

October 9, 2013

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
Docket Nos. 4315 and 4393
October 9, 2013
Page 2 of 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 4315 Service List
Docket 4393 Service List
Steve Scialabba (w/confidential attachments)

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

October 9, 2013

Date

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

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NATIONAL GRID
RENEWABLE ENERGY CERTIFICATE
PROCUREMENT SUMMARY
OCTOBER 2013
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 to Provide NEPOOL-GIS Certificates in Compliance with the Rhode Island Renewable Energy Standard (“RFP”) on September 19, 2013 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 Renewable Energy Standard (“RES”).¹ 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 May 31, 2013, initial loads through August 31, 2013 and estimated loads for the remainder of the 2013 RES obligations as well as estimated loads for 2014 RES obligations. A calculation of the quantities of RECs requested is provided in Exhibit 1.

2. Key RFP Dates

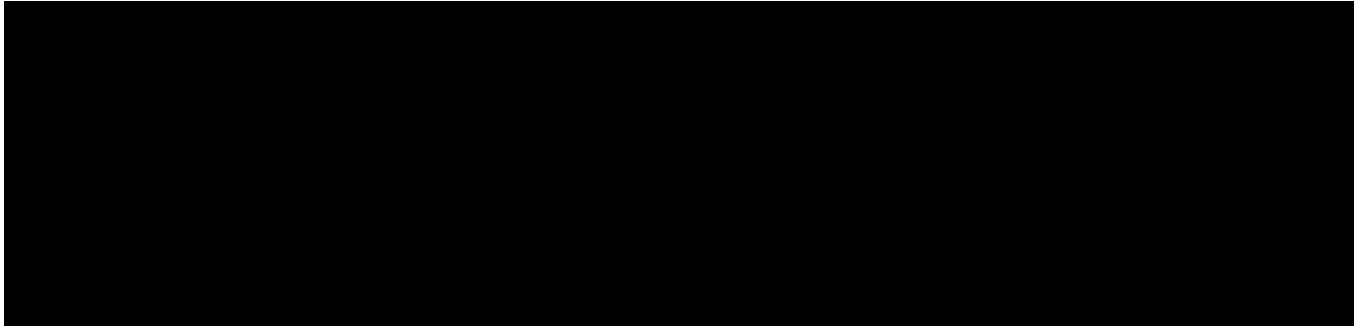
The RFP was issued on September 19, 2013.

Respondent Proposal Information and proposed contract modifications were received on October 1, 2013.

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

Pricing was received on October 4, 2013 from [REDACTED]

The bidders were:



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

The respondents were informed of awards on October 4, 2013.

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 October 4, 2013, 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. This summary of RECs also includes the [REDACTED]

7. Procurement Process Analysis

National Grid received offers for the [REDACTED]. [REDACTED] provided REC offers from Existing renewable resources for 2013, and [REDACTED] provided REC offers from Existing renewable resources for 2014. This compares to the similar level of participation in the previous REC RFP on May 15, 2013, in which [REDACTED] provided offers for 2012 Existing RECs and [REDACTED] provided offers for 2013 Existing RECs.

The Company awarded [REDACTED]. Also, the Company awarded [REDACTED].

National Grid awarded [REDACTED]

At the completion of this solicitation, 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 Contracts²).

[REDACTED] In the event that the amount of delivered 2013 New RECs from Long-Term Contracts are more or less than the estimated amounts, the Company will utilize the approved methods described in its procurement plan to manage the surplus or deficit of RECs in future solicitations.

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

Also, the Company awarded [REDACTED] for 2014, which represents approximately [REDACTED] % of the 2014 RES obligation. The Company anticipates [REDACTED] % of the 2014 RES New obligation will be met with New REC's provided via Long-Term Contracts and the remaining [REDACTED] % through future RFPs.

Exhibit 6 is a graphical summary of:

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

Exhibit 7 summarizes the amount of RES-compliant REC's created within the NEPOOL Generator Information System ("GIS") for 2013 to date, as well as for 2012 and 2011.³ 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 REC's to be qualified to satisfy RPS obligations in multiple states. These classes are often referred to as Tier 1 REC's. These REC's are the most widely traded in the region and often have similar prices.

[REDACTED] there were no other accepted unsolicited REC offers for RI REC's since the last Procurement Summary filing on May 16, 2013.

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

EXHIBIT 1
CALCULATION OF REQUESTED RECs

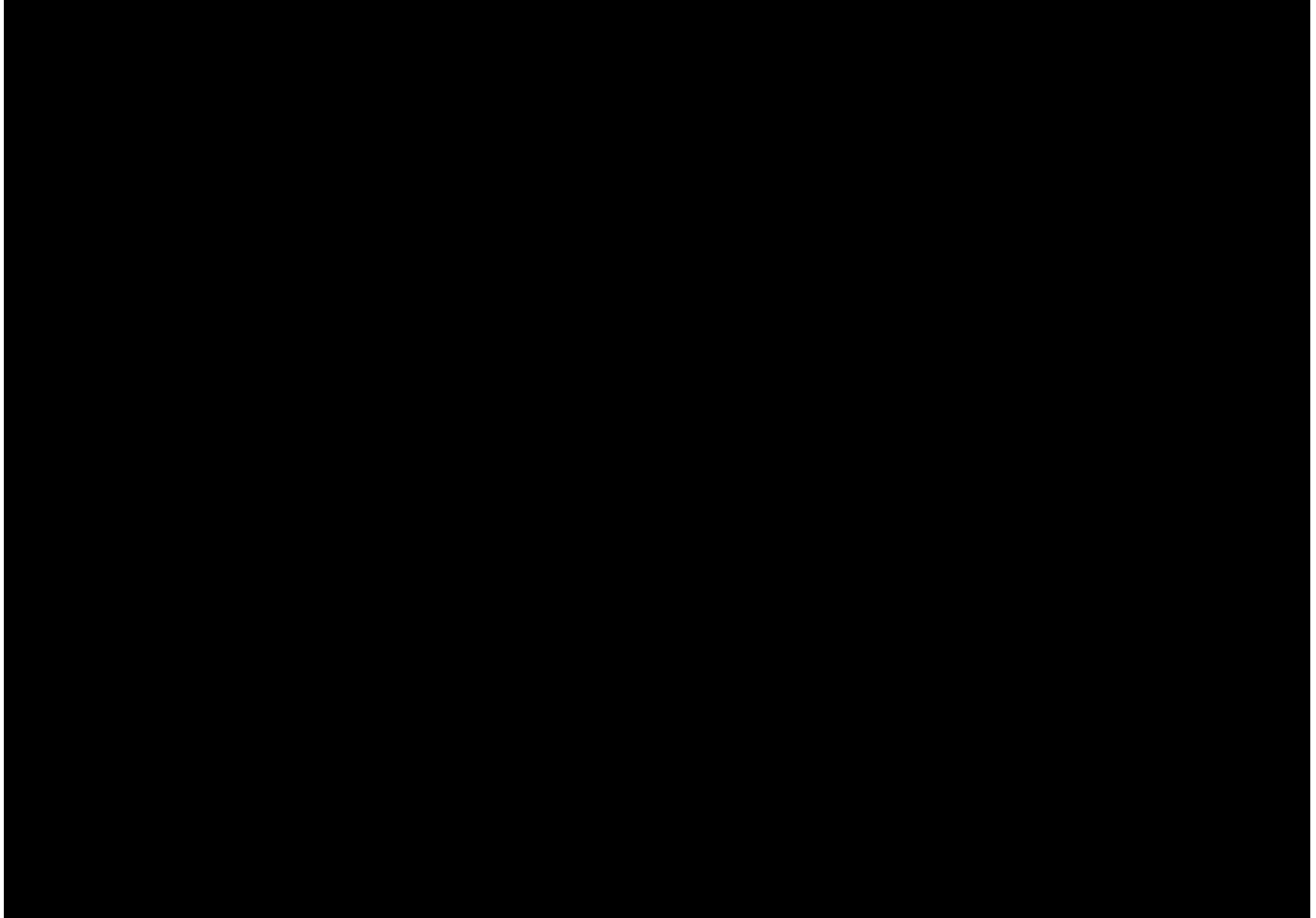


EXHIBIT 2
SUMMARY OF BIDS RECEIVED

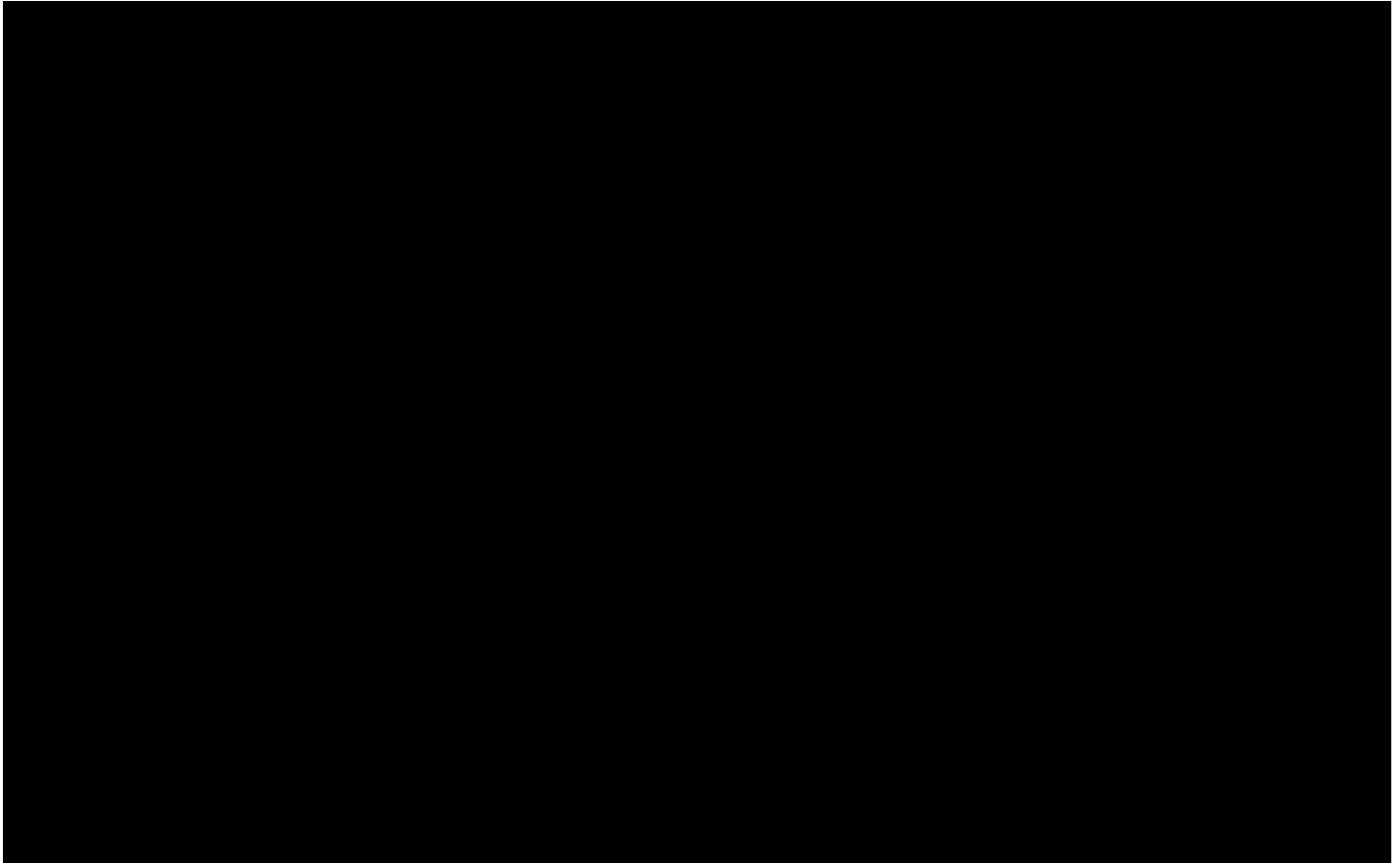


EXHIBIT 3
ANALYSIS OF NEW RENEWABLE REC BIDS
BID STACK

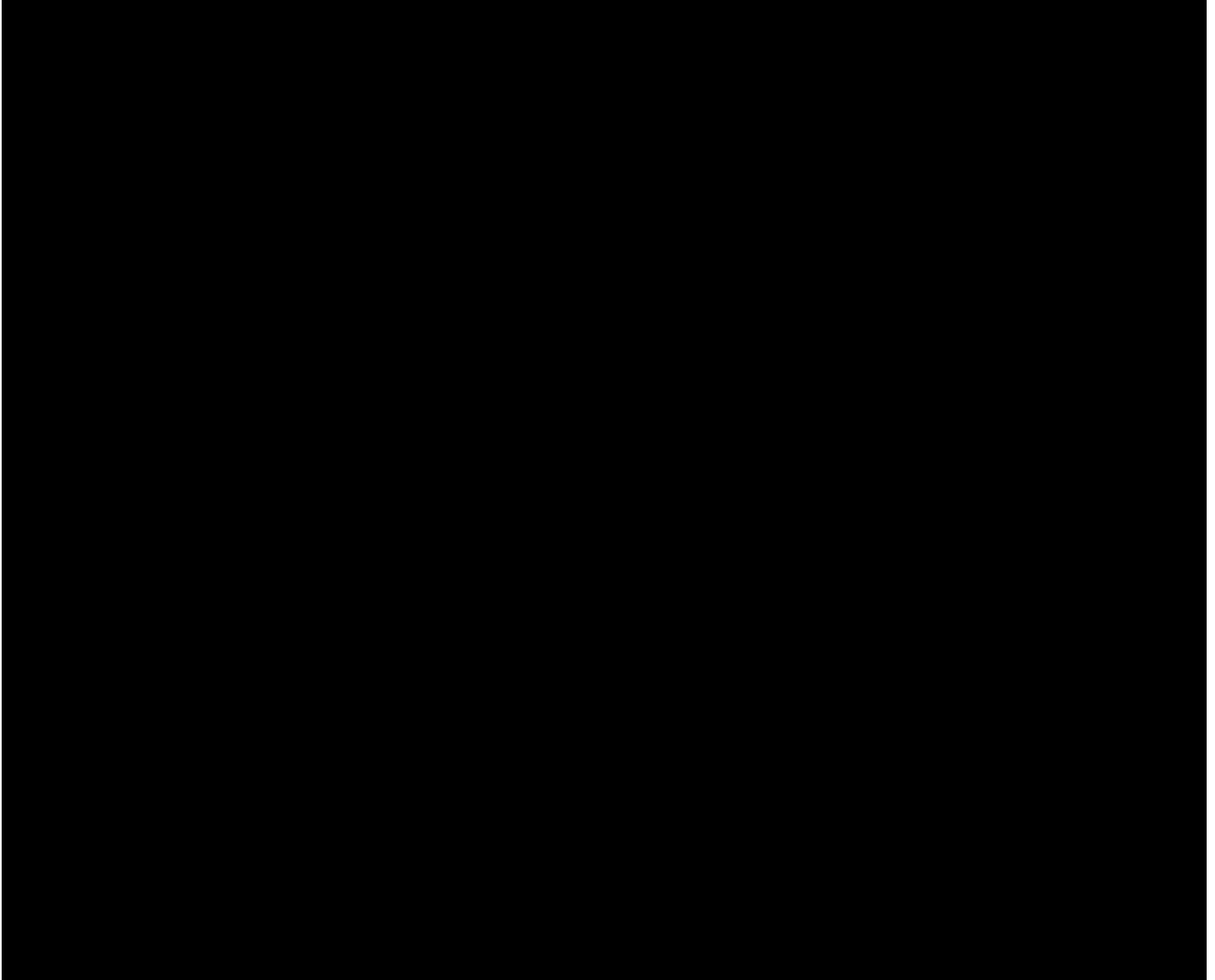


EXHIBIT 4
ANALYSIS OF EXISTING RENEWABLE REC BIDS
BID STACK

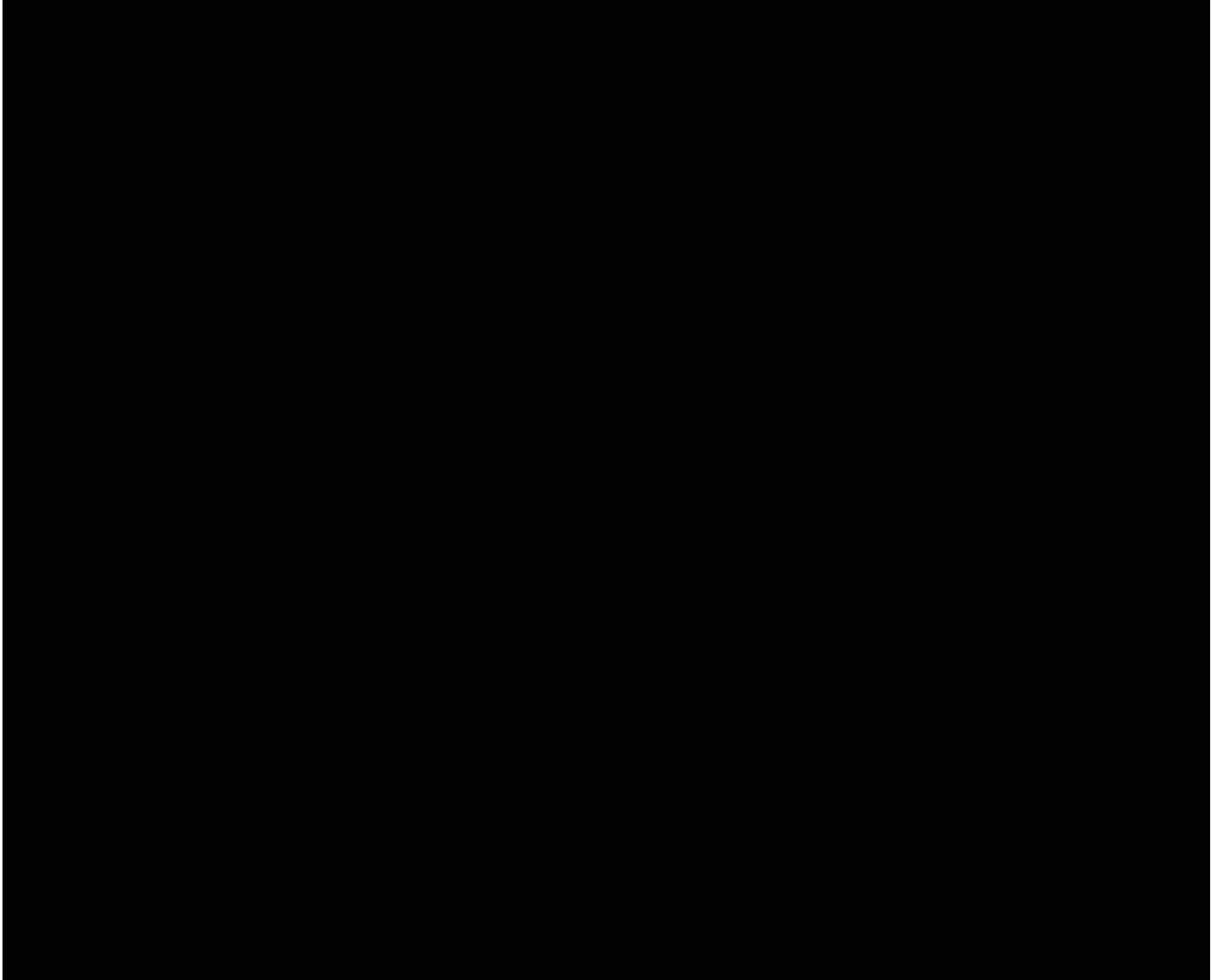


EXHIBIT 5
SUMMARY OF WINNING BIDS

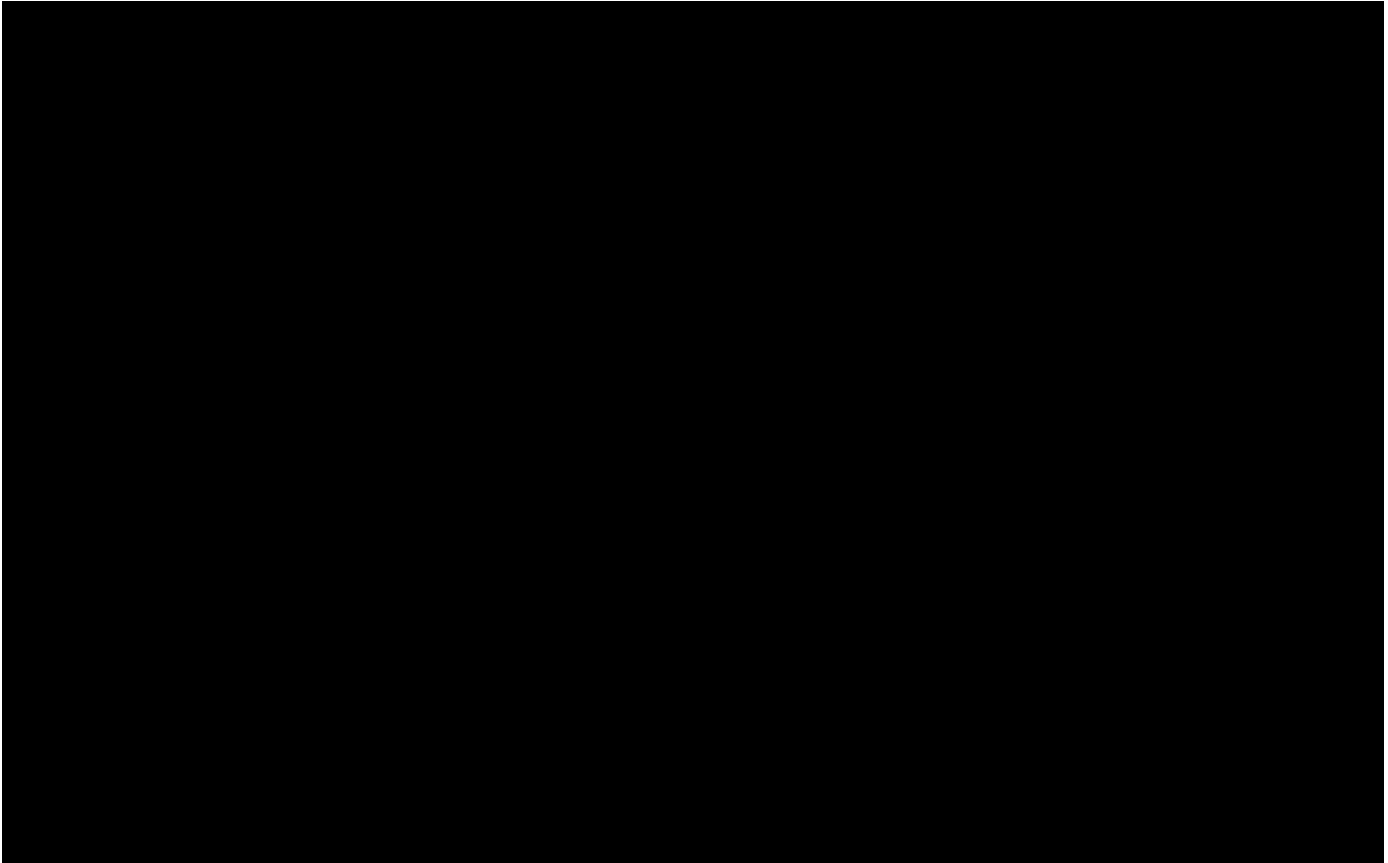


EXHIBIT 6
REC PROCUREMENT PLAN STATUS

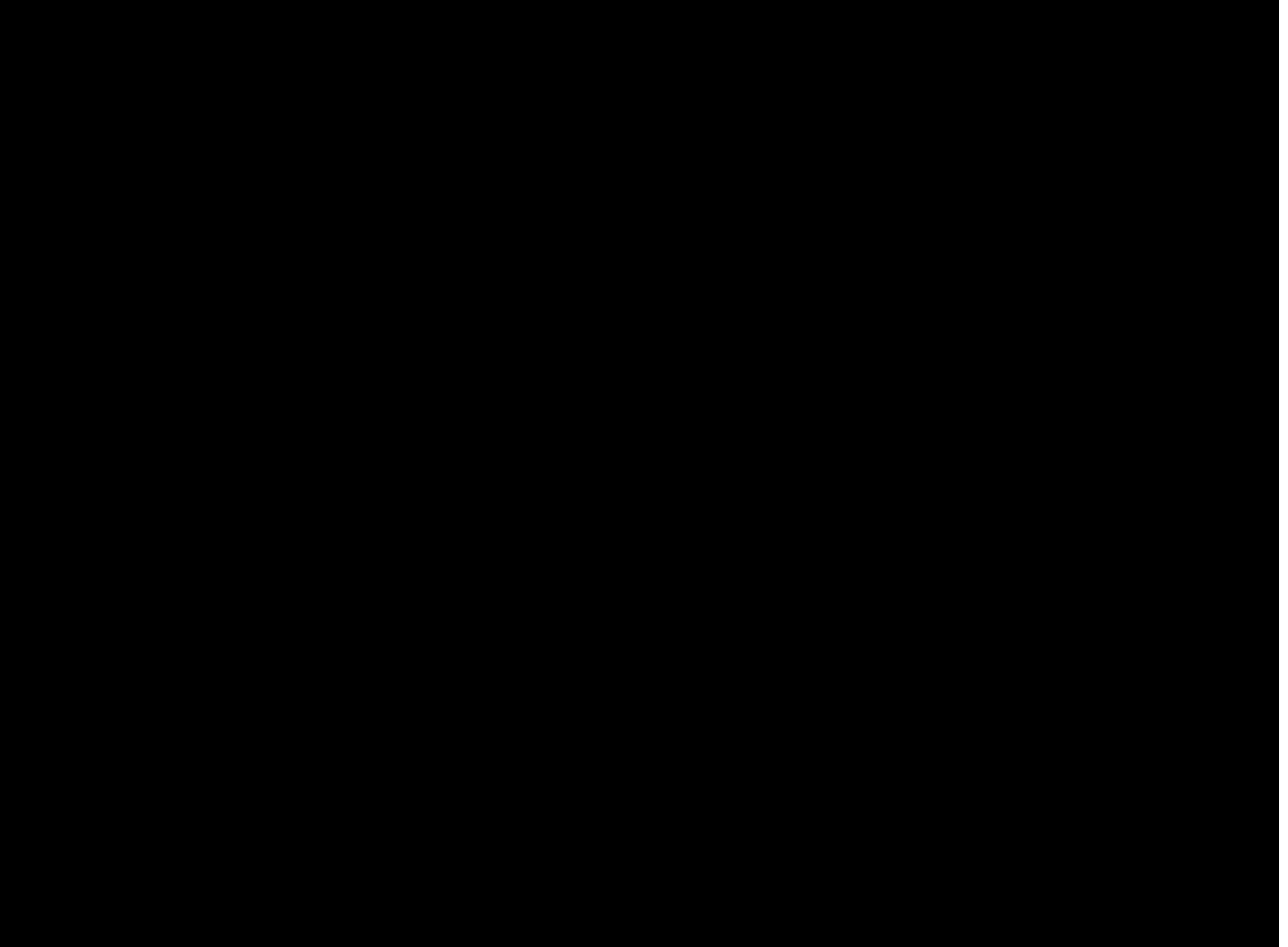


EXHIBIT 7
GIS CERTIFICATE STATISTICS REPORTS

Quarter	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		
		1,239,338						2,081,744		
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		
		1,496,522						1,840,608		
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 Q1	NEW	504,373	175,867	52%	vs 2011 Q1	2013 Q1	EXISTING	554,470	30,629	6%
2013 TOTAL		504,373				2013 TOTAL		554,470		

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%
2016	9.50%	11.00%	6.90%	9.00%	14.00%
* Includes the Solar Carve-Out Minimum Standard					
** Includes thermal energy requirement					