renewable RECs

[REDACTED] 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

[REDACTED] 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 November 6, 2012, National Grid shared the REC bids with Division Staff for review.

Exhibit 5 is a list of the winning bidders by REC type and year. National Grid expects to purchase a total of [REDACTED] RECs at a cost of [REDACTED]. The following is a summary of the RECs procured in this RFP.



7. Procurement Process Analysis

The Company received offers for [REDACTED] in this RFP. [REDACTED] provided REC offers from new renewable resources. This compares to [REDACTED] that provided offers in the previous REC RFP on June 4, 2012 for 2012 New RECs.

[REDACTED] provided REC offers from existing renewable resources. This compares to [REDACTED] that provided offers in the previous REC RFP on June 4, 2012 for 2012 Existing RECs.



Exhibit 6 is a graphical summary of:

- the number of RECs procured in this RFP;
- the number of RECs procured in previous RFPs (or via unsolicited brokers);
- RECs forecasted to be provided via Long Term Contracts; and
- the estimated balance of RECs that must be procured to satisfy the RES obligations.

Exhibit 7 summarizes the amount of RES-compliant RECs created within the NEPOOL Generator Information System (“GIS”) for the current year-to-date as well as for 2011.⁴ Exhibit 8 lists the Tier 1

² Each REC represents 1 megawatt-hour (MWh) of load.

³ Contracts entered to comply with the Long-Term Contracting Standards for Renewable Energy Act, Distributed Generation Standards Contract Act, the Net Metering Law, and the Qualifying Facilities Power Purchase Rate Tariff.

⁴ <https://www.nepoolgis.com/myModule/rpt/myrpt.asp?r=107&TabName=RPS>

Renewable Portfolio Standards (“RPS”) obligation percentages in the New England states. Some states have very similar RPS eligibility requirements to those in other states. This allows certain RECs to be qualified to satisfy RPS obligations in multiple states. These classes are often referred to as Tier 1 RECs. These RECs are the most widely traded in the region and often have similar prices.

There were [REDACTED] unsolicited REC offers since the last Procurement Summary filing on June 13, 2012.

EXHIBIT 1
CALCULATION OF REQUESTED RECs

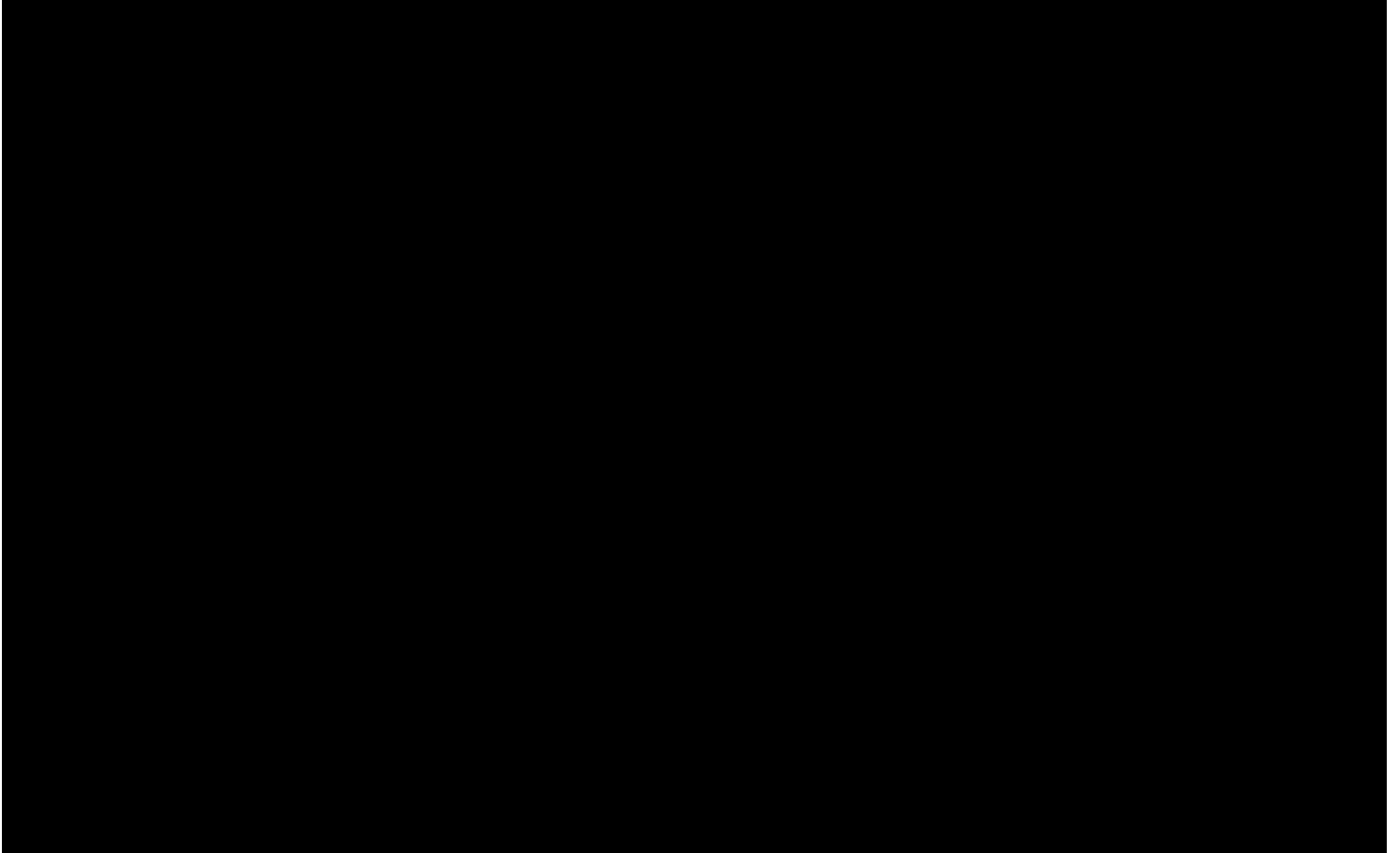


EXHIBIT 2
SUMMARY OF BIDS RECEIVED

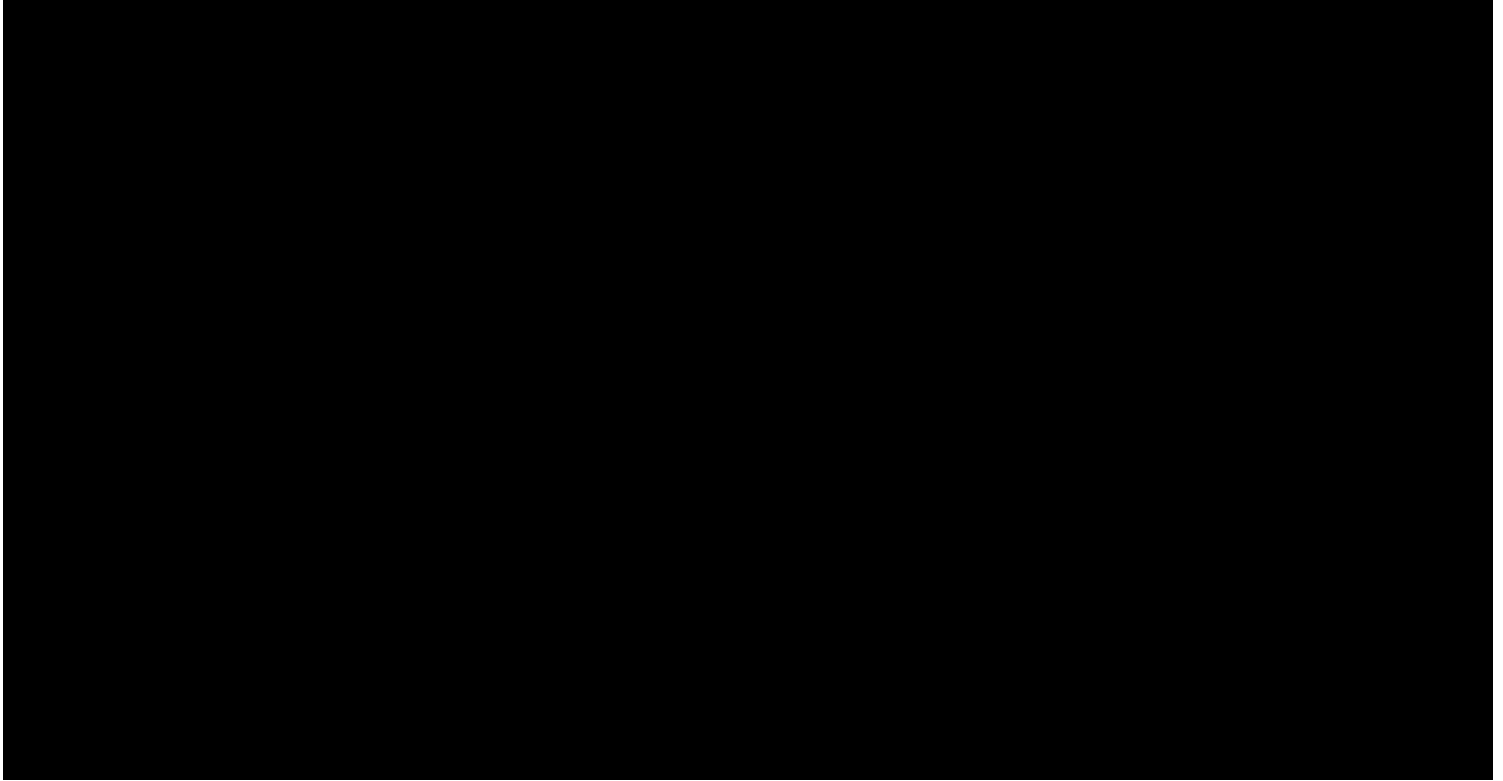


EXHIBIT 3
ANALYSIS OF NEW RENEWABLE REC BIDS
BID STACK

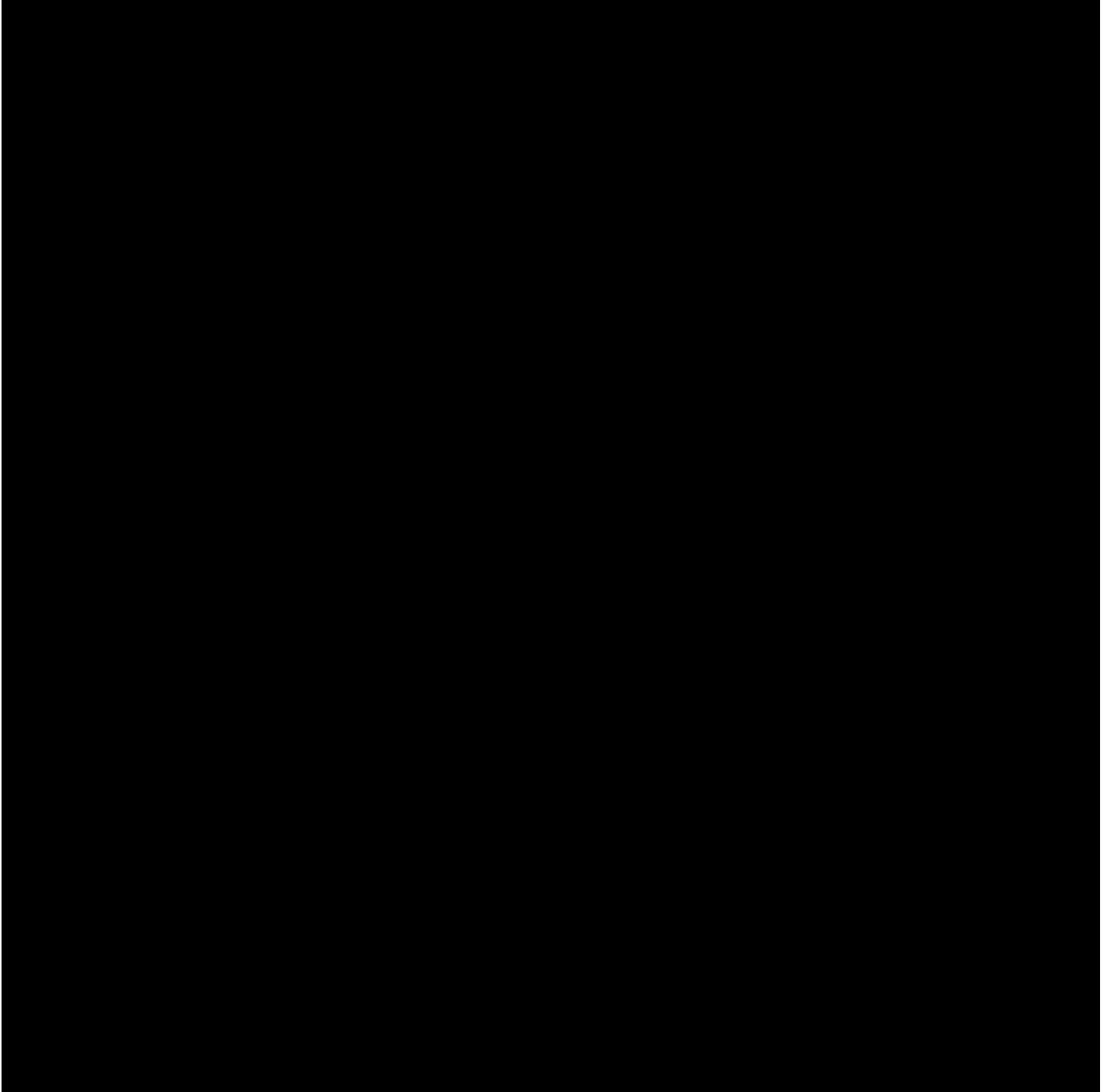


EXHIBIT 4
ANALYSIS OF EXISTING RENEWABLE REC BIDS
BID STACK

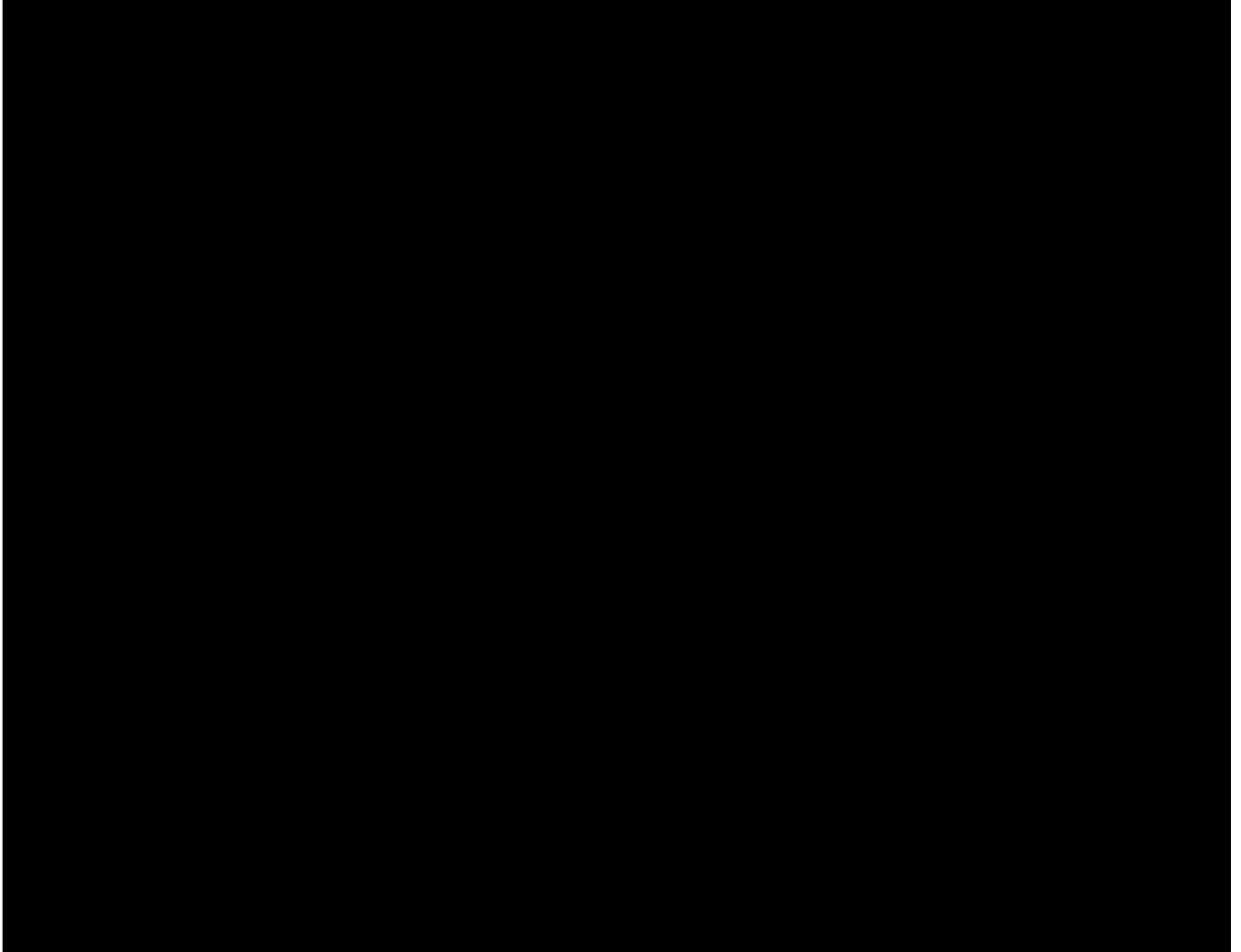


EXHIBIT 5
SUMMARY OF WINNING BIDS

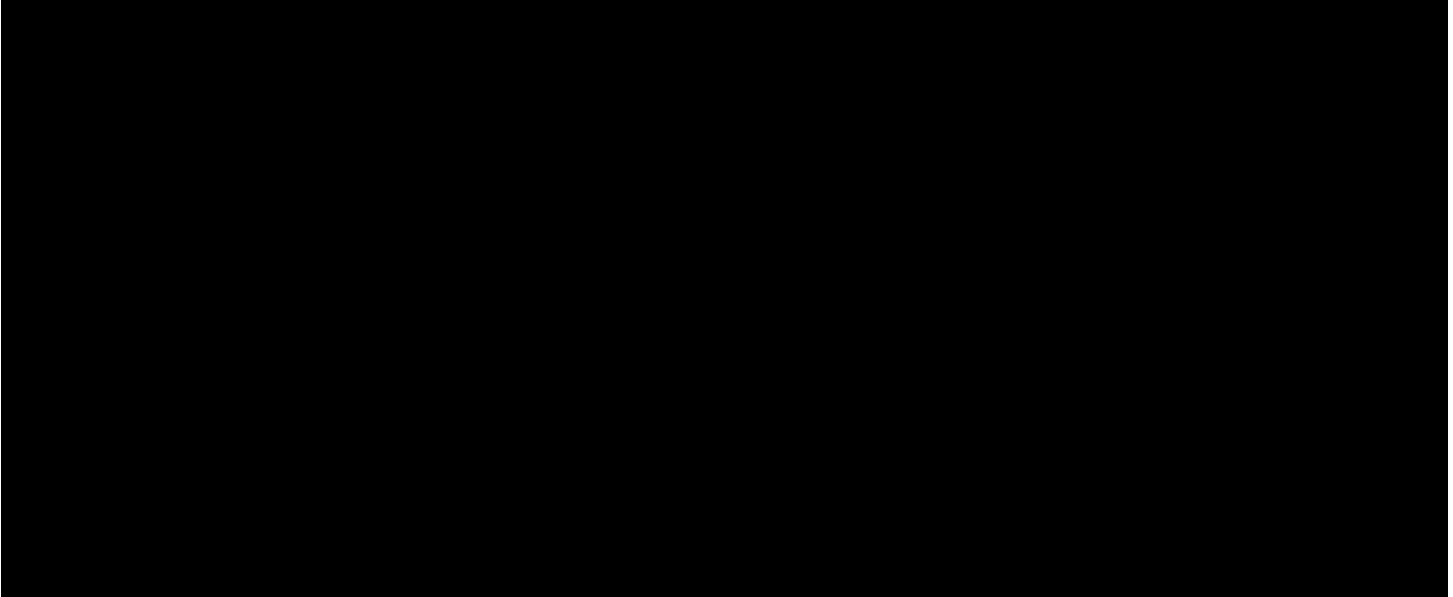


EXHIBIT 6
REC PROCUREMENT PLAN STATUS

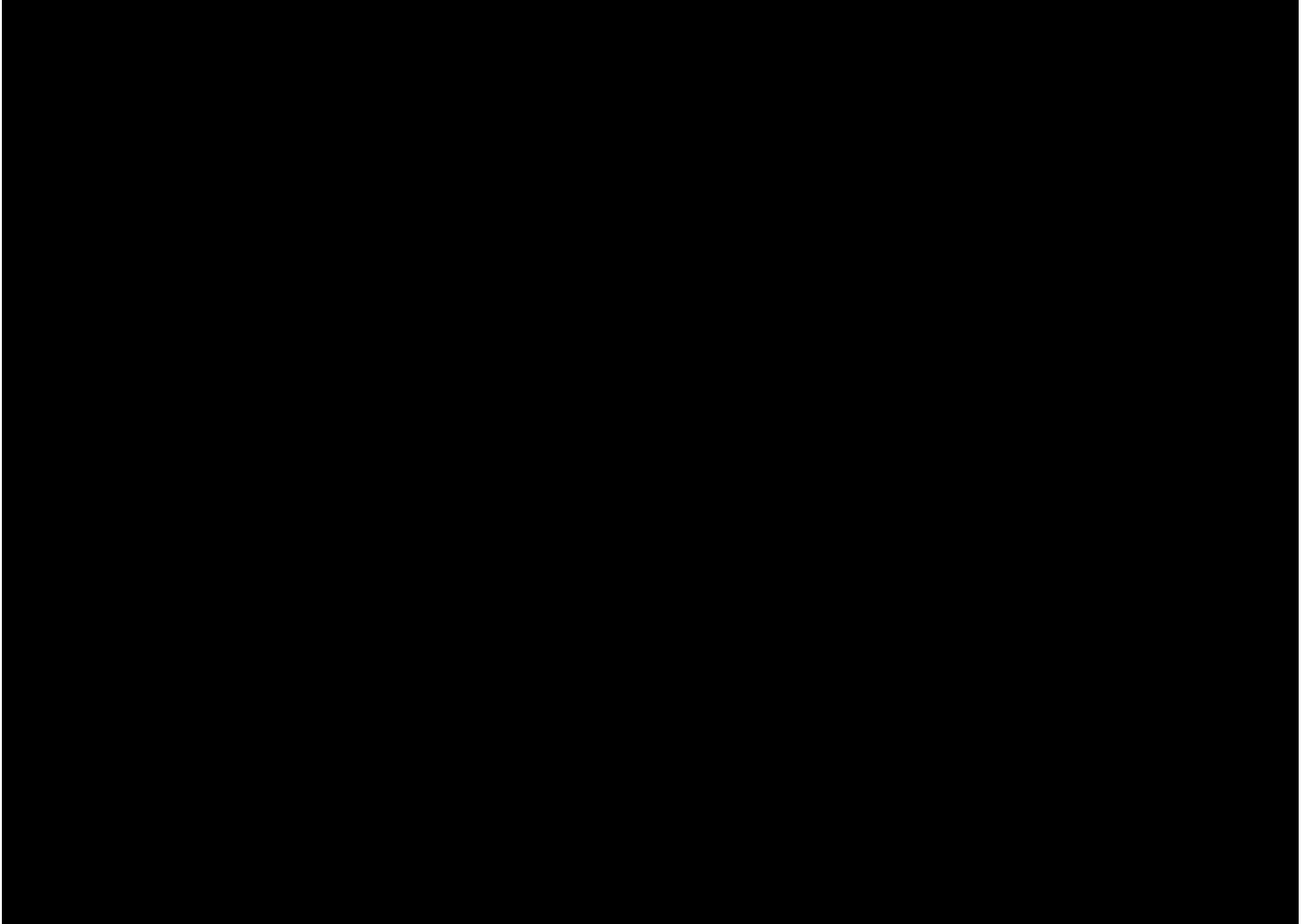


EXHIBIT 7
GIS CERTIFICATE STATISTICS REPORTS

Quarter	RPS Eligible	# Certificates
2011 Q1	NEW	328,506
2011 Q2	NEW	267,657
2011 Q3	NEW	268,643
2011 Q4	NEW	374,532
		1,239,338

Quarter	RPS Eligible	# Certificates
2011 Q1	EXISTING	523,841
2011 Q2	EXISTING	602,061
2011 Q3	EXISTING	367,823
2011 Q4	EXISTING	588,019
		2,081,744

Quarter	RPS Eligible	# Certificates	Year Over Year Change	Year Over Year Change %
2012 Q1	NEW	381,871	53,365	16%
2012 Q2	NEW	336,979	69,322	26%
2012 YTD		718,850	122,687	21%

Quarter	RPS Eligible	# Certificates	Year Over Year Change	Year Over Year Change %
2012 Q1	EXISTING	553,816	29,975	6%
2012 Q2	EXISTING	521,248	(80,813)	-13%
2012 YTD		1,075,064	(50,838)	-5%

EXHIBIT 8
NEW ENGLAND TIER 1 RPS OBLIGATIONS

	RI	MA*	NH**	ME	CT
2010	2.50%	5.00%	1.00%	3.00%	7.00%
2011	3.50%	6.00%	2.00%	4.00%	8.00%
2012	4.50%	7.00%	3.00%	5.00%	9.00%
2013	5.50%	8.00%	4.00%	6.00%	10.00%
2014	6.50%	9.00%	5.00%	7.00%	11.00%
2015	8.00%	10.00%	6.00%	8.00%	12.50%

* Includes the Solar Carve-Out Minimum Standard

** Includes thermal energy requirement