

October 18, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

Re: Docket No. 4315: Standard Offer Service Procurement Plan

Standard Offer Service Bids, Transaction Confirmations for the Industrial Group for December 2013 through March 2014, for the Commercial Group for January 2014 through June 2014, and for the Residential Group for January 2014 through December 2014, Request for Confidential Treatment, and Standard Offer Service Rates for the Industrial Group for December 2013 through March 2014.

Dear Ms. Massaro:

Enclosed in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure are ten (10) copies of a redacted Procurement Summary and two redacted Transaction Confirmations executed by The Narragansett Electric Company d/b/a National Grid ("National Grid") pursuant to its Standard Offer Service Procurement Plan ("Plan") approved by the Commission in Docket No. 4315, and Commission Order No. 20795.

As part of the Plan, National Grid is committed to file with the Commission a summary of the initial and final bids received as well as the final executed power supply contracts. In the initial Request for Proposal ("RFP"), issued September 13, 2013, the Company solicited:

- 100% of the Standard Offer Service ("SOS") supply for the Industrial Group in Rhode Island for the period from December 2013 through March 2014;
- 20% of the Standard Offer Service supply for the Residential Group for the period January 1, 2014 through December 31, 2014;
- 30% of the Standard Offer Service supply for the Commercial Group for the period January 1, 2014 through June 30, 2014.

Included in this filing are the proposed Industrial retail prices for December 2013 through March 2014 as well as a typical bill analysis showing the bill impact of the proposed rates compared to rates currently in effect.

National Grid respectfully requests confidential and privileged treatment of the unredacted version of Attachments 5 and 6 described below. These attachments contain commercially sensitive market information, the disclosure of which could affect the balance of wholesale markets as well as National Grid's ability to negotiate competitive terms with its wholesale electric 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 attachments:

Attachment 1- A schedule showing the calculation of the retail Standard Offer rates for the Industrial Group for each month of the service period.

Attachment 2- The Summary of Rates tariff reflecting the proposed Industrial rates for December 2013 through March 2014.

Attachment 3- A typical bill analysis

Attachment 4- A copy of the Request for Proposals issued by the Company on September 13, 2013 to solicit Standard Offer Service supply for the Industrial Group for the period December 2013 through March 2014, for the Commercial Group for the period January 2014 through June 2014, and for the Residential Group for the period January 2014 through December 2014.

Attachment 5- A redacted summary of the procurement process identifying the key actions taken by National Grid to procure Standard Offer Service for its customers.

Attachment 6- Redacted versions of the executed Transaction Confirmations for the period December 1, 2013 through March 31, 2014 for the Industrial Group, January 1, 2014 through June 30, 2014 for the Commercial Group, and January 1, 2014 through December 31, 2014 for the Residential Group.

As described above, National Grid has provided un-redacted versions of the Procurement Summary and Transaction Confirmations under separate cover. The Company seeks Commission approval of the proposed rates contained in Attachment 2 for effect December 1, 2013.

The Rhode Island load covered by this RFP is subject to a 7.5% Renewable Energy Standard ("RES") requirement in calendar year 2013. As described in the attached documentation, National Grid evaluated the cost of obtaining the RES certificates associated with the load requirements from the bidders versus the market cost of obtaining RES certificates.

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Because the winning bidders did not submit RES prices, National Grid did not include RES adders in the final purchase prices. National Grid will attempt to procure these requirements through separate solicitations.

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
Steve Scialabba (w/confidential attachments)

National Grid

The Narragansett Electric Company

Proposed Standard Offer Service Rates for the Industrial Group for the months of December 2013 through March 2014

Results of Competitive Procurement for the months of December 2013 through March 2014 for the Industrial Group, for the months of January 2014 through June 2014 for the Commercial Group, and for the months of January 2014 through December 2014 for the Residential Group

October 2013

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

Submitted by:

nationalgrid

**The Narragansett Electric Company
d/b/a National Grid**

Industrial Group Standard Offer Service Charge
(Rates B-32, B-62, G-32, G-62, and X-01)
December 2013 through March 2014

Section 1: Industrial Group Standard Offer Service Charge

		<u>Proposed Rates</u>			
		<u>December 2013</u>	<u>January 2014</u>	<u>February 2014</u>	<u>March 2014</u>
(1)	Industrial Group Standard Offer Service Price per kWh	\$0.09342	\$0.11865	\$0.11633	\$0.07186
(2)	Standard Offer Service Administrative Cost Factor	\$0.00069	\$0.00069	\$0.00069	\$0.00069
(3)	Standard Offer Adjustment Factor	<u>(\$0.00487)</u>	<u>(\$0.00487)</u>	<u>(\$0.00487)</u>	<u>(\$0.00487)</u>
(4)	Total Industrial Group Standard Offer Service Price per kWh	\$0.08924	\$0.11447	\$0.11215	\$0.06768

Line Descriptions:

- (1) monthly prices in a confidential submission under separate cover
- (2) per current tariff
- (3) per current tariff
- (4) sum of Lines (1) through (3)

THE NARRAGANSETT ELECTRIC COMPANY
Summary of Rates
Standard Offer Service

	Standard Offer Base Charge	Standard Offer Adjustment	Standard Offer Service Admin. Cost Factor	Total Commodity Charges	Renewable Energy Standard Charge
	A	B	C	D=A+B+C	E
Residential Group A-16, A-60					
July 1, 2013	\$0.06550	(\$0.00087)	\$0.00104	\$0.06567	\$0.00512
August 1, 2013	\$0.06550	(\$0.00087)	\$0.00104	\$0.06567	\$0.00512
September 1, 2013	\$0.06550	(\$0.00087)	\$0.00104	\$0.06567	\$0.00512
October 1, 2013	\$0.06550	(\$0.00087)	\$0.00104	\$0.06567	\$0.00512
November 1, 2013	\$0.06550	(\$0.00087)	\$0.00104	\$0.06567	\$0.00512
December 1, 2013	\$0.06550	(\$0.00087)	\$0.00104	\$0.06567	\$0.00512
<i>Effective Date of Last Rate Change:</i>	<i>07/01/13</i>	<i>04/01/13</i>	<i>04/01/13</i>		<i>04/01/13</i>
Commercial Group C-06, G-02, S-06, S-10, S-14 (1)					
Variable Price Option:					
July 1, 2013	\$0.06789	\$0.00094	\$0.00101	\$0.06984	\$0.00512
August 1, 2013	\$0.06598	\$0.00094	\$0.00101	\$0.06793	\$0.00512
September 1, 2013	\$0.05907	\$0.00094	\$0.00101	\$0.06102	\$0.00512
October 1, 2013	\$0.06119	\$0.00094	\$0.00101	\$0.06314	\$0.00512
November 1, 2013	\$0.06761	\$0.00094	\$0.00101	\$0.06956	\$0.00512
December 1, 2013	\$0.08477	\$0.00094	\$0.00101	\$0.08672	\$0.00512
<i>Effective Date of Last Rate Change:</i>	<i>07/01/13</i>	<i>04/01/13</i>	<i>04/01/13</i>		<i>04/01/13</i>
Fixed Price Option:					
July 1, 2013	\$0.06755	\$0.00094	\$0.00101	\$0.06950	\$0.00512
August 1, 2013	\$0.06755	\$0.00094	\$0.00101	\$0.06950	\$0.00512
September 1, 2013	\$0.06755	\$0.00094	\$0.00101	\$0.06950	\$0.00512
October 1, 2013	\$0.06755	\$0.00094	\$0.00101	\$0.06950	\$0.00512
November 1, 2013	\$0.06755	\$0.00094	\$0.00101	\$0.06950	\$0.00512
December 1, 2013	\$0.06755	\$0.00094	\$0.00101	\$0.06950	\$0.00512
<i>Effective Date of Last Rate Change:</i>	<i>07/01/13</i>	<i>04/01/13</i>	<i>04/01/13</i>		<i>04/01/13</i>
Industrial Group B-32, G-32, B-62, G-62, X-01					
October 1, 2013	\$0.04862	(\$0.00487)	\$0.00069	\$0.04444	\$0.00512
November 1, 2013	\$0.05730	(\$0.00487)	\$0.00069	\$0.05312	\$0.00512
December 1, 2013	\$0.09342	(\$0.00487)	\$0.00069	\$0.08924	\$0.00512
January 1, 2014	\$0.11865	(\$0.00487)	\$0.00069	\$0.11447	\$0.00512
February 1, 2014	\$0.11633	(\$0.00487)	\$0.00069	\$0.11215	\$0.00512
March 1, 2014	\$0.07186	(\$0.00487)	\$0.00069	\$0.06768	\$0.00512
<i>Effective Date of Last Rate Change:</i>	<i>12/01/13</i>	<i>04/01/13</i>	<i>04/01/13</i>		<i>04/01/13</i>

Market Price Adjustment / Billing Adjustment When Leaving Standard Offer Service - applicable only to Residential Group and Commercial Group with Fixed Price Option

Residential Group					
July 1, 2013	\$0.06512	(\$0.00087)	\$0.00104	\$0.06529	
August 1, 2013	\$0.06430	(\$0.00087)	\$0.00104	\$0.06447	
September 1, 2013	\$0.06139	(\$0.00087)	\$0.00104	\$0.06156	
October 1, 2013	\$0.06284	(\$0.00087)	\$0.00104	\$0.06301	
November 1, 2013	\$0.06478	(\$0.00087)	\$0.00104	\$0.06495	
December 1, 2013	\$0.07480	(\$0.00087)	\$0.00104	\$0.07497	
Commercial Group					
July 1, 2013	\$0.06789	\$0.00094	\$0.00101	\$0.06984	
August 1, 2013	\$0.06598	\$0.00094	\$0.00101	\$0.06793	
September 1, 2013	\$0.05907	\$0.00094	\$0.00101	\$0.06102	
October 1, 2013	\$0.06119	\$0.00094	\$0.00101	\$0.06314	
November 1, 2013	\$0.06761	\$0.00094	\$0.00101	\$0.06956	
December 1, 2013	\$0.08477	\$0.00094	\$0.00101	\$0.08672	

Taxes and other rate clauses apply as usual and will appear on customer bills as applicable.

Column Descriptions:

- A. Base charges in compliance with the Standard Offer Service/Renewable Energy Standard 2013 Procurement Plans
- B. per R.I.P.U.C. No. 2113, Standard Offer Service Adjustment Provision
- C. per R.I.P.U.C. No. 2113, Standard Offer Service Adjustment Provision
- D. Column (A) + Column (B) + Column (C)
- E. The Renewable Standard Energy Charge is collected from SOS customers for the purpose of acquiring a portion of Rhode Island's energy supply from renewable energy resources, as required by R.I. General Laws section 39-26-1.

(1) The Fixed Price Option will be the customary option for customers served under rate C-06. The Variable Price Option will be the customary option for customers served under rates G-02, S-06, S-10 and S-14.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-32 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
200	40,000	\$5,017.90	\$2,438.33	\$2,579.57	\$6,788.11	\$4,208.54	\$2,579.57	\$1,770.21	35.3%
750	150,000	\$18,571.28	\$9,143.75	\$9,427.53	\$25,209.56	\$15,782.03	\$9,427.53	\$6,638.28	35.7%
1,000	200,000	\$24,731.91	\$12,191.67	\$12,540.24	\$33,582.95	\$21,042.71	\$12,540.24	\$8,851.04	35.8%
1,500	300,000	\$37,053.16	\$18,287.50	\$18,765.66	\$50,329.72	\$31,564.06	\$18,765.66	\$13,276.56	35.8%
2,500	500,000	\$61,695.66	\$30,479.17	\$31,216.49	\$83,823.26	\$52,606.77	\$31,216.49	\$22,127.60	35.9%

Present Rates - as of 11/1/2013

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-32 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
200	60,000	\$6,760.20	\$3,657.50	\$3,102.70	\$9,415.51	\$6,312.81	\$3,102.70	\$2,655.31	39.3%
750	225,000	\$25,104.88	\$13,715.63	\$11,389.25	\$35,062.30	\$23,673.05	\$11,389.25	\$9,957.42	39.7%
1,000	300,000	\$33,443.37	\$18,287.50	\$15,155.87	\$46,719.93	\$31,564.06	\$15,155.87	\$13,276.56	39.7%
1,500	450,000	\$50,120.35	\$27,431.25	\$22,689.10	\$70,035.19	\$47,346.09	\$22,689.10	\$19,914.84	39.7%
2,500	750,000	\$83,474.30	\$45,718.75	\$37,755.55	\$116,665.71	\$78,910.16	\$37,755.55	\$33,191.41	39.8%

Present Rates - as of 11/1/2013

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-32 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
200	80,000	\$8,502.49	\$4,876.67	\$3,625.82	\$12,042.90	\$8,417.08	\$3,625.82	\$3,540.41	41.6%
750	300,000	\$31,638.47	\$18,287.50	\$13,350.97	\$44,915.03	\$31,564.06	\$13,350.97	\$13,276.56	42.0%
1,000	400,000	\$42,154.82	\$24,383.33	\$17,771.49	\$59,856.91	\$42,085.42	\$17,771.49	\$17,702.09	42.0%
1,500	600,000	\$63,187.53	\$36,575.00	\$26,612.53	\$89,740.66	\$63,128.13	\$26,612.53	\$26,553.13	42.0%
2,500	1,000,000	\$105,252.95	\$60,958.33	\$44,294.62	\$149,508.16	\$105,213.54	\$44,294.62	\$44,255.21	42.0%

Present Rates - as of 11/1/2013

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-32 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
200	100,000	\$10,244.78	\$6,095.83	\$4,148.95	\$14,670.30	\$10,521.35	\$4,148.95	\$4,425.52	43.2%
750	375,000	\$38,172.07	\$22,859.38	\$15,312.69	\$54,767.77	\$39,455.08	\$15,312.69	\$16,595.70	43.5%
1,000	500,000	\$50,866.29	\$30,479.17	\$20,387.12	\$72,993.89	\$52,606.77	\$20,387.12	\$22,127.60	43.5%
1,500	750,000	\$76,254.72	\$45,718.75	\$30,535.97	\$109,446.13	\$78,910.16	\$30,535.97	\$33,191.41	43.5%
2,500	1,250,000	\$127,031.60	\$76,197.92	\$50,833.68	\$182,350.61	\$131,516.93	\$50,833.68	\$55,319.01	43.5%

Present Rates - as of 11/1/2013

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

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Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-32 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
200	120,000	\$11,987.07	\$7,315.00	\$4,672.07	\$17,297.70	\$12,625.63	\$4,672.07	\$5,310.63	44.3%
750	450,000	\$44,705.66	\$27,431.25	\$17,274.41	\$64,620.50	\$47,346.09	\$17,274.41	\$19,914.84	44.5%
1,000	600,000	\$59,577.74	\$36,575.00	\$23,002.74	\$86,130.87	\$63,128.13	\$23,002.74	\$26,553.13	44.6%
1,500	900,000	\$89,321.91	\$54,862.50	\$34,459.41	\$129,151.60	\$94,692.19	\$34,459.41	\$39,829.69	44.6%
2,500	1,500,000	\$148,810.24	\$91,437.50	\$57,372.74	\$215,193.05	\$157,820.31	\$57,372.74	\$66,382.81	44.6%

Present Rates - as of 11/1/2013

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$825.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00842
Distribution Demand Charge - > 200 kW	kW x	\$3.70
Distribution Energy Charge	kWh x	\$0.00599
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-62 Rate Customers

Hours Use: 200

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
3,000	600,000	\$85,586.70	\$36,575.00	\$49,011.70	\$112,139.83	\$63,128.13	\$49,011.70	\$26,553.13	31.0%
5,000	1,000,000	\$130,838.37	\$60,958.33	\$69,880.04	\$175,093.58	\$105,213.54	\$69,880.04	\$44,255.21	33.8%
7,500	1,500,000	\$187,402.96	\$91,437.50	\$95,965.46	\$253,785.77	\$157,820.31	\$95,965.46	\$66,382.81	35.4%
10,000	2,000,000	\$243,967.54	\$121,916.67	\$122,050.87	\$332,477.95	\$210,427.08	\$122,050.87	\$88,510.41	36.3%
20,000	4,000,000	\$470,225.88	\$243,833.33	\$226,392.55	\$647,246.72	\$420,854.17	\$226,392.55	\$177,020.84	37.6%

Present Rates - as of 11/1/2013

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kW x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-62 Rate Customers

Hours Use: 300

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
3,000	900,000	\$109,305.45	\$54,862.50	\$54,442.95	\$149,135.14	\$94,692.19	\$54,442.95	\$39,829.69	36.4%
5,000	1,500,000	\$170,369.62	\$91,437.50	\$78,932.12	\$236,752.43	\$157,820.31	\$78,932.12	\$66,382.81	39.0%
7,500	2,250,000	\$246,699.83	\$137,156.25	\$109,543.58	\$346,274.05	\$236,730.47	\$109,543.58	\$99,574.22	40.4%
10,000	3,000,000	\$323,030.04	\$182,875.00	\$140,155.04	\$455,795.67	\$315,640.63	\$140,155.04	\$132,765.63	41.1%
20,000	6,000,000	\$628,350.88	\$365,750.00	\$262,600.88	\$893,882.13	\$631,281.25	\$262,600.88	\$265,531.25	42.3%

Present Rates - as of 11/1/2013

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002
Gross Earnings Tax		4%
Standard Offer Charge (1)	kWh x	\$0.05852

Proposed Rates

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002
Gross Earnings Tax		4%
Standard Offer Charge (2)	kWh x	\$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-62 Rate Customers

Hours Use: 400

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
3,000	1,200,000	\$133,024.20	\$73,150.00	\$59,874.20	\$186,130.45	\$126,256.25	\$59,874.20	\$53,106.25	39.9%
5,000	2,000,000	\$209,900.87	\$121,916.67	\$87,984.20	\$298,411.28	\$210,427.08	\$87,984.20	\$88,510.41	42.2%
7,500	3,000,000	\$305,996.71	\$182,875.00	\$123,121.71	\$438,762.34	\$315,640.63	\$123,121.71	\$132,765.63	43.4%
10,000	4,000,000	\$402,092.54	\$243,833.33	\$158,259.21	\$579,113.38	\$420,854.17	\$158,259.21	\$177,020.84	44.0%
20,000	8,000,000	\$786,475.89	\$487,666.67	\$298,809.22	\$1,140,517.55	\$841,708.33	\$298,809.22	\$354,041.66	45.0%

Present Rates - as of 11/1/2013

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (1) kWh x \$0.05852

Proposed Rates

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002

Gross Earnings Tax 4%

Standard Offer Charge (2) kWh x \$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-62 Rate Customers

Hours Use: 500

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
3,000	1,500,000	\$156,742.95	\$91,437.50	\$65,305.45	\$223,125.76	\$157,820.31	\$65,305.45	\$66,382.81	42.4%
5,000	2,500,000	\$249,432.12	\$152,395.83	\$97,036.29	\$360,070.14	\$263,033.85	\$97,036.29	\$110,638.02	44.4%
7,500	3,750,000	\$365,293.58	\$228,593.75	\$136,699.83	\$531,250.61	\$394,550.78	\$136,699.83	\$165,957.03	45.4%
10,000	5,000,000	\$481,155.04	\$304,791.67	\$176,363.37	\$702,431.08	\$526,067.71	\$176,363.37	\$221,276.04	46.0%
20,000	10,000,000	\$944,600.88	\$609,583.33	\$335,017.55	\$1,387,152.97	\$1,052,135.42	\$335,017.55	\$442,552.09	46.9%

Present Rates - as of 11/1/2013

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002
Gross Earnings Tax		4%
Standard Offer Charge (1)	kWh x	\$0.05852

Proposed Rates

Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002
Gross Earnings Tax		4%
Standard Offer Charge (2)	kWh x	\$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Calculation of Monthly Typical Bill
Total Bill Impact of Proposed
Rates Applicable to G-62 Rate Customers

Hours Use: 600

Monthly Power		Present Rates			Proposed Rates			Increase/(Decrease)	
kW	kWh	Total	Standard Offer	Delivery	Total	Standard Offer	Delivery	Amount	% of Total
3,000	1,800,000	\$180,461.70	\$109,725.00	\$70,736.70	\$260,121.08	\$189,384.38	\$70,736.70	\$79,659.38	44.1%
5,000	3,000,000	\$288,963.37	\$182,875.00	\$106,088.37	\$421,729.00	\$315,640.63	\$106,088.37	\$132,765.63	45.9%
7,500	4,500,000	\$424,590.46	\$274,312.50	\$150,277.96	\$623,738.90	\$473,460.94	\$150,277.96	\$199,148.44	46.9%
10,000	6,000,000	\$560,217.54	\$365,750.00	\$194,467.54	\$825,748.79	\$631,281.25	\$194,467.54	\$265,531.25	47.4%
20,000	12,000,000	\$1,102,725.88	\$731,500.00	\$371,225.88	\$1,633,788.38	\$1,262,562.50	\$371,225.88	\$531,062.50	48.2%

Present Rates - as of 11/1/2013

Proposed Rates

Customer Charge		\$17,000.00	Customer Charge		\$17,000.00
LIHEAP Charge		\$0.83	LIHEAP Charge		\$0.83
Transmission Demand Charge	kW x	\$3.23	Transmission Demand Charge	kW x	\$3.23
Transmission Energy Charge	kWh x	\$0.00710	Transmission Energy Charge	kWh x	\$0.00710
Distribution Demand Charge	kW x	\$3.31	Distribution Demand Charge	kW x	\$3.31
Distribution Energy Charge	kWh x	(\$0.00042)	Distribution Energy Charge	kWh x	(\$0.00042)
Transition Energy Charge	kWh x	\$0.00162	Transition Energy Charge	kWh x	\$0.00162
Energy Efficiency Program Charge	kWh x	\$0.00906	Energy Efficiency Program Charge	kWh x	\$0.00906
Renewable Energy Distribution Charge	kWh x	\$0.00002	Renewable Energy Distribution Charge	kWh x	\$0.00002
Gross Earnings Tax		4%	Gross Earnings Tax		4%
Standard Offer Charge (1)	kWh x	\$0.05852	Standard Offer Charge (2)	kWh x	\$0.10101

Note (1): Includes the August 2013 through November 2013 average Standard Offer Service base charge of 5.758¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.

Note (2): Includes the proposed December 2013 through March 2014 average Standard Offer Service base charge of 10.007¢/kWh. Also includes the Standard Offer Service Adjustment Factor, the Standard Offer Service Administrative Cost Factor, and the Renewable Energy Standard Charge.



**Request for
Power Supply
Proposals to Provide
the Following Services:**

Standard Offer Service
for the Industrial Group
in Rhode Island for the Period:

December 1, 2013 – March 31,
2014

Standard Offer Service
for the Commercial Group
in Rhode Island for the Period:

January 1, 2014 – June 30, 2014

Standard Offer Service
for the Residential Group
in Rhode Island for the Period:

January 1, 2014 – December 31,
2014

SEPTEMBER 13, 2013

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 ("SOS") from the original termination date of December 31, 2009 until December 31, 2020. The Act requires National Grid to provide 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 had 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 included any Last Resort Service customers beginning on January 1, 2010. Thus, in a change from the former 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.

Customers taking Standard Offer Service will be in one of three separate groups: Residential, Commercial, and Industrial. This RFP is to procure service for the following groups:

- Residential Group (as defined below) for 20% of the load for the period January 1, 2014 through December 31, 2014;

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 previous Standard Offer Service with a new Standard Offer Service.

- Commercial Group (as defined below) for 30% of the load for the period January 1, 2014 through June 30, 2014;
- Industrial Group (as defined below) for 100% of the load for the period December 1, 2013 through December 31, 2013 or for the period December 1, 2013 through March 31, 2014.

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet these Standard Offer Service requirements. It is the intent of National Grid and supplier(s) that the resulting transactions shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the parties intend to physically settle the transactions, and are therefore not subject to swap regulation.

National Grid, in consultation with or at the request of the RIPUC or Division of Public Utilities and Carriers, 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 and A-60
Commercial	G-02, C-06, S-06, S-10, S-14
Industrial	G-32, B-32, G-62, B-62, X-01

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 Website:

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

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	RI	100%	Standard Offer Service	12/01/2013 – 12/31/2013
B	Industrial	RI	100%	Standard Offer Service	12/01/2013 – 03/31/2014
C	Residential	RI	20%	Standard Offer Service	01/01/2014 – 06/30/2014
D	Residential	RI	20%	Standard Offer Service	07/01/2014 – 12/31/2014
E	Commercial	RI	30%	Standard Offer Service	01/01/2014 – 06/30/2014

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.

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

For this RFP, there are two blocks (A & B) for the Industrial Customer Group, only one of which shall be awarded by National Grid.

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.

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 and previous RFPs.

3. General Provisions

3.1 Terms and Conditions

The winning Supplier(s) will 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 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.

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	September 13, 2013
Submit Respondent Proposal Information	September 20, 2013 – 5pm EPT
Submit Indicative Pricing	September 25, 2013 – 10am EPT

amount of service purchased does not exceed [specified value] MW in any hour.

Company files Indicative Pricing Summary with the RIPUC	September 26, 2013
Submit Final Pricing	October 2, 2013 – 10am EPT
Company Notifies Winning Bidders	October 2, 2013 – 1pm
Company files Final Pricing Summary with the RIPUC	October 3, 2013
Winning Bidders and Company execute Confirmations	No later than two business days after Final Pricing
Service Begins	December 1, 2013 or January 1, 2014 or July 1, 2014

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

Jorge Ayala
Wholesale Electric Supply
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3228
(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 September 20, 2013. 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 September 25, 2013 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 file an indicative pricing summary with the RIPUC.

The third step is as follows: Respondents to provide final pricing information by 10:00 a.m. EPT on October 2, 2013 at the above address. 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. National Grid will file a final pricing summary with the RIPUC.

At any time, National Grid, at its sole discretion, 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.

3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to Jorge Ayala 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 in each customer group as of the Commencement Date, if any, will 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. 2019-A 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. 2019-A 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	37765	NECO INDUSTRIAL SO LOAD_4005	A & B
NECo	RI	37763	NECO RESIDENTIAL SO LOAD_4005	C & D
NECo	RI	37764	NECO COMMERCIAL SO LOAD_4005	E

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 Master Power Agreement 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 Master Power Agreement, 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:

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

Year	Percentage from New Renewable Energy Resources	Percentage from either New or Existing Renewable Energy Resources	Total Target Percentage
2013	5.5%	2.0%	7.5%

National Grid requests Respondents to separately bid the cost of RES compliance equivalent to the applicable percent of sales for 2013. 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. 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 any legible fashion and return them to Jorge Ayala 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. Capacity, uplift costs, etc.) will be rejected.

National Grid intends to pay a Supplier(s) based on the billing determinants as defined in the 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 E), 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 2013, 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 December 1, 2013, January 1, 2014, or July 1, 2014, 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. If there are identical lowest final bid prices, the winning bidder will be determined by selecting the bidder with the lowest final bid price for the estimated highest volume month.

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 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	Service to customers can be initiated by: 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	Note: Historic customer count data and historical hourly load profiles are available at National Grid's procurement web site: http://www.nationalgridus.com/energysupply/

APPENDIX B

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 Master Power Agreement contained in Appendix B? 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 website)

Standard Offer Service

RESPONDENT: _____

Date: _____

7. Proposed Pricing Rhode Island Standard Offer Service

Rhode Island Standard Offer Service

Bid Block	SMD ZONE	Customer Group	Percent	Period		Monthly Pricing - \$/MWh (all inclusive w/o RES Compliance)						
				From	To	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
A	RI	Industrial	100%	01-Dec-13	31-Dec-13							
B	RI	Industrial	100%	01-Dec-13	31-Mar-14							
C	RI	Residential	20%	01-Jan-14	30-Jun-14							
D	RI	Residential	20%	01-Jul-14	31-Dec-14							
E	RI	Commercial	30%	01-Jan-14	30-Jun-14							

RI RES Compliance Adder _____ 2013 _____ \$/MWh

Note: All bids rounded to 2 decimal places.
If not bidding in a block, enter zero or leave blank.
Please specify any bid limitations in the following section:

Request for Power Supply Proposals
September 13, 2013

NATIONAL GRID

STANDARD OFFER SERVICE PROCUREMENT SUMMARY

FOR NARRAGANSETT ELECTRIC COMPANY

FOR THE PERIOD
DECEMBER 2013 – DECEMBER 2014

1. RFP Issued

National Grid issued its Request for Power Supply Proposals (“RFP”) on September 13, 2013 directly to approximately 25 suppliers for the service period December 2013 through December 2014.

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.

This procurement was conducted in accordance with the Standard Offer Service Procurement Plan approved by the Rhode Island Public Utilities Commission in Docket 4315 (approved June 12, 2012), as amended on September 24, 2013, and is consistent with prior procurements conducted by National Grid.

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

- 100% of the Rhode Island Industrial Group Standard Offer Service requirements for the period December 2013 or December 2013 through March 2014;
- 30% of the Rhode Island Commercial Group Standard Offer Service requirements for the period January 2014 through June 2014;
- 20% of the Rhode Island Residential Group Standard Offer Service requirements for the period January 2014 through December 2014.

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

2. Key RFP Dates

- The RFP was issued on September 13, 2013.
- Supplier information was received on September 20, 2013.
- Indicative bids were received on September 25, 2013.
- Final bids were received on October 2, 2013.

3. Contract Submissions

All bidders had executed Master Power Agreements with National Grid before final bids and no contract revisions were necessary with the winning bidders. 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.

4. **Indicative Bids**

Indicative bids were received on September 25, 2013 from [REDACTED] bidders.

The indicative bids were evaluated and ranked (see Exhibits 2 and 3). Indicative pricing was used only to determine current market prices, 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 contract prices in Exhibit 2 by the ratio of wholesale purchases to retail deliveries as calculated in Exhibit 3.

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 prices 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 filed with the Rhode Island Public Utilities Commission on September 26, 2013.

5. **Award of Final Bids**

Final bids were received on October 2, 2013 from [REDACTED] 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 as calculated in Exhibit 6.

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

Block - # Bids	Block - # Bids	Block - # Bids	Block - # Bids	Block - # Bids
A - [REDACTED]	B - [REDACTED]	C - [REDACTED]	D - [REDACTED]	E - [REDACTED]

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.

The RFP's competitive bidding process identified the winning bids for the five blocks as shown in Exhibit 8. The amendment of the Standard Offer Service Procurement Plan allows National Grid to procure either a one-month or four-month contract for the Industrial Group. National Grid selected the four-month contract [REDACTED] Exhibit 8 also provides the basis for the award. Exhibit 9 provides a bidder key to help identify bidders.

Exhibit 10 provides a bid premium estimate for all winning bids. The bid premium estimate is the difference between the FRS Costs and the Market Component Costs. This difference includes:

- basis differential (the difference between the RI zonal price and hub price)

- volume risk premium - a premium associated with Est. MWh, On Peak % (loadshape), Customer Capacity Load Obligation
- migration risk premium
- price risk premium - premium associated with Capacity Net Clearing Price, Ancillary Costs, unexpected uplift costs, & electricity costs
- odd lot premium - a premium associated with procuring power at smaller block sizes or at the hourly level rather than round lot blocks
- credit costs
- supplier margin

The results of the final bids were filed with the Rhode Island Public Utilities Commission on October 3, 2013.

6. Description of Wholesale Markets Conditions

The expected retail rates for the Industrial Group are based on the wholesale bid that was awarded supply in this RFP for December 2013 to March 2014. NYMEX electric futures provide an estimate of the power component of the Standard Offer Service winning bid prices. NYMEX electric futures are provided daily as monthly on-peak and off-peak prices.

Below is a comparison of the “round the clock” (“RTC”) NYMEX electric futures prices for the Industrial Group for the August to November 2013 rate period (procured on May 8, 2013 and August 14, 2013) and the December 2013 to March 2014 rate period:

	Industrial RTC \$ / MWH		Industrial RTC \$ / MWH
Aug-13	48.62	Dec-13	69.65
Sep-13	41.41	Jan-14	93.46
Oct-13	33.47	Feb-14	86.76
Nov-13	40.80	Mar-14	52.91
	<hr/>		<hr/>
	41.07		75.69

The RTC prices above are calculated for each month by utilizing the published on-peak and off-peak futures prices as of each RFP date and an estimate of the on-peak and off-peak usage for the Industrial Group.

For the Industrial Group the table above demonstrates that futures prices increased for the December 2013 to March 2014 rate period compared to the previous period. A straight average of the Industrial RTC prices shows a price change from \$41.07 to \$75.69, an 84% increase.

The NYMEX electric futures prices have increased from the date of the previously completed RFP (May 8, 2013) for the January 2014 to June 2014 period. On that day, the average NYMEX electric futures on peak price for this term was \$62.50 and it increased to \$64.90 as of this final bid date of October 2, 2013. Also, the average NYMEX electric futures off peak price for this term increased from \$47.57 to \$49.52.

7. Renewable Energy Standard

REDACTED DOCUMENT

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The Rhode Island load covered by this RFP is subject to a 7.5% Renewable Energy Standard (“RES”) requirement for calendar year 2013.

The cost of obtaining the Renewable Energy Certificates (“RECs”) associated with the load requirements from the bidders was compared to the available market cost of obtaining RECs. Exhibit 11 compares the RES Adders contained in the final bids. Because the winning bidders did not submit RES pricing, National Grid did not include RES adders in the final purchase prices. National Grid will attempt to procure these requirements through separate solicitations.

National Grid estimated the costs to comply with the RES obligations by utilizing the estimated market prices and the obligation percentages as specified in the RES regulations. Exhibit 12 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 bid that was awarded supply.

The expected retail rates for the Residential and the Commercial Groups, excluding administrative cost adders and an estimate for the 10% spot market purchases, were based on the wholesale bids that were awarded supply weighted with previous procurements. This is the fourth of five RFPs to procure power to serve Standard Offer Service Residential customers for the January 2014 to June 2014 period. This is the second of three RFPs to procure power to serve Standard Offer Service Commercial customers for the January 2014 to June 2014 period. The retail rates for the Residential and Commercial Groups for this period will be calculated after the November RFP.

This is the third of five RFPs to procure power to serve Standard Offer Service Residential customers for the July 2014 to December 2014 period. These costs will be weighted with future RFPs to determine the final retail rates.

The Rhode Island retail rates were calculated by adjusting the wholesale contract prices using the ratio of wholesale kWh purchases to retail kWh deliveries as calculated in Exhibit 6.

A summary of the estimated retail rates for blocks B through E is provided in Exhibit 13.

EXHIBIT 1
LOAD BLOCK DESCRIPTIONS

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	RI	100%	Standard Offer Service	12/01/2013 – 12/31/2013
B	Industrial	RI	100%	Standard Offer Service	12/01/2013 – 03/31/2014
C	Residential	RI	20%	Standard Offer Service	01/01/2014 – 06/30/2014
D	Residential	RI	20%	Standard Offer Service	07/01/2014 – 12/31/2014
E	Commercial	RI	30%	Standard Offer Service	01/01/2014 – 06/30/2014

REDACTED DOCUMENT

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EXHIBIT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS A – C

REDACTED DOCUMENT

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EXHIBIT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS D – E

REDACTED DOCUMENT

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

REDACTED DOCUMENT

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

EXHIBIT 4
ESTIMATED INDICATIVE PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
DECEMBER 2013 – DECEMBER 2014 PERIOD

REDACTED DOCUMENT

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EXHIBIT 5
FINAL BID RANKING AT WHOLESALE
BLOCKS A – C

REDACTED DOCUMENT

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EXHIBIT 5
FINAL BID RANKING AT WHOLESALE
BLOCKS D – E

EXHIBIT 6
FINAL BID RANKING AT RETAIL
WITHOUT RES (¢/kWh)
BLOCKS A – C

REDACTED DOCUMENT

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EXHIBIT 6
FINAL BID RANKING AT RETAIL
WITHOUT RES (¢/kWh)
BLOCKS D – E

EXHIBIT 7
ESTIMATED FINAL PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
DECEMBER 2013 – DECEMBER 2014 PERIODS

EXHIBIT 8
SUMMARY OF LOAD BLOCK AWARDS

Load Block	Customer Group	SMD Load Zone	Supplier	Basis for Award
A	Industrial	RI		Selected Block B
B	Industrial	RI		Lowest bidder for block
C	Residential	RI		Lowest bidder for block
D	Residential	RI		Lowest bidder for block
E	Commercial	RI		Lowest bidder for block

REDACTED DOCUMENT

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EXHIBIT 9
BIDDER KEY

REDACTED DOCUMENT

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EXHIBIT 10
BID PREMIUM ESTIMATES
BLOCKS A - D

REDACTED DOCUMENT

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EXHIBIT 10
BID PREMIUM ESTIMATES
BLOCK E

REDACTED DOCUMENT

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EXHIBIT 11
SUMMARY OF RES BIDS

EXHIBIT 12
RES COST ADDER CALCULATION

Renewable Portfolio Standard Compliance Adders

	YEAR	
	2013 ACP	2013 Market
<u>Section 1: Calculation of RES New Renewable Generation Resource Charge</u>		
(1) RES New Alternative Compliance Payment or Market Price	\$65.27	██████
(2) RES New Renewable Generation Resource Obligation	5.5%	5.5%
(3) Incremental Cost - \$/MWh	\$3.59	██████
<u>Section 2: Calculation of RES Existing Renewable Generation Resource Charge</u>		
(1) RES Existing Alternative Compliance Payment or Market Price	\$65.27	██████
(2) RES Existing Renewable Generation Resource Obligation	2.0%	2.0%
(3) Incremental Cost - \$/MWh	\$1.31	██████
<u>Section 3: Calculation of RES Adder</u>		
(4) Sum of New and Existing Incremental Costs - \$/MWh	\$4.90	██████
(5) Total RES Obligation %	7.50%	7.50%
(6) Obligation Weighted cost	\$65.33	██████

Notes

- (1) Market Price is estimated cost of procuring RECs in the open market.
- (2) From Rules and Regulations Governing the Implementation of a Renewable Energy Standard
- (3) Line (1) times Line (2)
- (4) Sum of all Line 3's
- (5) Sum of all Line 2's
- (6) Line (4) divided by Line (5)

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EXHIBIT 13
ESTIMATED RETAIL RATES BASED ON FINAL BID PRICES

REDACTED DOCUMENT

EXECUTION COPY

**MASTER POWER AGREEMENT
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of October 2, 2013 between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and [REDACTED] regarding the sale/purchase of Standard Offer Service specified herein under the terms and conditions under the Master Power Agreement, dated November 10, 2009 (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. It is the intent of Buyer and Seller that the Transaction shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the Parties intend to physically settle the Transaction. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Standard Offer Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

2. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	December 2013	January 2014	February 2014	March 2014
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Award Block	Customer Group	Load Zone	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

3. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

4. RES Requirement

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

5. Amount Payable

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

REDACTED DOCUMENT

- (i) The product of (a) the Delivered Energy for Standard Offer Service to the Residential Customer Group in a month and (b) the Residential Contract Rate in the month plus,
- (ii) The product of (c) the Delivered Energy for Standard Offer Service to the Industrial Customer Group in a month and (d) Industrial Contract Rate in the month.

6. Modifications to the Master Power Agreement

The following definitions are added:

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.

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.

Residential Contract 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.

7. 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 zero.

Expected Daily Load means the average daily load based upon one year of available actual loads for the Industrial Group and two years of available actual loads for the Commercial Group for a given month, as specified in the following tables:

Award Block	Customer Group	Load Zone	December 2013	January 2014	February 2014	March 2014
B	Industrial	RI	1720	1830	1750	1840

Award Block	Customer Group	Load Zone	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
C	Residential	RI	1914	1772	1634	1446	1460	1856

Adjustment Factor is 0.85.

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

ISO New England Internal Hub Price	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Off-Peak	77.19	81.15	75.75	45.00	34.25	30.33	30.63
Peak	61.43	103.75	96.00	60.13	44.08	40.45	45.00
Reference New England Internal Hub Price**	68.55	91.84	85.39	51.84	39.06	34.90	37.34

**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.

8. Confidentiality

Articles 1, 2, and 3 of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

9. 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.

10. 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.

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REDACTED DOCUMENT

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: Margaret M. Janzen
Title: Authorized Signatory



REDACTED DOCUMENT

EXECUTION COPY

**MASTER POWER AGREEMENT
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of October 2, 2013 between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and [REDACTED] regarding the sale/purchase of Standard Offer Service specified herein under the terms and conditions under the Master Power Agreement, dated November 1, 2011 (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. It is the intent of Buyer and Seller that the Transaction shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the Parties intend to physically settle the Transaction. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Standard Offer Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

2. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Award Block	Customer Group	Load Zone	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

3. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

4. RES Requirement

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

5. Amount Payable

REDACTED DOCUMENT

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

- (i) The product of (a) the Delivered Energy for Standard Offer Service to the Residential Customer Group in a month and (b) the Residential Contract Rate in the month plus,
- (ii) The product of (a) the Delivered Energy for Standard Offer Service to the Commercial Customer Group in a month and (b) the Commercial Contract Rate in the month.

6. Modifications to the Master Power Agreement

None.

7. 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 zero.

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

Award Block	Customer Group	Load Zone	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
D	Residential	RI	2,594	2,176	1,752	1,504	1,644	1,870

Award Block	Customer Group	Load Zone	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
E	Commercial	RI	1,095	1,077	1,032	978	1,005	1,137

Adjustment Factor is 0.85.

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

ISO New England Internal Hub Price	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Off-Peak	81.15	75.75	45.00	34.25	30.33	30.63
Peak	103.75	96.00	60.13	44.08	40.45	45.00
Reference New England Internal Hub Price**	91.84	85.39	51.84	39.06	34.90	37.34

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ISO New England Internal Hub Price	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
Off-Peak	35.50	35.50	31.05	45.00	45.00	45.00
Peak	54.25	54.25	41.40	41.05	51.68	79.45
Reference New England Internal Hub Price**	44.37	43.97	35.88	43.05	47.82	61.30

**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.

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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: Margaret M. Janzen
Title: Authorized Signatory

