

May 26, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket No. 4227
2012 Standard Offer Service Procurement Plan and
2012 Renewable Energy Standards Procurement Plan

Dear Ms. Massaro:

Enclosed are the responses of National Grid¹ to the Division's second set of data requests in the above-referenced docket. This filing is also accompanied by a Motion for Protective Treatment in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure and R.I.G.L. §38-2-2(4)(i)(B). Consequently and pursuant to Commission rules, the Company has provided the Commission with one copy of the confidential materials for its review, and has otherwise included redacted copies of those materials.

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.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

National Grid

2012 Standard Offer Service Procurement Plan

Docket No. 4227

2012 Renewable Energy Standards Procurement Plan

**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 May 26, 2011, the Company filed with the Commission its responses to Divisions Data Requests Set 2. The Company’s responses contain financial information and data contained in publications that are subject to subscription agreements (attachments to DIV 2-1), identities of brokers that provide the Company with Rhode Island market prices (DIV 2-1), underlying data and source documents subject to subscription agreements, license agreements and or restrictive terms of use (attachment to DIV 2-4), confidential winning REC prices and confidential RES pricing from the Company’s SOS RFPs (DIV 2-6). The Company also seeks confidential treatment for

proprietary, broker sheets and brokers' identities, the identities of certain companies in order to protect their pricing information for delivered volumes that are identified in the report. This 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

The SNL REC Index is a publication that is the subject of subscription agreements that for confidentiality and restricted and other confidentiality agreements between the Company. With respect to the broker sheets, the Company has redacted broker names to prevent the situation where FRS suppliers view these broker sheets as guidance prior to submitting a bid. Similarly, the Company seeks confidential treatment on winning bids from prior RFPs. Release of this type of information would be commercially harmful to the Company and to its customers since potential bidders could

use this information in such a way that would impede the Company's ability to obtain the best possible bid for its customers.

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: May 26, 2011

Division 2-1

Request:

Regarding the Company's response to DIV 1-5, please describe fully what the "SNL REC Index" is, including the specific REC products for which prices are included in this index. Provide any data on market prices for RECs obtained by the Company during the last year.

Response:

SNL Financial LC is a financial information firm that publishes news and analysis for several industries including energy. Subscribers can access a weekly article that summarizes the activity in the emission and REC markets. This article also includes a table of the SNL RECs Index, which displays REC prices for different jurisdictions, vintages, and prices. SNL compiles this table with data from four brokers.

At this time, the SNL RECs Index includes both RI New and RI Existing REC prices for 2011.

The content on the SNL website is the property of SNL Financial LC. Attached are all articles obtained by the Company in the last year. The first article was for the week ending December 10, 2010.

The attached articles are to be treated as confidential and should not be released.

Attachment Division 2-1

REDACTED

Division 2-2

Request:

Please list all sources of information used by NGRID to obtain data on REC market prices.

Response:

The Company obtains Rhode Island REC market prices from three brokers and from the SNL website. The only brokers that provide the Company with Rhode Island market prices are [REDACTED]

The Company believes that it is in the best interest of its customers if the names of these brokers are kept confidential.

As stated in the testimony of Margaret M. Janzen, the Company compares RES pricing submitted by FRS bidders to the most recent market prices. If the Company has not recently held a solicitation for RECs, it will obtain REC market prices from the most recent broker sheets, which are usually issued daily. If the broker names are released, FRS suppliers may view these broker sheets prior to the RFP and determine a RES price to beat. The FRS suppliers may simply provide a price slightly lower than this price rather than submit their lowest possible bid. Therefore, Standard Offer Service customers would benefit most if the FRS suppliers provide their best bid without knowing the identity of the Company's sources.

Division 2-3

Request:

The graph on page 1 of the Company's response to DIV 1-5 appears to show five to seven Price Sources. Please describe each of these Price Sources and what data the Company receives from them.

Response:

The graph on page 1 of the Company's response to DIV 1-5 includes four price sources: the SNL RECs Index and three brokers. The brokers are identified in the response to Division Data Request 2-2. These sources include REC prices for various jurisdictions, REC classes and vintages, including RI New and Existing RECs.

Division 2-4

Request:

Please provide the underlying data and the source documents used to produce the two graphs on page 2 of the Company's response to DIV 1-5.

Response:

These confidential underlying data and source documents are attached. The Company's access to and use of this information is subject to subscription agreements, license agreements and/or terms of use that restrict how the information may be used and distributed. Therefore, the Company requests that these materials be treated confidentially and not released.

Some of the source documents are not available because they can no longer be accessed on the internet. Data from those sources was recorded in spreadsheets by the Company when available for its own future reference. The first graph labeled "RI New Class – Average Midpoint Price of Bid-Ask Spread" is based on an average of available broker prices.

Attachment Division 2-4

REDACTED

Division 2-5

Request:

Does NGRID use market data from the Chicago Climate Future Exchange? Please explain why or why not.

Response:

The Chicago Climate Future Exchange does not list REC pricing for Rhode Island. Therefore the Company does not utilize the exchange in the procurement of RI RECs. The exchange only lists RECs that satisfy the Renewable Portfolio Standards of New Jersey, Connecticut, and Massachusetts.

Division 2-6

Request:

Regarding the Company's response to DIV 1-6, please provide the source data used to reach the conclusion that RES pricing from the August 12, 2010 stand-alone REC RFP was lower than RES pricing from FRS bidders.

Response:

To make a comparison of the two REC procurement methods, the RECs procured in the August 12, 2010 RFP must be converted to the same format as RES pricing in the SOS RFP. The following illustration utilizes the winning REC prices in the REC RFP to construct a RES Adder of [REDACTED]. The Confidential results of this RFP were filed with the Commission in Docket No. 4041.

Section 1: Calculation of RES New Renewable Generation Resource Charge

- (1) Load-weighted REC purchase price.
- (2) RES New Renewable Generation Resource Obligation
- (3) Incremental Cost - \$/MWh

Section 2: Calculation of RES Existing Renewable Generation Resource Charge

- (1) Load-weighted REC purchase price.
- (2) RES Existing Renewable Generation Resource Obligation
- (3) Incremental Cost - \$/MWh

Section 3: Calculation of RES Adder

- (4) Sum of New and Existing Incremental Costs - \$/MWh

[REDACTED]
2.5%
[REDACTED]
[REDACTED]
2.0%
[REDACTED]
[REDACTED]

Notes

- (1) August 12, 2010 REC RFP load-weighted prices for 2010 Vintage.
- (2) From Rules and Regulations Governing the Implementation of a Renewable Energy Standard
- (3) Line (1) multiplied by Line (2)
- (4) Sum of all Line 3's

Confidential RES pricing submitted via the SOS RFPs were included in the Standard Offer Service Rates filings in Docket No. 4041. Below is a summary of the RES pricing submitted by the winning SOS bidders.

Division 2-6 (continued)

RFP Final Bid Date	Supplier	RES Price
11/12/2009	[REDACTED]	[REDACTED]
02/17/2010	[REDACTED]	[REDACTED]
05/12/2010	[REDACTED]	[REDACTED]
08/18/2010	[REDACTED]	[REDACTED]

The [REDACTED] RES price resulting from the REC RFP is lower than all bids from the winning SOS suppliers.

Division 2-7

Request:

Regarding the Company's response to DIV 1-7, please explain why the Company will seek "flat" bid prices for residential SOS power supplies and not seek "flat" bid prices for commercial SOS power supplies.

Response:

The Company proposes "flat" bid prices to better align the supply costs paid to the FRS suppliers with the Company's revenues received through "flat" residential customer Standard Offer Service rates. Better aligning costs with revenue would minimize deferrals and result in less volatility of the residential customers' Standard Offer Service rates through the application of the Standard Offer Adjustment Factor, which recovers, or refunds, any under or over collection of Standard Offer Service costs.

Unlike the residential customers, most commercial customers are defaulted to the Variable Price Option, which is a monthly Standard Offer Service rate. Rate C-06 customers are defaulted to the Fixed Price Option, which is a "flat" Standard Offer Service rate. While all commercial customers have the option to choose between the two rates structures, approximately 63% of the total commercial group's volume is recovered through the Variable Price Option. The Company believes its current contract pricing better aligns the commercial group's costs with revenue, therefore the Company plans to continue to use "shaped" bids prices for this group.

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted and sent via U.S. Mail to the individuals listed below. Copies of this filing were hand delivered to the RI Public Utilities Commission.



May 26, 2011

**Docket No. 4227 National Grid – 2012 SOS and RES Procurement Plans
Service List updated 4/1/11**

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