

January 27, 2014

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

**Re: Docket 4315 and Docket 4393: 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 June 12, 2012 in Docket 4315 and June 28, 2013 in Docket 4393. As part of the Plans, National Grid committed to file with the Commission a summary of the RFP.

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  
Dockets 4315 and 4393 - Renewable Energy Procurement Plan  
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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 4315 Service List  
Docket 4393 Service List  
Steve Scialabba (w/confidential attachments)

**NATIONAL GRID**  
**RENEWABLE ENERGY CERTIFICATE**  
**PROCUREMENT SUMMARY**  
**JANUARY 2014**  
**FOR THE NARRAGANSETT ELECTRIC COMPANY**  
FOR THE OBLIGATION YEARS 2013 & 2014

**1. RFP Issued**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) issued its Request for Proposals (“RFP”) to Provide NEPOOL-GIS Certificates in Compliance with the Rhode Island Renewable Energy Standard (“RES”)<sup>1</sup> on January 8, 2014 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 2013 Renewable Energy Procurement Plan filed on February 28, 2012 (approved June 12, 2012) and the 2014 Renewable Energy Procurement Plan filed on March 1, 2013 (approved June 28, 2013) with the RIPUC and in compliance with the RES. The RIPUC issued written orders for the 2013 Plan on August 10, 2012 (Order No. 20795) and the 2014 Plan on July 2, 2013 (Order No. 21094).

The RFP sought a specified quantity of 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 2013 and 2014.

The quantity of RECs specified in the Procurement Plans were updated to include reconciled load data through September 30, 2013, initial loads through December 31, 2013 and estimated loads for 2014 RES obligations. A calculation of the quantities of RECs requested is provided in Exhibit 1.

**2. Key RFP Dates**

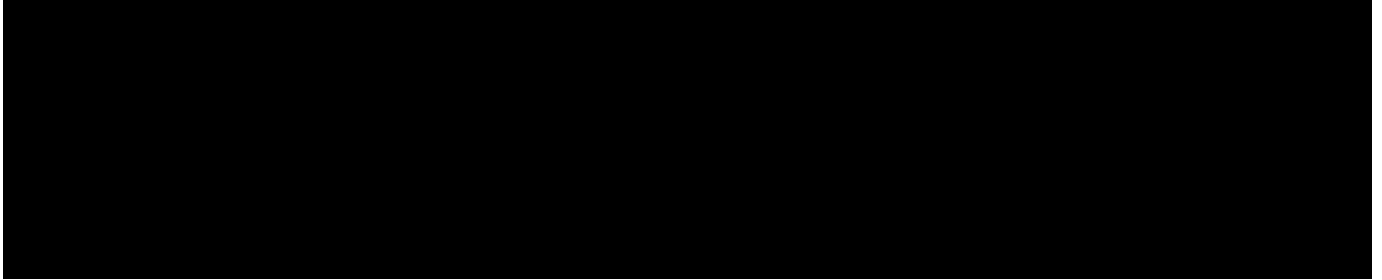
The RFP was issued on January 8, 2014.

Respondent Proposal Information and proposed contract modifications were received on January 21, 2014.

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

Pricing was received on January 23, 2014 from [REDACTED] suppliers. The bidders were:



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

The respondents were informed of awards on January 23, 2014.

### 3. Contract Submissions

[REDACTED] bidders 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 the bidders.

### 4. Award of New Renewable RECs

[REDACTED] bidders provided offers to sell National Grid RECs from New renewable resources. Exhibit 3 provides 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.

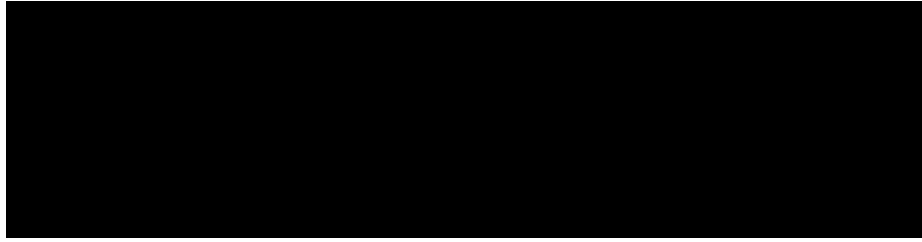
### 5. Award of Existing Renewable RECs

[REDACTED] 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 January 23, 2014, National Grid shared the REC bids with Division Staff for review.

Exhibit 5 is a list of the winning bids 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**

National Grid received offers for [REDACTED] in this RFP. As a result, the Company awarded [REDACTED] New RECs for 2013. With this RFP, the Company estimates it has procured [REDACTED] of the New RECs needed to meet its estimate of the 2013 New REC obligation ([REDACTED] from the current and previous purchases and [REDACTED] from RECs provided by Long-Term Contracts<sup>2</sup>). The Company will know its exact 2013 RES obligation in April 2014 when the reconciled load volumes for December 2013 are calculated. The Company will then know if it [REDACTED]

[REDACTED] before the close of the trading period on June 15, 2014 using the approved methods as described in its procurement plan.

Also, the Company awarded [REDACTED] New RECs for 2014, which represents approximately [REDACTED] of the estimated 2014 RES obligation. The Company had already procured [REDACTED] from a previous RFP. The Company anticipates [REDACTED] of the 2014 RES New obligation will be met with New RECs provided via Long-Term Contracts and the remaining [REDACTED] through future RFPs.

The Company awarded [REDACTED] Existing RECs for 2013. At the conclusion of this solicitation, the Company estimates it has procured [REDACTED] of the Existing RECs needed to meet its estimate of the 2013 Existing REC obligation. The Company will procure the remaining [REDACTED] through future REC RFPs or through other market interactions as detailed in its procurement plan after the 2013 reconciled load volumes are calculated in April 2014. The Company does not procure its entire Existing REC obligation before the reconciled loads are published because the RES regulations do not allow the banking of Existing RECs. Thus, the final purchased amounts must be equal to the calculated final obligation to avoid buying more Existing RECs than necessary.

Finally, the Company awarded [REDACTED] Existing RECs for 2014 ([REDACTED] of the RFP request). The Company estimates it has procured [REDACTED] of its 2014 Existing REC obligation with the remaining [REDACTED] to be procured in future solicitations.

Exhibit 6 is a graphical summary of:

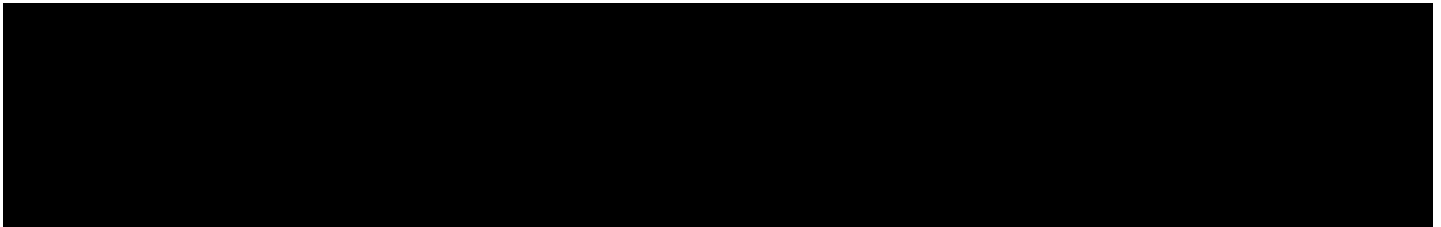
- the number of RECs procured in this RFP;
- the number of RECs procured prior to the RFP (previous RFPs, previous unsolicited purchases through brokers, RECs banked from previous compliance year);
- RECs forecasted to be provided via Long-Term Contracts; and
- the estimated balance of RECs that must be procured to satisfy the RES obligations.

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<sup>2</sup> Contracts entered to comply with the Long-Term Contracting Standards for Renewable Energy Act and the Distributed Generation Standards Contract Act.

Exhibit 7 summarizes the amount of RI RES-compliant RECs created within the NEPOOL Generator Information System (“GIS”) for 2013 to date, as well as for 2012 and 2011.<sup>3</sup> Exhibit 8 lists the Tier 1 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.

Since the last RES Procurement Summary filing on October 9, 2013, National Grid accepted two unsolicited offers for [REDACTED], both through offers presented to the Company by REC brokers. The accepted offers were as follows:



Both offers were evaluated to be priced “at market” on the date of acceptance (including broker fees, if any) based on RI REC market prices the Company receives daily from REC brokers. The offers were also within the range of REC offers accepted from the Company’s October 9, 2013 RES Procurement Summary.

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<sup>3</sup> <https://www.nepoolgis.com/myModule/rpt/myrpt.asp?r=107&TabName=RPS>

**EXHIBIT 1**  
**CALCULATION OF REQUESTED RECs**

**REDACTED DOCUMENT**

**Attachment 1**

National Grid: Page 6 of 12

Docket No. 4315

Docket No. 4393

**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	RI RES Eligible	# Certificates				Quarter	RI RES Eligible	# Certificates		
2011 Q1	NEW	328,506				2011 Q1	EXISTING	523,841		
2011 Q2	NEW	267,657				2011 Q2	EXISTING	602,061		
2011 Q3	NEW	268,643				2011 Q3	EXISTING	367,823		
2011 Q4	NEW	374,532				2011 Q4	EXISTING	588,019		
		<b>1,239,338</b>						<b>2,081,744</b>		
Quarter	RI RES Eligible	# Certificates				Quarter	RI RES Eligible	# Certificates		
2012 Q1	NEW	381,871				2012 Q1	EXISTING	553,816		
2012 Q2	NEW	336,979				2012 Q2	EXISTING	521,248		
2012 Q3	NEW	350,028				2012 Q3	EXISTING	280,746		
2012 Q4	NEW	427,644				2012 Q4	EXISTING	484,798		
		<b>1,496,522</b>						<b>1,840,608</b>		
Quarter	RI RES Eligible	# Certificates	Year Over Year Change	Year Over Year Change %		Quarter	RI RES Eligible	# Certificates	Year Over Year Change	Year Over Year Change %
2013 Q1	NEW	504,373	122,502	32%	vs 2012 Q1	2013 Q1	EXISTING	554,470	654	0%
2013 Q2	NEW	520,286	183,307	54%	vs 2012 Q2	2013 Q2	EXISTING	605,281	84,033	16%
2013 Q3	NEW	492,511	142,483	41%	vs 2012 Q3	2013 Q3	EXISTING	453,402	172,656	61%
<b>2013 TOTAL</b>		<b>1,517,170</b>	<b>448,292</b>	<b>42%</b>	<b>vs total through 2012 Q3</b>	<b>2013 TOTAL</b>		<b>1,613,153</b>	<b>257,343</b>	<b>19%</b>

**EXHIBIT 8**  
**NEW ENGLAND TIER 1 RPS OBLIGATIONS**

	<b>RI</b>	<b>MA*</b>	<b>NH**</b>	<b>ME</b>	<b>CT</b>
<b>2010</b>	2.50%	5.00%	1.00%	3.00%	7.00%
<b>2011</b>	3.50%	6.00%	2.00%	4.00%	8.00%
<b>2012</b>	4.50%	7.00%	3.00%	5.00%	9.00%
<b>2013</b>	5.50%	8.00%	4.00%	6.00%	10.00%
<b>2014</b>	6.50%	9.00%	5.00%	7.00%	11.00%
<b>2015</b>	<b>6.50%***</b>	10.00%	6.00%	8.00%	12.50%
<b>2016</b>	8.00%	11.00%	6.90%	9.00%	14.00%

\* Includes the Solar Carve-Out Minimum Standard

\*\* Includes thermal energy requirement

\*\*\* 2015 % for RI changed to reflect RI PUC decision to delay the RES increase for 2015 by one year as a result of the information provided in PUC Docket 4404 - Review into the Adequacy of Renewable Energy Supplies

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted to the individuals listed below. Copies of this filing were hand delivered to the Rhode Island Public Utilities Commission and to the RI Division of Public Utilities and Carriers.

\_\_\_\_\_  
Joanne M. Scanlon

January 27, 2014

Date

**Docket No. 4315 National Grid – 2013 SOS and RES Procurement Plans  
Service List updated 5/15/12**

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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 and to the RI Division of Public Utilities and Carriers.

January 27, 2014

\_\_\_\_\_  
Joanne M. Scanlon

**Docket No. 4393 - National Grid – 2014 SOS and RES Procurement Plans  
Service List updated 6/25/13**

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