

October 2, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4436 - 2013 Gas Cost Recovery Filing
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of the National Grid's¹ responses to the Rhode Island Division of Public Utilities and Carriers' (the "Division") First Set of Data Requests concerning the above-referenced proceeding.

Please be advised that pursuant to Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(B), the Company is seeking protective treatment for identified portions of the following responses and/or attachments to these responses: Division 1-1, Division 1-3, Division 1-4, Division 1-5, Division 1-6, Division 1-7, Division 1-8, and Division 1-9. The Company is providing one (1) copy of the confidential versions in an envelope marked, **"Contains Confidential Information – Do Not Release."** This filing also contains a Motion for Protective Treatment in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure and R.I.G.L. § 38-2-2(4)(B).

Accordingly, the Company has provided the Commission with the un-redacted confidential materials mentioned above for its review and has provided the same to the Division and its consultant.

The Company's remaining responses to Division 1-10 and Division 1-13 will be forthcoming shortly.

Thank you for your attention to this filing. If you have any questions, please contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4346 Service List
Leo Wold, Esq.
Steve Scialabba
Bruce Oliver

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company").

Certificate of Service

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



Joanne M. Scanlon

October 2, 2013

Date

**Docket No. 4436 – National Grid – 2013 Annual Gas Cost Recovery Filing
("GCR") - Service List as of 9/9/13**

Name/Address	E-mail	Phone
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File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	Luly.massaro@puc.ri.gov	401-780-2107
	Patricia.lucarelli@puc.ri.gov	
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

_____)	
National Grid)	
2013 Gas Cost Recovery)	
)	Docket No. 4436
)	
_____)	

**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY,
D/B/A NATIONAL GRID
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

The Narragansett Electric Company, d/b/a National Grid (the “Company”) hereby requests that the Rhode Island Public Utilities Commission (“Commission”) grant protection from public disclosure of certain confidential and proprietary information submitted in this proceeding, as permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(B).

I. BACKGROUND

On October 2, 2013, the Company filed with the Commission its responses to Division 1-1, Division 1-3, Division 1-4, Division 1-5, Division 1-6, Division 1-7, Division 1-8, and Division 1-9 in the first set of data requests from the Division of Public Utilities and Carriers in this docket. The Company is seeking protective treatment for identified portions of those responses and/or attachments to those responses. As discussed below, these attachments contain contract pricing and RFP information that are confidential and proprietary and for which the Company seeks confidential treatment.

The Company has filed with the Commission confidential versions of these documents and also redacted copies of its filing deleting the confidential information in question.

II. LEGAL STANDARD

Rule 1.2(g) of the Commission's Rules of Practice and Procedure provides that access to public records shall be granted in accordance with the Access to Public Records Act ("APRA"), R.I.G.L. §38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to the public records law, the Commission has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(B) provides that the following records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that the determination as to whether this exemption applies requires the application of a two-pronged test set forth in Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001). The first prong of the test assesses whether the information was provided voluntarily to the governmental agency. Providence Journal, 774 A.2d at 47. If the answer to the first question is affirmative, then the question becomes

whether the information is “of a kind that would customarily not be released to the public by the person from whom it was obtained.” Id.

III. BASIS FOR CONFIDENTIALITY

The Company is seeking confidential treatment for contract pricing information contained in Attachments DIV 1-1-1 and 1-1-2; the names of bidding parties contained in the response to Division 1-3(b); contract price information contained in Attachment DIV 1-3(c); names of bidders contained in the response to Division 1-4(b); contract pricing information in Attachment DIV 1-4(c); contract pricing information contained in Attachment DIV 1-5(a-iii)-1 and DIV 1-5(a-iii)-2; contract pricing information contained in the response to Division 1-5(b)(i) and (c); LNG inventory contract pricing information contained in the response to Division 1-6(a), (b)(i) and (c); the names of bidding parties contained in the response to Division 1-7(b); bidding selection information contained in the response to Division 1-7(c); the names of bidders contained in the response to Division 1-8(b); bidding selection information contained in the response to Division 1-8(c); the Company’s volume and bid price information contained in Attachment DIV 1-9(b).

The information described above for which the Company seeks confidential treatment is confidential and proprietary information of the type that the Company would ordinarily not make public. The dissemination of this type of information would negatively impact those contracting/bidding parties, and it would hurt the Company’s ability to obtain the lowest bids possible in the future.

IV. CONCLUSION

In light of the foregoing, the Company respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY**

By its attorney,



Thomas R. Teehan (RI #4698)
280 Melrose Street
Providence, RI 02907
(401) 784-7667

Dated: October 2, 2013

Division 1-1

Request:

Re: witness Arangio's Direct Testimony Attachments EDA-1 through EDA-4, please provide electronic versions with all formula and cell references intact for each of the four attachments.

Response:

Provided on CD-ROM as Attachment DIV 1-1-1 are the electronic spreadsheet files used to generate EDA-1 and EDA-2.

Provided on CD-ROM as Attachment DIV 1-1-2 are the electronic spreadsheet files used to generate EDA-3.

Provided on CD-ROM as Attachment DIV 1-1-3 are the electronic spreadsheets used to generate EDA-4.

These documents were originally submitted in response to Division 1-4 in R.I.P.U.C. Docket No. 4346 pursuant to Commission Rule 1.2(g), the Company continues to seek confidential treatment of the above-referenced attachments. These attachments are being provided to the Division and its consultant.

Division 1-2

Request:

Re: witness Arangio's Direct Testimony at page 5, lines 13 through 15, please provide:

- a. The expected basis differentials for each location that as used in this filing,
- b. The basis differentials used in docket 4346,
- c. For each location where there are substantial differences between the two basis differential's provide an explanation of what is driving the year on year change.

Response:

- a. Please see Attachment DIV 1-2 (a).
- b. Please see Attachment DIV 1-2 (b).
- c. As shown in Attachment DIV 1-2 (c), there are three locations with substantial differences when comparing the year-on-year change: Tennessee Zone 6 delivered, Algonquin Citygates, and Dracut, MA. When comparing the months of December 2012 through March 2013 to the months December 2013 through March 2014, Tennessee Zone 6 delivered is on average 80.6% higher, Algonquin Citygates 82.1% higher and Dracut, MA 160.3% higher. Factors driving these year-on-year differences are continued interstate pipeline capacity constraints on pipelines serving New England as well as lack of LNG imports to the Northeast. This past winter the market saw extremely high prices at each of these locations during only a slightly colder than normal winter. Clearly, given the increased differentials, the market is again expecting continued pipeline capacity constraints and decreased level of LNG imports to the Northeast.

SUPPLY AREA BASIS SUMMARY

Nov 2013 - Oct 2014

Price \$/Mmbtu on 07/15/13 NYMEX

SUPPLY AREA	2013 Nov	Dec	2014 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TETCO STX	(\$0.073)	(\$0.087)	(\$0.092)	(\$0.092)	(\$0.080)	(\$0.087)	(\$0.090)	(\$0.077)	(\$0.065)	(\$0.063)	(\$0.075)	(\$0.098)
TETCO ETX	(\$0.099)	(\$0.064)	(\$0.082)	(\$0.112)	(\$0.110)	(\$0.104)	(\$0.160)	(\$0.101)	(\$0.055)	(\$0.099)	(\$0.118)	(\$0.078)
TENNESSEE ZONE 0	(\$0.083)	(\$0.085)	(\$0.082)	(\$0.092)	(\$0.085)	(\$0.100)	(\$0.102)	(\$0.090)	(\$0.078)	(\$0.075)	(\$0.088)	(\$0.110)
TETCO WLA	(\$0.065)	(\$0.009)	(\$0.056)	(\$0.067)	(\$0.035)	(\$0.055)	(\$0.072)	(\$0.122)	(\$0.087)	\$0.008	(\$0.030)	(\$0.045)
TETCO ELA	(\$0.070)	(\$0.060)	(\$0.053)	(\$0.066)	(\$0.040)	(\$0.071)	(\$0.071)	(\$0.054)	(\$0.061)	(\$0.051)	(\$0.044)	(\$0.068)
TENNESSEE ZONE 1	(\$0.057)	(\$0.069)	(\$0.018)	(\$0.022)	(\$0.028)	(\$0.061)	(\$0.021)	(\$0.041)	(\$0.030)	(\$0.048)	(\$0.049)	(\$0.078)
TRANSCO ZONE 2	(\$0.023)	(\$0.021)	(\$0.004)	(\$0.018)	(\$0.008)	(\$0.033)	(\$0.026)	(\$0.016)	(\$0.009)	(\$0.026)	(\$0.033)	(\$0.053)
TRANSCO ZONE 3	\$0.002	\$0.001	\$0.005	\$0.003	\$0.003	\$0.013	\$0.020	\$0.003	\$0.003	\$0.016	(\$0.010)	(\$0.027)
COLUMBIA APPALACHIA	(\$0.083)	(\$0.083)	(\$0.088)	(\$0.092)	(\$0.105)	(\$0.093)	(\$0.112)	(\$0.183)	(\$0.198)	(\$0.207)	(\$0.232)	(\$0.250)
NIAGARA	\$0.290	\$0.170	\$0.110	\$0.140	\$0.190	\$0.127	\$0.120	\$0.093	\$0.042	\$0.043	\$0.040	\$0.057
DOMINION APPALACHIA (SOUTH POINT)	(\$0.257)	(\$0.237)	(\$0.222)	(\$0.245)	(\$0.262)	(\$0.293)	(\$0.342)	(\$0.363)	(\$0.372)	(\$0.387)	(\$0.468)	(\$0.452)
TRANSCO ZONE 6 Non-NY	(\$0.014)	\$0.363	\$0.862	\$0.758	\$0.045	(\$0.157)	(\$0.198)	(\$0.157)	(\$0.091)	(\$0.114)	(\$0.251)	(\$0.231)
TETCO M3	(\$0.027)	\$0.283	\$0.595	\$0.538	\$0.015	(\$0.157)	(\$0.198)	(\$0.157)	(\$0.128)	(\$0.127)	(\$0.248)	(\$0.228)
TENNESSEE ZONE 6 DEL	\$1.277	\$4.548	\$6.701	\$5.786	\$1.818	\$0.255	\$0.122	\$0.047	\$0.344	\$0.311	\$0.136	\$0.176
DRACUT MA	\$0.846	\$5.531	\$9.286	\$8.486	\$2.699	\$0.255	\$0.122	\$0.047	\$0.344	\$0.311	\$0.136	\$0.176
AGT CITY GATE	\$1.257	\$4.485	\$6.748	\$5.842	\$1.868	\$0.295	\$0.125	\$0.277	\$0.310	\$0.285	\$0.152	\$0.162
DAWN	\$0.390	\$0.270	\$0.210	\$0.240	\$0.290	\$0.227	\$0.220	\$0.193	\$0.127	\$0.114	\$0.154	\$0.161

SUPPLY AREA BASIS SUMMARY

Nov 2012 - Oct 2013

Price \$/Mmbtu on 08/01/12 NYMEX

SUPPLY AREA	2012 Nov	Dec	2013 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TETCO STX	(\$0.100)	(\$0.110)	(\$0.115)	(\$0.112)	(\$0.110)	(\$0.108)	(\$0.105)	(\$0.102)	(\$0.090)	(\$0.090)	(\$0.095)	(\$0.100)
TETCO ETX	(\$0.170)	(\$0.150)	(\$0.152)	(\$0.142)	(\$0.160)	(\$0.138)	(\$0.152)	(\$0.116)	(\$0.085)	(\$0.142)	(\$0.125)	(\$0.100)
TENNESSEE ZONE 0	(\$0.080)	(\$0.080)	(\$0.065)	(\$0.085)	(\$0.075)	(\$0.085)	(\$0.080)	(\$0.075)	(\$0.070)	(\$0.070)	(\$0.075)	(\$0.085)
TETCO WLA	(\$0.022)	(\$0.022)	(\$0.058)	(\$0.058)	(\$0.058)	(\$0.055)	(\$0.055)	(\$0.070)	(\$0.052)	(\$0.051)	(\$0.055)	(\$0.055)
TETCO ELA	(\$0.048)	(\$0.048)	(\$0.044)	(\$0.048)	(\$0.048)	(\$0.058)	(\$0.058)	(\$0.042)	(\$0.058)	(\$0.054)	(\$0.058)	(\$0.058)
TENNESSEE ZONE 1	\$0.056	(\$0.062)	(\$0.042)	(\$0.012)	\$0.016	\$0.035	\$0.008	(\$0.041)	(\$0.028)	(\$0.042)	\$0.065	\$0.037
TRANSCO ZONE 2	(\$0.028)	(\$0.041)	(\$0.021)	(\$0.051)	(\$0.011)	(\$0.022)	(\$0.038)	(\$0.011)	(\$0.004)	(\$0.020)	(\$0.015)	(\$0.015)
TRANSCO ZONE 3	(\$0.005)	(\$0.005)	(\$0.003)	(\$0.003)	(\$0.007)	(\$0.009)	(\$0.009)	\$0.002	(\$0.004)	\$0.006	(\$0.004)	(\$0.022)
COLUMBIA APPALACHIA	\$0.008	\$0.005	\$0.005	\$0.002	(\$0.008)	\$0.032	\$0.022	\$0.012	\$0.002	(\$0.008)	(\$0.018)	(\$0.028)
NIAGARA	\$0.362	\$0.430	\$0.335	\$0.330	\$0.340	\$0.192	\$0.192	\$0.220	\$0.166	\$0.161	\$0.192	\$0.192
DOMINION APPALACHIA (SOUTH POINT)	(\$0.035)	(\$0.018)	(\$0.010)	(\$0.035)	(\$0.065)	(\$0.036)	(\$0.008)	(\$0.028)	(\$0.042)	(\$0.058)	(\$0.088)	(\$0.120)
TRANSCO ZONE 6 Non-NY	\$0.231	\$0.709	\$1.325	\$0.958	\$0.232	\$0.142	\$0.114	\$0.114	\$0.161	\$0.158	\$0.058	\$0.062
TETCO M3	\$0.208	\$0.652	\$1.095	\$0.775	\$0.202	\$0.135	\$0.118	\$0.118	\$0.148	\$0.148	\$0.058	\$0.065
TENNESSEE ZONE 6 DEL	\$0.868	\$2.370	\$4.070	\$2.972	\$1.063	\$0.417	\$0.192	\$0.268	\$0.392	\$0.360	\$0.235	\$0.344
DRACUT MA	\$0.800	\$2.210	\$3.829	\$2.926	\$1.044	\$0.386	\$0.146	\$0.172	\$0.238	\$0.262	\$0.157	\$0.258
AGT CITY GATE	\$0.868	\$2.340	\$4.020	\$3.005	\$1.070	\$0.440	\$0.192	\$0.258	\$0.362	\$0.362	\$0.245	\$0.338
DAWN	\$0.395	\$0.380	\$0.285	\$0.280	\$0.290	\$0.192	\$0.192	\$0.203	\$0.161	\$0.142	\$0.192	\$0.192

SUPPLY AREA BASIS SUMMARY - COMPARISON

Nov 2013 - Oct 2014 VS Nov 2012 - Oct 2013

Price \$/Mmbtu on 07/15/13 NYMEX and 08/01/12 NYMEX

SUPPLY AREA	2012/13 Nov	Dec	2013/14 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
TETCO STX	\$0.027	\$0.023	\$0.023	\$0.020	\$0.030	\$0.021	\$0.015	\$0.025	\$0.025	\$0.027	\$0.020	\$0.002
TETCO ETX	\$0.071	\$0.086	\$0.070	\$0.030	\$0.050	\$0.034	(\$0.008)	\$0.015	\$0.030	\$0.043	\$0.007	\$0.022
TENNESSEE ZONE 0	(\$0.003)	(\$0.005)	(\$0.017)	(\$0.007)	(\$0.010)	(\$0.015)	(\$0.022)	(\$0.015)	(\$0.008)	(\$0.005)	(\$0.013)	(\$0.025)
TETCO WLA	(\$0.043)	\$0.013	\$0.002	(\$0.009)	\$0.023	\$0.000	(\$0.017)	(\$0.052)	(\$0.035)	\$0.059	\$0.025	\$0.010
TETCO ELA	(\$0.022)	(\$0.012)	(\$0.009)	(\$0.018)	\$0.008	(\$0.013)	(\$0.013)	(\$0.012)	(\$0.003)	\$0.003	\$0.014	(\$0.010)
TENNESSEE ZONE 1	(\$0.113)	(\$0.007)	\$0.024	(\$0.010)	(\$0.044)	(\$0.096)	(\$0.029)	\$0.000	(\$0.002)	(\$0.006)	(\$0.114)	(\$0.115)
TRANSCO ZONE 2	\$0.005	\$0.020	\$0.017	\$0.033	\$0.003	(\$0.011)	\$0.012	(\$0.005)	(\$0.005)	(\$0.006)	(\$0.018)	(\$0.038)
TRANSCO ZONE 3	\$0.007	\$0.006	\$0.008	\$0.006	\$0.010	\$0.022	\$0.029	\$0.001	\$0.007	\$0.010	(\$0.006)	(\$0.005)
COLUMBIA APPALACHIA	(\$0.091)	(\$0.088)	(\$0.093)	(\$0.094)	(\$0.097)	(\$0.125)	(\$0.134)	(\$0.195)	(\$0.200)	(\$0.199)	(\$0.214)	(\$0.222)
NIAGARA	(\$0.072)	(\$0.260)	(\$0.225)	(\$0.190)	(\$0.150)	(\$0.065)	(\$0.072)	(\$0.127)	(\$0.124)	(\$0.118)	(\$0.152)	(\$0.135)
DOMINION APPALACHIA (SOUTH POINT)	(\$0.222)	(\$0.219)	(\$0.212)	(\$0.210)	(\$0.197)	(\$0.257)	(\$0.334)	(\$0.335)	(\$0.330)	(\$0.329)	(\$0.380)	(\$0.332)
TRANSCO ZONE 6 Non-NY	(\$0.245)	(\$0.346)	(\$0.463)	(\$0.200)	(\$0.187)	(\$0.299)	(\$0.312)	(\$0.271)	(\$0.252)	(\$0.272)	(\$0.309)	(\$0.293)
TETCO M3	(\$0.235)	(\$0.369)	(\$0.500)	(\$0.237)	(\$0.187)	(\$0.292)	(\$0.316)	(\$0.275)	(\$0.276)	(\$0.275)	(\$0.306)	(\$0.293)
TENNESSEE ZONE 6 DEL	\$0.409	\$2.178	\$2.631	\$2.814	\$0.755	(\$0.162)	(\$0.070)	(\$0.221)	(\$0.048)	(\$0.049)	(\$0.099)	(\$0.168)
DRACUT MA	\$0.046	\$3.321	\$5.457	\$5.560	\$1.655	(\$0.131)	(\$0.024)	(\$0.125)	\$0.106	\$0.049	(\$0.021)	(\$0.082)
AGT CITY GATE	\$0.389	\$2.145	\$2.728	\$2.837	\$0.798	(\$0.145)	(\$0.067)	\$0.019	(\$0.052)	(\$0.077)	(\$0.093)	(\$0.176)
DAWN	(\$0.005)	(\$0.110)	(\$0.075)	(\$0.040)	\$0.000	\$0.035	\$0.028	(\$0.010)	(\$0.034)	(\$0.028)	(\$0.038)	(\$0.031)

Redacted
Division 1-3

Request:

Re: witness Arangio's Direct Testimony at page 10, lines 14 through 18, for the Dawn firm capacity please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued August 12, 2013;
- b. A list of the companies that submitted bids in response to the RFP.
- c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2012;

Response:

- a. Please see Attachment DIV 1-3(a) for the Request for Proposal ("RFP") that was issued on August 12, 2013.
- b. The following Companies submitted bids in response to the RFP:

[REDACTED]

- c. Please see Attachment DIV 1-3(c) for a copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2012. This agreement was originally submitted in response to Division 1-5 in R.I.P.U.C Docket No. 4346. Pursuant to Commission Rule 1.2(g), the Company continues to seek confidential treatment of Attachment DIV 1-3(c).

**National Grid
Request for Proposals (“RFP”) for
Asset Management Arrangement
August 12, 2013**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for an Asset Management Arrangement (“AMA”) as more fully set forth below. The successful bidder (“Seller”) shall have the right to optimize the assigned assets (“Assets”) subject to satisfying Buyer’s Gas Supply Requirements set forth below.

I. Provisions:

Term: November 1, 2013 through October 31, 2014.

Release of Assets: The Assets to be assigned are set forth below. The Assets shall be assigned by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets. Seller shall be responsible for all variable charges in connection with the Assets during the Term. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the assignment of the Assets from Buyer to Seller. All assignments shall be subject to recall in the event that the Seller fails to meet its gas supply obligation to Buyer.

Released Assets: During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited (“Union Gas”)
TransCanada Pipelines Limited (“TransCanada”)

Please see table below for contract details.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	1,025	1,081	Dawn	Parkway
TransCanada	1,012	1,068	Parkway	Waddington

Gas Supply Requirements: Firm Base-Load Supplies - Each day during the period from November 1, 2013 through and including March 31,

2014, Seller shall deliver, at the Delivery Point, a firm base-load quantity of 1,012 dt at the Delivery Point; at the beginning of the Month of the Term, such quantity may be adjusted based upon the deliverability of the Assets.

Subject to Gas Supply Requirements, Seller shall have the right to optimize the assigned capacity for its own account. Seller shall communicate to Buyer any changes to Firm Base-load supplies no later than 11:30am prevailing East Standard Time on the Day prior to the Day of Gas flow. Acceptance of changes to Firm Base-load supplies communicated by Seller of Buyer after 11:30 a.m. prevailing East Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

Delivery Point:

The interconnection between the facilities of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Price:

The Price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Asset Management Fee:

Subject to satisfying the Gas Supply Requirements associated with the AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In exchange for such right, Seller shall pay Buyer an Asset Management Fee. **As part of their Proposal, Bidders should specify the total proposed Asset Management Fee to be paid to Buyer for the AMA.**

Form of Agreement:

Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Included with this RFP is the form of Transaction Confirmation (Attachment 1) that National Grid proposes for execution. **As part of their Proposal, Bidders should clearly identify any proposed exceptions to the Transaction Confirmation.**

II. Instructions to Bidders:

Proposals must be submitted by the date specified in the Schedule below via email to **all** email addresses as follows:

John.Allocca@nationalgrid.com;
Elizabeth.Arangio@nationalgrid.com
Nancy.Culliford@nationalgrid.com;
Samara.Jaffe@nationalgrid.com;
Janet.Prag@nationalgrid.com;
Brian.Spencer@nationalgrid.com ; and
Deborah.Whitney@nationalgrid.com

Any questions in connection with this RFP should be sent by email to **all** email addresses listed above.

III. Schedule (all times are Eastern Time):

August 14, 2013	All questions must be submitted in writing by 5 p.m.
August 15, 2013	National Grid will respond to Bidders' questions in writing by 5 p.m.
August 19, 2013	Proposals must be received by National Grid by 5 p.m.
August 21, 2013	National Grid will endeavor to select Proposal and party will confirm deal in writing by 5 p.m. Such confirmation will reflect agreement of party to execute the Transaction Confirmation attached hereto along with any exceptions that were proposed by Bidder and accepted by Buyer.
September 4, 2013	Target date for execution of Transaction Confirmation.

IV. Credit Requirements:

Buyer's supplemental credit requirements are set forth in the attached form of Transaction Confirmation.

V. Form of Agreement:

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the Winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the CSA.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

VI. Compliance with National Grid's Supplier Code of Conduct:

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed the attached "Supplier Code of Conduct" which describes our company's values.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - "Protecting the Environment". This section explains National Grid's expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

John Allocca
Director of FERC Compliance and Contracting
Telephone: 516-545-3018

Liz Arangio
Director of Gas Supply Planning
Telephone: 781-907-1639

Janet Prag
Senior Contract Specialist
Telephone: 516-545-5463

Nancy Culliford

Manager of Gas Supply Planning New England
Telephone: 781-907-1638

Attachment 1

Exhibit A
Transaction Confirmation
The Narragansett Electric Company d/b/a National Grid

TRANSACTION CONFIRMATION

Date: _____
Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _____. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:

Attn: _____
Phone: _____
Fax: _____
Base Contract No. _____
Transporters: _____
Transporters Contract Number: _____
Trader: _____

BUYER:

The Narragansett Electric Company d/b/a National Grid
100 East Old County Road
Hicksville, New York 11801
Attn: Contract Administration
Phone: (516) 545-6068
Fax: (516) 545-5466
Base Contract No. _____
Transporters: Union Gas Limited, TransCanada Pipelines
Limited ("TransCanada")
Transporters Contract Number: _____
Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2013

End: October 31, 2014

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements set forth on Exhibit A.

"CFTC" shall mean the Commodities Futures Trading Commission.

"Credit Support Provider" means_____.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

B. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Seller shall initially pay the demand charges to TransCanada and Union and Buyer shall reimburse Seller for such charges. Buyer shall reimburse Seller for demand charges in U.S. dollars using the Bank of Canada's monthly Average of Exchange Rates for the production month.
2. **Firm Base-load Supplies:** Each Day during the period from November 1, 2013 through and including March 31, 2014, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 1,012 dt/Day such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.

Subject to the delivery obligations herein, Seller shall have the right to optimize the assigned capacity for its own account. Seller shall communicate to Buyer any changes to Firm Base-load supplies no later than 11:30am prevailing East Standard Time on the Day prior to the Day of Gas flow. Acceptance of changes to Firm Base-load supplies communicated by Seller of Buyer after 11:30am prevailing East Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.
3. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets.

C. Price

The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s) based on the Assets.

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of \$_____ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

F. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i)

the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

G. Non-financial Swap Data Reporting Procedure

[Language to be discussed immediately by Buyer and Seller upon awarding of RFP.]

H. Changes in Law

If the FERC, CFTC, or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller:

By: _____
Name:
Title:
Date:

Buyer: The Narragansett Electric Company

By: _____
Name: John V. Vaughn
Title: Authorized Signatory
Date:

Shell Energy North America (US), L.P.

Contract Number: 010-NG-BB-12018
Contract Date: 11-1-2006
Deal Maker: Robert Moore

Trade Date:
Deal Number:
Endur Number:

TRANSACTION CONFIRMATION

The Narragansett Electric Company
d/b/a National Grid
Attn: Contract Administration
100 East Old County Road
Hicksville, NY 11801

Date: September 18, 2012
Fax: 516-545-5468
Phone: 516-545-6068

This Transaction Confirmation is subject to that certain Base Contract for Sale and Purchase of Natural Gas, between Shell Energy North America (US), L.P. (successor in interest to Coral Energy Resources, L.P.) ("Shell Energy" or "Seller") and The Narragansett Electric Company d/b/a National Grid ("Buyer" or "Counterparty") dated as of November 1, 2006 (the "Contract"). This Transaction Confirmation shall confirm and effectuate the agreement between Buyer and Seller regarding the purchase and sale of Gas under the following terms. Defined terms used but not defined herein shall have the meaning ascribed to them in the Contract.

Seller: Shell Energy

Buyer: Counterparty

<u>Delivery Period (Term)</u>	<u>Delivery Point/Transporter</u>	<u>Level of Service</u>	<u>Contract Quantity (MMBtu Per Day)</u>	<u>Contract Price (USD Per MMBtu)</u>
November 1, 2012 through October 31, 2013 - See Special Conditions Below	Interconnection of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY	Firm	See Special Conditions Below	See Special Conditions Below

Special Conditions:

1. Condition Precedent

It shall be a condition precedent to the obligations of the parties under this Transaction Confirmation that Counterparty shall enter into the Letter Agreement for Temporary Assignment of Firm Canadian Transportation Capacity (the "Letter Agreement") dated of even date herewith, between Counterparty and Shell Energy North America (Canada) Inc. ("Shell Energy Canada"), an affiliate of Shell Energy, and complete such temporary assignment of the following Canadian firm transportation capacity to Shell Energy Canada:

<u>Pipeline</u>	<u>Quantity Dt/day</u>	<u>Quantity Gj/day</u>	<u>Receipt Point</u>	<u>Delivery Point</u>
Union Gas Limited ("Union")	1,025	1,081	Dawn	Parkway
TransCanada Pipelines Limited ("TransCanada")	1,012	1,068	Parkway	Waddington

(the "Canadian Capacity"). If the foregoing condition precedent is not satisfied by November 1, 2012, then Shell Energy may terminate this Transaction Confirmation upon written notice to Counterparty and such termination shall be deemed to be an Event of Default under Section 10.2 of the Contract with Shell Energy as the Non-Defaulting Party. Counterparty agrees to use commercially reasonable efforts to take, or cause to be taken, all actions and all things necessary, proper or advisable for Counterparty to satisfy the condition precedent set forth in this Section 1 by November 1, 2012. Counterparty agrees that Shell Energy shall not have any liability with respect to the Canadian Capacity.

2. Delivery Period:

Start Date: November 1, 2012 subject to the Condition Precedent specified immediately above.
End Date: October 31, 2013.

Shell Energy North America (US), L.P.

Date: Deal Number:

3. Contract Quantity: Maximum Daily Quantity:

Contract Quantity. Each Day during the period from November 1, 2012 through and including March 31, 2013, Shell Energy shall deliver and sell, and Counterparty shall receive and purchase, Firm Base-load supplies of 1,000 dt, plus the quantity of fuel required by Iroquois Gas Transmission System, L.P. to transport 1,000 dt from the Delivery Point to the interconnection with Tennessee Gas Pipeline at Wright, New York pursuant to Rate Schedule RTS-1.

Maximum Daily Quantity. Notwithstanding anything to the contrary herein, the Contract Quantity for any Day, shall not exceed the amount that may be transported using the Canadian Capacity (the "Maximum Daily Quantity"); provided, however, Shell Energy at its sole option, may agree to sell and deliver Contract Quantities in excess of the Maximum Daily Quantity, if Counterparty and Shell Energy agree to terms for such additional quantities.

4. Contract Price; Transportation Charges; Management Fee:

Contract Price.

[REDACTED]

Transportation Charges.

[REDACTED]

Management Fee.

[REDACTED]

For avoidance of doubt, for purposes of calculating Exposure under Section 10.1 of the Contract, all amounts that would be due and owing under this Section 4 (whether as part of the Contract Price, or as a separate reimbursement or fee) shall be included.

5. Events of Default; Termination:

If at any time during the Delivery Period, Shell Energy fails to deliver Gas required to be delivered hereunder for any continuous period in excess of three Days, unless such failure is excused by the Counterparty's non-performance or caused by Force Majeure, Counterparty shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Canadian Capacity.

It shall be an Event of Default under the Contract with Counterparty as the Defaulting Party if the Canadian Capacity is recalled or the assignment is revoked by Counterparty for any reason other than an Event of Default by Shell Energy hereunder and termination of this Transaction Confirmation.

In the event either Party terminates the Transaction Confirmation, Counterparty shall immediately recall (or revoke assignment of) and be responsible for, and assume all rights and obligations for, the Canadian Capacity as of such date of termination.

6. Other Matters:

Replacement Index. If the Contract Price is based on a published index (the "Index Price") and during the term of this Contract (i) the applicable publication is no longer published and no successor is named, or (ii) the applicable publication ceases to publish or update a price report providing the information specified in the definition of the Index Price, or (iii) the applicable publication materially alters the basis upon which the Index Price is determined and reported (the date that the first of such events occurs being herein called the "Redetermination Date"), then the parties shall promptly meet, following the request of either party, to negotiate in good faith in or to agree upon an alternate publication for the purposes of determining the Index Price. If the parties fail to agree on an alternative price or reference publication within thirty (30) days of the Redetermination Date, then the Index Price will be determined with each party obtaining a good faith quote from a leading, investment grade, non-affiliated dealer in the relevant market and averaging the two quotes.

Change in Law. If either Shell Energy's or Counterparty's activities hereunder become subject to law or regulation of any kind which renders the purchase and sale of Gas at the Delivery Point provided under this Transaction Confirmation illegal, unenforceable or uneconomic (a "Change in Law"), then either party shall at such time have the right to deliver a notice of its intent to terminate this Transaction Confirmation based on the Change in Law to the other party, subject to Section 12 of the Contract and the satisfaction of the obligation to negotiate a new agreement under this Special Condition. Upon delivery of a Notice pursuant to this Special Condition

REDACTED

Shell Energy North America (US), L.P.

Date: Deal Number:

by one party to the other, Shell Energy and Counterparty shall negotiate in good faith a new agreement resulting in substantially the same economic benefits as this Transaction Confirmation and if such negotiations do not result in a new agreement within thirty (30) Days of the start of such negotiations (or such longer time period to which the parties may agree), either party may terminate this Transaction Confirmation upon ten (10) Days advance written notice to the other party. A Change in Law for purposes of the terms and conditions of the Letter Agreement shall also be deemed to be a Change in Law for purposes of this Transaction Confirmation, and a termination of the Letter Agreement based on a Change in Law shall also result in termination of this Transaction Confirmation.

Relationship of Parties. National Grid acknowledges that Shell Energy US neither has nor undertakes any fiduciary or other special duty to National Grid hereunder. The rights, liabilities, responsibilities and remedies of the parties with respect to the subject matter of this Transaction Confirmation shall be exclusively those expressly set forth herein and in the Contract. Neither party is, or will represent itself as being, a partner of, or agent or fiduciary for, the other party with respect to the Canadian Capacity or otherwise.

Conflicts. To the extent there are conflicts between this Transaction Confirmation and the Base Contract, such conflicts will be resolved in favor of this Transaction Confirmation.

This Transaction Confirmation is being provided pursuant to and in accordance with the above referenced Contract between Shell Energy and Counterparty and constitutes part of and is subject to all of the provisions of the Contract. With respect to the above stated deal identification number (Deal #) identifying this specific "Transaction", this Transaction Confirmation shall supersede any prior confirmations of this specific Transaction.

The Narragansett Electric Company d/b/a National Grid

Shell Energy North America (US), L.P.

Per:

Name/Title:

Date:

[Signature]
per cc
Authorized Signatory
11/21/2012

Per:

Name/Title:

Date:

[Signature]
M. McComiskey
Senior Vice President

Please return the signed confirmation to FAX: (713) 265-2171

Questions and comments should be directed to Contract Administration at: Phone: (713) 230-7505 Fax: (713) 265-2171.

Shell Energy North America (US), L.P. 1000 Main, Level 12, Houston TX 77002

September 18, 2012

VIA FACSIMILE: 516-545-5466

The Narragansett Electric Company d/b/a National Grid
Attn: Contract Administration
100 East Old County Road
Hicksville, NY 11801

RE: Letter Agreement ("Letter Agreement") for Temporary Assignment of Firm Canadian Transportation Capacity from The Narragansett Electric Company d/b/a National Grid to Shell Energy North America (Canada) Inc.

To whom it may concern:

The Narragansett Electric Company d/b/a National Grid ("National Grid") has the following firm transportation capacity pursuant to the firm transportation agreements attached here as Exhibit A and Exhibit B:

Pipeline.	Quantity Dt/day	Quantity G/day	Receipt Point	Delivery Point
Union Gas Limited ("Union")	1,025	1,081	Dawn	Parkway
TransCanada Pipelines Limited ("TransCanada")	1,012	1,068	Parkway	Waddington

(the "Canadian Capacity"). Pursuant to this Letter Agreement, National Grid and Shell Energy North America (Canada) Inc. ("Shell Energy Canada") agree to the following terms and conditions regarding the temporary assignment of the Canadian Capacity to Shell Energy Canada:

- (1) Condition Precedent. It shall be a condition precedent to the obligations of the parties under this Letter Agreement that National Grid shall have entered into that Transaction Confirmation, dated of even date herewith, with Shell Energy Canada's affiliate, Shell Energy North America (US) L.P. ("Shell Energy US"), pursuant to which National Grid purchases gas from Shell Energy US under that Base Contract for Sale and Purchase of Natural Gas, dated as of November 1, 2006 (the "Gas Sale"). In the event that such condition precedent is not satisfied by November 1, 2012, unless mutually agreed to be extended in writing, then this Letter Agreement shall automatically terminate without recourse and the parties shall have no further obligations to each other hereunder.
- (2) Temporary Assignment. National Grid agrees to temporarily assign, and Shell Energy Canada agrees to accept temporary assignment of, the Canadian Capacity from November 1, 2012 to October 31, 2013 (the "Assignment Term") on the terms and conditions set forth in this Letter Agreement. To the extent that the temporary assignments of the Canadian Capacity to Shell Energy Canada are subject to approval from Union and TransCanada and further documentation requirements, National Grid and Shell Energy Canada shall take such actions and execute such additional documents as may be reasonably necessary to effectuate the temporary assignment of the Canadian Capacity. It is expressly contemplated that Union and TransCanada will issue firm transportation agreements to Shell Energy Canada that will contain similar terms and conditions as those set forth in Exhibit A and Exhibit B, except as such terms are modified by this Letter Agreement. National Grid agrees that Shell Energy Canada shall not have any liability with respect to the Canadian Capacity except as provided in this Letter Agreement and to the extent

such liabilities arise and are attributable to acts or omissions by Shell Energy Canadian under the Canadian Capacity during the Assignment Term.

- (3) Transportation Charges. National Grid shall be solely responsible for all demand charges related to the Canadian Capacity during the Assignment Term and otherwise. During the Assignment Term:
- (i) National Grid shall continue to be invoiced for and pay all Union demand charges directly; and
 - (ii) Each Month, TransCanada demand charges shall initially be paid by Shell Energy Canada to TransCanada, and National Grid shall be deemed to reimburse Shell Energy Canada for the demand charges charged by TransCanada to the extent it pays 100% of such charges to Shell Energy US as part of the Contract Price in the Gas Sale.
- Variable charges shall also be recouped through the Contract Price in the Gas Sale. To the extent the Gas Sale is terminated or Shell Energy US is otherwise not paid for 100% of the demand and variable charges through the Gas Sale, National Grid agrees to pay and reimburse Shell Energy Canada directly for all such amounts. In addition, National Grid will be responsible for any toll increases should they occur during the Assignment Term and any subsequent and/or remaining accounting periods.
- (4) Management Fee. In consideration of the temporary assignment of the Canadian Capacity to Shell Energy Canada and Shell Energy Canada's right to use the Canadian Capacity for its own account, National Grid shall be paid a management fee of \$3,125 for each Month during the Assignment Term. Such fee shall be paid by Shell Energy US (as agent for Shell Energy Canada) under the Gas Sale. National Grid agrees that Shell Energy Canada shall not be obligated to utilize the Canadian Capacity to supply National Grid or for National Grid's benefit. National Grid also agrees that Shell Energy Canada shall be entitled to utilize the Canadian Capacity during the Assignment Term as Shell Energy Canada in its sole discretion shall determine and for Shell Energy Canada's own benefit and account and that National Grid shall not be entitled to any portion of any profits or income realized by Shell Energy Canada therefrom.
- (5) Default and Termination. In the event the Gas Sale is terminated for any reason allowed under its terms and conditions, then this Letter Agreement shall also contemporaneously terminate and the parties shall use commercially reasonable efforts to effectuate a return or reversion of the Canadian Capacity from Shell Energy Canada to National Grid as soon as reasonably possible. In such event, National Grid shall be responsible for, and assume all rights and obligations for, the Canadian Capacity as of such date of termination. Without limiting the foregoing, any Event of Default under the terms and conditions of the Gas Sale shall also be an Event of Default under this Letter Agreement and any right to terminate the Gas Sale shall also be a right to terminate this Letter Agreement. In any event, if this Letter Agreement is terminated, the parties shall use commercially reasonable efforts to effectuate a return or reversion of the Canadian Capacity from Shell Energy Canada to National Grid as soon as reasonably possible, and National Grid shall be responsible for, and assume all rights and obligations for, the Canadian Capacity as of such date of termination.
- (6) Survival. The Parties' obligations to make payments due hereunder and the limitation on damages shall survive any termination of this Letter Agreement.
- (7) Relationship of Parties. Each party is capable of understanding and evaluating (without assistance from the other party) all activities to be undertaken pursuant to this Letter Agreement. Regardless of any designation to Union or TransCanada in regards to the Canadian Capacity, it is understood and agreed that Shell Energy Canada is not acting as National Grid's agent hereunder and nothing herein shall be construed as creating an agency relationship, but rather it is understood and agreed that Shell Energy Canada is undertaking the obligations hereunder as an independent contractor for all purposes. National Grid acknowledges that Shell Energy Canada neither has nor undertakes any fiduciary or other special duty to National Grid hereunder. The rights, liabilities, responsibilities and remedies of the parties with respect to the subject

matter of this Letter Agreement shall be exclusively those expressly set forth herein. Neither party is, or will represent itself as being, a partner of, or agent or fiduciary for, the other party with respect to the Canadian Capacity or otherwise. This Letter Agreement shall not be construed as creating any partnership, joint venture, association, or any other type of entity between National Grid and Shell Energy Canada, or between either or both of them and any other party for the sharing of profits and losses for federal income tax or for any other purposes.

- (8) Change in Law. If either Shell Energy Canada's or National Grid's activities hereunder become subject to law or regulation of any kind which renders the transactions contemplated by this Letter Agreement illegal, unenforceable or uneconomic (a "Change in Law"), then either party shall at such time have the right to deliver a notice of its intent to terminate this Letter Agreement based on the Change in Law to the other party, subject to the satisfaction of the following obligation to negotiate a new agreement. Upon delivery of a notice pursuant to this Section 8 by one party to the other, Shell Energy and Counterparty shall negotiate in good faith a new agreement resulting in substantially the same economic benefits as this Letter Agreement and if such negotiations do not result in a new agreement within thirty (30) Days of the start of such negotiations (or such longer time period to which the parties may agree), either party may terminate this Letter Agreement upon ten (10) Days advance written notice to the other party. A Change in Law for purposes of the terms and conditions of the Gas Sale shall also be deemed to be a Change in Law for purposes of this Letter Agreement, and a termination of the Gas Sale based on a Change in Law shall also result in termination of this Letter Agreement.
- (9) Creditworthiness. If either party has reasonable grounds for insecurity regarding the payment, performance or enforceability of any obligation under this Letter Agreement (whether or not then due), such party may demand security, whether or not the other party has defaulted on any of its obligations, which security shall be provided by the other party by the end of the third business day after the demand is received. For purposes of this provision, (a) "reasonable grounds" shall include, but not be limited to, (i) a decrease in the Credit Rating of a party or its credit support provider to below BBB- by Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., or any successor rating agency thereto, or to below Baa3 by Moody's Investors Services, Inc., or any successor rating agency thereto or (ii) if neither of the foregoing rating agencies provides a Credit Rating for a party, and (b) "Credit Rating" shall mean (i) with respect to a party or its credit support provider, as applicable, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its issuer rating by the specified rating agency, and (ii) with respect to a financial institution, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its deposit rating by the specified rating agency. Any security provided under this provision shall be in the form, amount, and term reasonably acceptable to the party requesting the security, including a standby irrevocable letter of credit or a guarantee by an entity acceptable to the party requesting security. Failure by a party to provide the requested security shall constitute an Event of Default under this Letter Agreement and the Gas Sale. Notwithstanding the foregoing, to the extent an obligation under this Letter Agreement was used in calculating Exposure for purposes of the Gas Sale and Adequate Assurance of Performance was provided in connection with the Gas Sale, a party will not be required to provide additional security.
- (10) Recordings. The parties agree that each party may electronically record all telephone conversations with respect to this Letter Agreement between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording.
- (11) Limitations. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES

SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

- (12) Choice of Law. THIS LETTER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ALBERTA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES OR PRINCIPLES.
- (13) For the avoidance of doubt, the parties agree and acknowledge that (i) Shell Energy Canada is not a party to the Gas Sale and (ii) that any and all gas quantities being delivered to National Grid are being purchased and sold solely via that certain Gas Sale and such gas purchase/sale obligations, terms and conditions are not in any way covered by this Letter Agreement. The Gas Sale is merely referenced herein for informational purposes.
- (14) This Letter Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing contained in this Letter Agreement, express or implied, is intended to confer upon any other person or entity any benefits, rights or remedies.
- (15) The parties shall execute, acknowledge, and deliver, or cause to be executed, acknowledged and delivered, such instruments and take such other action as may be reasonably necessary or advisable to carry out their obligations under this Letter Agreement.
- (16) Notices.
- (a) All notices, invoices, payments, statements and communications made to National Grid pursuant to this Letter Agreement shall be in writing and made as follows:
- THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
Attn: Contract Administration
100 East Old County Road
Hicksville, NY 11801
Fax: 516-545-5468
Phone: 516-545-6068

- (b) All notices, invoices, payments, statements and communications made to Shell Energy Canada pursuant to this Letter Agreement shall be in writing and made as follows:

Notices:

SHELL ENERGY NORTH AMERICA (CANADA) INC.
Attn: Energy Administration
400 - 4th Avenue S.W.
Calgary, Alberta T2P 2H5
Fax: (403) 218-3601

Invoices and Payments:

SHELL ENERGY NORTH AMERICA (CANADA) INC.
Attn: Gas Accounting

REDACTED

Phone: (403) 216-3800
Fax: (877) 653-1272
Wire transfer or ACH numbers:
BANK: Citibank NA Canadian Branch
ABA: Bank #0328
ACCT: Branch: Translt #20012
Beneficiary: Shell Energy North America (Canada) Inc.

Gas Control:
Email: calgarynominations@shell.com
Attention: Gas Control
Phone: (403) 216-3504 Fax: (403) 216-3603

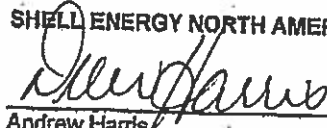
(c) All notices required pursuant to this Agreement may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class certified mail return receipt requested, or hand delivered.

(d) Notice shall be effective when received during business hours on a business day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a business day or is after five p.m. (at the receiving Party's place of business) on a business day, then such facsimile shall be deemed to have been received on the next following business day. Notice by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving Party. First class mail is deemed delivered five (5) days after mailing.

If the foregoing represents your understanding of the agreement between National Grid and Shell Energy Canada, then please sign where indicated below and return by facsimile to John Pillion at john.pillion@shell.com.


Yours very truly,

SHELL ENERGY NORTH AMERICA (CANADA) INC.


Andrew Harris
S.V.P. Shell Energy North America (Canada) Inc

Accepted and agreed to this ___ day of September 2012.

The Narragansett Electric Company d/b/a National Grid

By: 
Name: Authorized Signatory
Title: 9/21/2012

REDACTED

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4436
Responses to Division First Set of Data Requests
Issued on September 20, 2013
Attachment DIV 1-3(c) Redacted
Page 9 of 10

**Exhibit A to Letter Agreement –
Firm Transportation Contract Dawn to Parkway Between Union Gas Limited and The Narragansett
Electric Company d/b/a National Grid Dated October 9, 2009**

REDACTED

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4436
Responses to Division First Set of Data Requests
Issued on September 20, 2013
Attachment DIV 1-3(c) Redacted
Page 10 of 10

Exhibit B to Letter Agreement --
TransCanada Pipelines Limited Firm Transportation Service Contract dated March 18, 2010

Redacted
Division 1-4

Request:

Re: witness Arangio's Direct Testimony at page 11, lines 6 through 10, for the East-to-West capacity please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued July 10, 2013;
- b. A list of the companies that submitted bids in response to the RFP.
- c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2012;

Response:

- a. Please see Attachment DIV 1-4(a) for the Request for Proposal ("RFP") that was issued on July 10, 2013.
- b. The following Companies submitted bids in response to the RFP:

[REDACTED]

- c. Provided as Attachment DIV 1-4(c), is the response to Division 1-6 submitted in R.I.P.U.C Docket No. 4346 subject to a request for confidential treatment. Pursuant to Commission Rule 1.2(g), the Company continues to seek confidential treatment of Attachment DIV 1-4(c).

**National Grid
Request for Proposals (“RFP”)
For Asset Management Arrangement
July 10, 2013**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for an Asset Management Arrangement (“AMA”) as more fully set forth below. The specific gas supply requirements and the assets to be released (“Assets”) for the AMA are set forth in Attachment 1. The successful bidder (“Seller”) shall have the right to optimize the Assets subject to satisfying Buyer’s Gas Supply Requirements.

I. Provisions:

Term: November 1, 2013 through and including October 31, 2014.

Release of Assets: The Assets to be released for each AMA are set forth in Attachment 1. Assets shall be released by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs in connection with the Assets during the Term. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the release of the Assets from Buyer to Seller. The parties intend that any transaction entered into pursuant to this RFP shall be structured as an Asset Management Agreement pursuant to FERC Order 712 and any other applicable rules or regulations. All releases shall be subject to recall in the event that the Seller fails to meet its Gas supply obligation to Buyer.

Gas Supply Requirements: The Gas Supply Requirements associated with the AMA are set forth in Attachment 1.

Delivery Point: The Delivery Point(s) for the AMA are set forth in Attachment 1.

Price: The Price for Gas delivered by Seller to Buyer is specified in Attachment 1.

Asset Management Fee: Subject to satisfying the Gas Supply Requirements associated with the AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In exchange for such right, Seller shall pay Buyer an Asset Management Fee.

Proposals: As part of their Proposal, bidders should specify the total proposed Asset Management Fee to be paid to Buyer for the AMA.

Form of Agreement: Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex with The Narragansett Electric Company. Included is the form of Transaction Confirmation (Attachment 2) that Buyer proposes for execution. **As part of their Proposal, bidders should clearly identify any proposed exceptions to the Transaction Confirmation.**

Credit Requirements: Buyer's supplemental credit requirements are set forth in the draft Transaction Confirmation attached hereto as Attachment 2.

II. Instructions to Bidders:

Proposals must be submitted by the date specified in the Schedule below via email to **all** email addresses as follows:

John.Allocca@nationalgrid.com;
Samara.Jaffe@nationalgrid.com;
Janet.Prag@nationalgrid.com; and

Gas Supply Planning

Email address: gassupplyplanning@nationalgrid.com

Any questions in connection with this RFP should be sent by email to **all** email addresses listed above.

III. Schedule (all times are Eastern Time):

July 15, 2013	All questions must be submitted in writing by 10 AM.
July 18, 2013	Buyer will respond to Bidders' questions in writing by 5 PM.
July 22, 2013	Proposals must be received by Buyer by 5:00 pm. All proposals shall expressly provide that they will remain binding and in effect, without modification, until 5 PM on July 24, 2013.
July 24, 2013	Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 5 PM.
July 31, 2013	Target date for execution of Transaction Confirmation.

IV. Credit Requirements:

Buyer's supplemental credit requirements are set forth in the Transaction Confirmation.

V. Form of Agreement:

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the Winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the CSA.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

National Grid has issued this RFP in order to meet the gas supply needs of its customers. Any resulting Transaction Confirmation will ask the awarded bidder to affirm that the transactions executed pursuant to this RFP do not constitute a "Swap" as defined by either the *Commodity Exchange Act* or any regulations thereunder. Should National Grid and the awarded bidder disagree on whether any transactions executed hereunder constitute a "Swap" the parties agree to consult immediately to resolve any such issues. In the event that it should later be determined that such transactions constitute a Swap, the awarded bidder shall be responsible for acting as the reporting party and furnishing National Grid with the Unique Swap Identifier. Further, in the event that it should later be determined that such transactions constitute commodity option(s), then, for the purposes of 17 CFR 32.3, National Grid shall affirm that (i) they are a producer, processor or commercial user of, or a merchant handling the commodity or commodities which are the subject of any commodity option transactions entered into hereunder, or the products or by-products thereof, and (ii) they are offering (or being offered, as the case may be) or entering into such transactions solely for purposes related to their business as such. Additionally, an awarded bidder must, upon request by National Grid, confirm its intention that any such commodity option transactions shall be physically settled, such that if exercised, they result in the sale of an exempt commodity for either immediate or deferred shipment or delivery.

VI. Compliance with National Grid's Supplier Code of Conduct:

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future

activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed the attached “Supplier Code of Conduct” which describes our company’s values.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”. This section explains National Grid’s expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

John Allocca
Director of FERC Compliance and Contracting
Telephone: 516-545-3018

Liz Arangio
Director of Gas Supply Planning
Telephone: 781-907-1639

Janet Prag
Senior Contract Specialist
Telephone: 516-545-5463

Nancy Culliford
Manager of Gas Supply Planning
Telephone: 781-907-1638

Attachment 1

AMA Narragansett East to West

Buyer: The Narragansett Electric Company.

Term: November 1, 2013 through October 31, 2014.

**Gas Supply
Requirements:**

Seller shall be obligated to deliver and sell Gas to Buyer at the Delivery Points in the quantities and during the periods specified below. Such Gas supply obligation shall consist of a Base-Load Supply and a Daily Call.

Base-Load Supply – Each Day during the period from December 1, 2013 through and including February 28, 2014, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

Daily Call – Each Day during the Term Seller shall sell and Deliver and Buyer shall purchase and receive the quantity of Gas requested by Buyer up to the Maximum Daily Quantity and subject to the Maximum Monthly Quantity set forth in the table below.

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2013		10,000	200,000
December 2013	3,000	7,000	177,000
January 2014	3,000	7,000	191,000
February 2014	3,000	7,000	182,000
March 2014		10,000	200,000
April 2014		10,000	200,000
May 2014		3,000	39,000
June 2014		0	0
July 2014		0	0
August 2014		0	0
September 2014		0	0
October 2014		10,000	200,000

**Additional
Call:**

In addition to the Gas Supply Requirements specified above, on any Day during the period from June 1, 2014 through and including October 31, 2014, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Gas Supply Requirements provision above shall not be cumulative (i.e.,

Buyer's right to request Gas pursuant to the Gas Supply Requirements provision shall be reduced by quantities requested pursuant to the Additional Call provision on any Day.

Price: The price paid for Gas hereunder shall be:

Base-Load Supply Price - For the Base-Load Supply, the price shall be the First of Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Algonquin City Gates.

Daily Call Price - For Gas delivered pursuant to the Daily Call option, the price will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates, for the applicable Day.

Additional Call Price - For Gas delivered pursuant to the Supplemental Daily Call option, the price shall be the greater of (a) *Platts Gas Daily* - Daily Price Survey (\$MMBtu) Midpoint index for Algonquin, City Gates plus \$0.20 per dt or (b) the Base-Load Price set forth above.

Delivery Point(s): The points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the attached Algonquin Transportation Contract No. 510511-R1.

Nominations: Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 9:00 a.m. prevailing Eastern Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. A Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday). National Grid, upon its discretion, may arrange for the awarded bidder's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased under this Transaction Confirmation.

Released Assets: During the Term, Buyer shall release 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached).

Attachment 2

**AMA
Transaction Confirmation
The Narragansett Electric Company**

TRANSACTION CONFIRMATION

	Date: _____ Transaction Confirmation #: _____
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _____. This Transaction Confirmation will not become binding until executed by both parties.	
SELLER: Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporters: _____ Transporters Contract Number: _____ Trader: _____	BUYER: The Narragansett Electric Company 100 East Old County Road Hicksville, New York 11801 Attn: Contract Administration Phone: (516) 545-6068 Fax: (516) 545-5466 Base Contract No. _____ Transporters: Algonquin Gas Transmission Transporters Contract Number: _____ Trader: John Allocca
Contract Price: See Special Conditions Section C Below	
Term: Begin: November 1, 2013 End: October 31, 2014	
Performance Obligation and Contract Quantity: See Special Conditions Below	
Delivery Point(s): The Delivery Point shall be the points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the Assets.	
Special Conditions: A. Definitions "Assets" means 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached). "Credit Support Provider" means _____. "CFTC" means the Commodity Futures Trading Commission. "Dekatherm" or "Dth" or "dt" means one (1) MMBtu. "FERC" means the Federal Energy Regulatory Commission. "Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by	

Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

"Unique Swap Identifier" means the unique identifier created and assigned to a swap at the time it is executed, and used to identify that particular swap transaction throughout its existence.

B. Gas Service and Capacity Release

1 Release of Assets: During the Term, Buyer will release on a pre-arranged, non-biddable basis, at no cost to Seller the Assets. Buyer shall be responsible for the payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs related to the Assets.

2 Base-Load Supply: Each Day during the period from December 1, 2013 through and including February 28, 2014, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

3 Daily Call: On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2013		10,000	200,000
December 2013	3,000	7,000	177,000
January 2014	3,000	7,000	191,000
February 2014	3,000	7,000	182,000
March 2014		10,000	200,000
April 2014		10,000	200,000
May 2014		3,000	39,000
June 2014		0	0
July 2014		0	0
August 2014		0	0
September 2014		0	0
October 2014		10,000	200,000

4 Additional Call: In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2014 through and including October 31, 2014, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (i.e. Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day.

1. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

C. Price

1. **Base-Load Price:** The price for and Base-Load supplies purchase on any Day pursuant to B.2. shall be the first of

- Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Algonquin, City Gates.
2. **Daily Call Price:** The price for any Daily Call supplies purchased on any Day pursuant to B.3. above shall be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.
 2. **Additional Call Price:** The price for any Additional Call supplies purchased on any Day pursuant to B.4. above shall be the greater of (a) *Platts Gas Daily* - Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates plus \$0.20 per dt or (b) the Base-Load Price set forth above.

D. Nominations

Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 9:00 a.m. prevailing eastern time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday.) Buyer, upon its discretion, may arrange for Seller's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased under this Transaction Confirmation.

E. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the released capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of \$_____ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

F. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "Collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

G. Asset Management Arrangement

The Parties agree that the transactions hereunder constitute an Asset Management Arrangement, as defined by FERC in Order No. 712 (as modified and clarified) and in accordance with FERC's rules and regulations, and that Seller is acting as Asset Manager as defined in 18 CFR 284.8(h)(3).

H. Non-financial Swap Data Reporting Procedure

Buyer has entered into this Transaction Confirmation in order to meet the gas supply needs of its customers and affirms that any transactions entered into hereto do not constitute a "Swap" as defined by either the *Commodity Exchange Act* or any regulations thereunder. The parties agree to consult immediately to attempt to resolve any dispute regarding whether a transaction under this Transaction Confirmation constitutes a "Swap". In the event that it shall later be determined that such transactions constitute a Swap, Seller shall be responsible for acting as the reporting party and furnishing Buyer with the Unique Swap Identifier. Further, in the event that it should later be determined that such transactions constitute commodity option(s), then, for the purposes of 17 CFR 32.3, Buyer shall affirm that (i) they are a producer, processor or commercial user of, or a merchant handling the commodity or commodities which are the subject of any commodity option transactions entered into hereunder, or the products or by-products thereof, and (ii) they are offering (or being offered, as the case may be) or entering into such transactions solely for purposes

related to their business as such. Additionally, Seller must, upon request by Buyer, confirm its intention that any such commodity option transactions shall be physically settled, such that if exercised, they result in the sale of an exempt commodity for either immediate or deferred shipment or delivery.

I. Changes in Law

If the FERC, CFTC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) Days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller:

By: _____
Name:
Title:
Date:

Buyer: The Narragansett Electric Company

By: _____
Name: John V. Vaughn
Title: Authorized Signatory
Date:

REDACTED

AMA
Transaction Confirmation
The Narragansett Electric Company

TRANSACTION CONFIRMATION

Date: July 31, 2012

Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated August 1, 2009. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:

EDF Trading North America, LLC
4700 W. Sam Houston Pkwy N., Ste 250
Houston, TX 77041

Attn: Gas Accounting

Phone: 281-781-0333

Fax: 281-653-1034 Email:

gas.invoicinghouston@edftrading.com

Base Contract No. _____

Transporters: Algonquin Gas Transmission

Transporters Contract Number: _____

Trader: C. Ben Hadden

BUYER:

The Narragansett Electric Company

100 East Old County Road

Hicksville, New York 11801

Attn: Contract Administration

Phone: (516) 545-6068

Fax: (516) 545-5466

Base Contract No. _____

Transporters: Algonquin Gas Transmission

Transporters Contract Number: _____

Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2012

End: October 31, 2013

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the Assets.

Special Conditions:

A. Definitions

"Assets" means 10,000 dtd/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached).

"Credit Support Provider" means EDF Trading Limited.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Service, Inc. or its successor.

"S&P" means Standard & Poor's Financial Services LLC or its successor.

B. Gas Service and Capacity Release

1 Release of Assets: During the Term, Buyer will release on a pre-arranged, non-biddable basis, at no cost to Seller the Assets. Buyer shall be responsible for the payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs related to the Assets.

2 Base-Load Supply: Each Day during the period from December 1, 2012 through and including February 28, 2013, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

3 Daily Call: On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2012		10,000	200,000
December 2012	3,000	7,000	177,000
January 2013	3,000	7,000	191,000
February 2013	3,000	7,000	182,000
March 2013		10,000	200,000
April 2013		10,000	200,000
May 2013		3,000	39,000
June 2013		0	0
July 2013		0	0
August 2013		0	0
September 2013		0	0
October 2013		10,000	200,000

4 Additional Call: In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2013 through and including October 31, 2013, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (i.e. Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day).

5. Termination Option: If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

C. Price

1. **Base-Load Price:** [REDACTED]

2. **Daily Call Price:** [REDACTED]

3. **Additional Call Price:** [REDACTED]

D. Nominations

AMA
Transaction Confirmation
The Narragansett Electric Company

TRANSACTION CONFIRMATION

Date: July 31, 2012

Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated August 1, 2009. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:

EDF Trading North America, LLC
4700 W. Sam Houston Pkwy N., Ste 250
Houston, TX 77041

Attn: Gas Accounting

Phone: 281-781-0333

Fax: 281-653-1034 Email:

gas.invoicinghouston@edftrading.com

Base Contract No. _____

Transporters: Algonquin Gas Transmission

Transporters Contract Number: _____

Trader: C. Ben Hadden

BUYER:

The Narragansett Electric Company

100 East Old County Road

Hicksville, New York 11801

Attn: Contract Administration

Phone: (516) 545-6068

Fax: (516) 545-5466

Base Contract No. _____

Transporters: Algonquin Gas Transmission

Transporters Contract Number: _____

Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2012

End: October 31, 2013

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the Assets.

Special Conditions:

A. Definitions

"Assets" means 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached).

"Credit Support Provider" means EDF Trading Limited.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Service, Inc. or its successor.

"S&P" means Standard & Poor's Financial Services LLC or its successor.

B. Gas Service and Capacity Release

1 Release of Assets: During the Term, Buyer will release on a pre-arranged, non-biddable basis, at no cost to Seller the Assets. Buyer shall be responsible for the payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs related to the Assets.

2 Base-Load Supply: Each Day during the period from December 1, 2012 through and including February 28, 2013, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

3 Daily Call: On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2012		10,000	200,000
December 2012	3,000	7,000	177,000
January 2013	3,000	7,000	191,000
February 2013	3,000	7,000	182,000
March 2013		10,000	200,000
April 2013		10,000	200,000
May 2013		3,000	39,000
June 2013		0	0
July 2013		0	0
August 2013		0	0
September 2013		0	0
October 2013		10,000	200,000

4 Additional Call: In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2013 through and including October 31, 2013, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (i.e. Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day).

5. Termination Option: If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

C. Price

1. **Base-Load Price:**

2. **Daily Call Price:** T

3. **Additional Call Pr**

D. Nominations

Buyer shall make all nominations for delivery of Gas verbally in writing or by telephonic means prior to 8:30 a.m. prevailing eastern time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday.)

E. Asset Management Fee

[REDACTED]

F. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "Collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

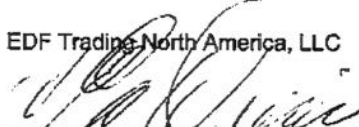
G. Asset Management Arrangement

The Parties agree that the transactions hereunder constitute an Asset Management Arrangement, as defined by FERC in Order No. 712 (as modified and clarified) and in accordance with FERC's rules and regulations, and that Seller is acting as Asset Manager as defined in 18 CFR 284.8(h)(3).

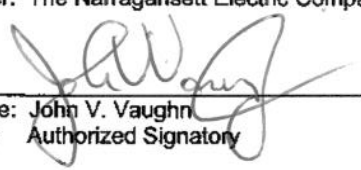

H. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) Days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: EDF Trading North America, LLC

By: 
Name: W. Eric Dennison
Title: Senior Vice President

Buyer: The Narragansett Electric Company

By:  
Name: John V. Vaughn
Title: Authorized Signatory

LEGAL 

CREDIT 

SETTLEMENTS 

Redacted
Division 1-5

Request:

Re: witness Arangio's Direct Testimony page 13, lines 1 through 3, please provide:

- a. A copy of each agreement between the Company and a third-party asset manager for the management of assets included in Company's asset management portfolio for any portion of:
 - i. The gas cost reconciliation period for this proceeding
 - ii. The twelve months end October 31, 2013
 - iii. The twelve months end October 31, 2014
- b. The amount each month the contractor has paid to the Company in optimization fees for:
 - i. The gas cost reconciliation period for this proceeding
 - ii. The GCR period GCR beginning November 1, 2012
- c. The expected amount of revenue to be derived from third-party asset management fees by month for the twelve months ended October 31, 2014.

Response:

- a.
 - i. Please see the Company's response to Division 1-3 (c) for a copy of the agreement between the Company and Shell Energy North America in place during the period November 1, 2012 through and including October 31, 2013 (the gas cost reconciliation period for this proceeding) related to the management of the Company's Union and TransCanada assets.

Please see the Company's response to Division 1-4 (c) for a copy of the agreement between the Company and EDF Trading North America LLC in place during the period November 1, 2012 through and including October 31, 2013 (the gas cost reconciliation period for this proceeding) related to the management of the Company's Algonquin East-to-West assets.

Redacted

Division 1-5, page 2

- ii. Please see response to (i) above.
 - iii. The Company has two asset management agreements in effect for the November 1, 2013 through October 31, 2014 period. Please see Attachment DIV 1-5(a-iii)-1 for a copy of the agreement between the Company and Emera Energy related to the management of the Company's Union and TransCanada assets. Please see Attachment DIV 1-5(a-iii)-2 for a copy of the agreement between the Company and EDF Trading North America LLC related to the management of the Company's Algonquin East-to-West assets. Pursuant to Commission Rule 1.2(g), the Company is seeking confidential treatment for portions of these attachments.
- b.
- i. For the gas cost reconciliation period for this proceeding November 1, 2012 through October 31, 2013), the Company expects to receive optimization payments totaling **[(\$) REDACTED]**.
 - ii. Please see response to b (i) above.
- c. The Company will receive optimization payments totaling **[(\$) REDACTED]** for the twelve month period beginning November 1, 2013 and ending on October 31, 2014.



		Date: _____		
		Transaction Confirmation #: _____		
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated October 1, 2012. This Transaction Confirmation will not become binding until executed by both parties.				
SELLER: <u>Emera Energy Services, Inc.</u> <u>1223 Lower Water Street</u> <u>Halifax, Nova Scotia B3J 3S8</u> Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporters: _____ Transporters Contract Number: _____ Trader: <u>Ian Johnston</u>	BUYER: <u>The Narragansett Electric Company d/b/a National Grid</u> <u>100 East Old County Road</u> <u>Hicksville, New York 11801</u> Attn: <u>Contract Administration</u> Phone: <u>(516) 545-6068</u> Fax: <u>(516) 545-5466</u> Base Contract No. _____ Transporters: Union Gas Limited, TransCanada Pipelines Limited ("TransCanada") Transporters Contract Number: _____ Trader: <u>John Allocca</u>			
Contract Price: See Special Conditions Section C Below				
Term: Begin: November 1, 2013 End: October 31, 2014				
Performance Obligation and Contract Quantity: See Special Conditions Below				
Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada and Iroquois Gas Transmission System at Waddington, NY.				
Special Conditions: A. Definitions "Assets" means the Agreements summarized as follows:				
Pipeline & Contract	Quantity y Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union M12164	1,025	1,081	Dawn	Parkway
TransCanada 2770	1,012	1,068	Parkway	Waddington
"Canadian Affiliate" shall mean Emera Energy Incorporated.				
"CFTC" shall mean the Commodities Futures Trading Commission.				
"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.				

"FERC" means the Federal Energy Regulatory Commission.

B. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign to Seller's Canadian Affiliate the Assets to Seller. Seller (or its Canadian Affiliate) shall initially pay the demand charges to TransCanada and Union and Buyer shall reimburse Seller for such charges. Buyer shall reimburse Seller for demand charges in U.S. dollars using the Bank of Canada's monthly Average of Exchange Rates for the production month.

2. **Firm Base-load Supplies:** Each Day during the period from November 1, 2013 through and including March 31, 2014, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 1,012 dt/Day such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.

Subject to the delivery obligations herein, Seller (or its Canadian Affiliate) shall have the right to optimize the assigned capacity for its own account. Seller shall communicate to Buyer any changes to Firm Base-load supplies no later than 11:30am prevailing East Standard Time on the Day prior to the Day of Gas flow. Acceptance of changes to Firm Base-load supplies communicated by Seller of Buyer after 11:30am prevailing East Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

3. **Termination Right:** If there has occurred either three consecutive Failure Days or five total Failure Days during the Term, then in addition to any other remedies available to Buyer under the Base Contract, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets by designating an Early Termination Date under Section 10.3 of the Base Contract. A "Failure Day" means a Day on which Seller has failed to deliver an amount equal to or greater than 96% of the Contract Quantity to be delivered on such Day, which failure is not excused because of Buyer's non-performance or by Force Majeure.

C. Price

D. Asset Management Fee

E. Credit Provisions

Buyer and Seller mutually agree that the Terms and Special Provisions outlined in Section 10 of the Base Contract for Sale and Purchase of Natural Gas shall apply to Gas purchased and the Assets assigned under this Transaction Confirmation.

F. Changes in Law

If the FERC, CFTC, or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: Emera Energy Services, Inc.

By: _____
Name:
Title:
Date:

Buyer: The Narragansett Electric Company

By: _____
Name: John V. Vaughn
Title: Authorized Signatory
Date:

REDACTED

nationalgrid

**AMA
Transaction Confirmation
The Narragansett Electric Company**

TRANSACTION CONFIRMATION

Date: _____

Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated August 1, 2009. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:

EDF Trading North America, LLC
Attn: 4700 West Sam Houston Pkwy N. Ste 250
Houston, TX 77041
Phone: (281) 653-1712
Fax: _____
Base Contract No. _____
Transporters: _____
Transporters Contract Number: _____
Trader: Mike Clinchard

BUYER:

The Narragansett Electric Company
100 East Old County Road
Hicksville, New York 11801
Attn: Contract Administration
Phone: (516) 545-6068
Fax: (516) 545-5466
Base Contract No. _____
Transporters: Algonquin Gas Transmission
Transporters Contract Number: _____
Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2013

End: October 31, 2014

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the Assets.

Special Conditions:

A. Definitions

"Assets" means 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached).

"Credit Support Provider" means EDF Trading Limited.

"CFTC" means the Commodity Futures Trading Commission.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S.

branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

"Unique Swap Identifier" means the unique identifier created and assigned to a swap at the time it is executed, and used to identify that particular swap transaction throughout its existence.

B. Gas Service and Capacity Release

1 Release of Assets: During the Term, Buyer will release on a pre-arranged, non-biddable basis, at no cost to Seller the Assets. Buyer shall be responsible for the payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs related to the Assets.

2 Base-Load Supply: Each Day during the period from December 1, 2013 through and including February 28, 2014, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

3 Daily Call: On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2013		10,000	200,000
December 2013	3,000	7,000	177,000
January 2014	3,000	7,000	191,000
February 2014	3,000	7,000	182,000
March 2014		10,000	200,000
April 2014		10,000	200,000
May 2014		3,000	39,000
June 2014		0	0
July 2014		0	0
August 2014		0	0
September 2014		0	0
October 2014		10,000	200,000

4 Additional Call: In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2014 through and including October 31, 2014, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (i.e. Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day.

1. Termination Option: If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

C. Price

1. **Base-Load Price:** [REDACTED]
2. **Daily Call Price:** [REDACTED]
2. **Additional Call Price:** [REDACTED]

D. Nominations

Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 08:30 a.m. prevailing eastern time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday.) Buyer, upon its discretion, may arrange for Seller's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased under this Transaction Confirmation.

E. Asset Management Fee

[REDACTED]

F. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "Collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

G. Asset Management Arrangement

The Parties agree that the transactions hereunder constitute an Asset Management Arrangement, as defined by FERC in Order No. 712 (as modified and clarified) and in accordance with FERC's rules and regulations, and that Seller is acting as Asset Manager as defined in 18 CFR 284.8(h)(3).

H. Representations

Each Party represents to the other as of the date of execution of this Transaction Confirmation that it (i) is a producer, processor, or commercial user of, or a merchant handling the commodity that is the subject of the transaction; (ii) is entering into the transaction solely for purposes related to its business as such; and (iii) intends to physically settle the transaction."

I. Changes in Law

If the FERC, CFTC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) Days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: EDF Trading North America, LLC

By: 

Name:

W. Eric Dennison

Title:

Senior Vice President

Buyer: The Narragansett Electric Company d/b/a National Grid

By: 

Name: John V. Vaughn

Title: Authorized Signatory 

EDF Legal 

EDF Credit 

EDF Settlements 

C/L 

Redacted
Division 1-6

Request:

Re: witness Arangio's Direct Testimony at pages 13-14, given the Company's need to "replace volumes historically met by LNG," please:

- a. Provide the Company's actual end-of-month LNG Inventory in Dth and dollars at its Providence LNG Tank for each month of the current GCR period to date;
- b. Provide the Company's projected end-of-month LNG Inventory in Dth and dollars at its Providence LNG facility for each month of the balance of the 2012-2013 GCR period and each month of 2013-2014 GCR period through October 31, 2014;
- c. Explain the manner in which the Company intends to utilize its Providence LNG facility during the winter of 2013-2014;
- d. Provide the effective delivered cost of LNG to the Providence LNG facility for each source from which LNG has been obtained since March of 2013 and provide a breakdown of the elements of the delivered costs from each source.

Response:

- a. Please find actual end-of-month LNG inventory in Dth and dollars for the Providence LNG tank for each month of the current GCR period to date:

<u>Month</u>	<u>Dths</u>	<u>Dollars</u>
Nov-2012		\$
Dec-2012		\$
Jan-2013		\$
Feb-2013		\$
Mar-2013		\$
Apr-2013		\$
May-2013		\$
Jun-2013		\$
Jul-2013		\$
Aug-2013		\$

Redacted

Division 1-6, page 2

- b. Please find projected end-of-month LNG inventory in Dth and dollars for the Providence LNG tank for each month of the balance of the 2012-2013 GCR period and each month of the 2013-2014 GCR period through October 31, 2014.

Balance of 2012-2013 GCR Period

<u>Month</u>	<u>Dths</u>	<u>Dollars</u>
Sep-2013		\$
Oct-2013		\$

2013-2014 GCR Period

<u>Month</u>	<u>Dths</u>	<u>Dollars</u>
Nov-2013		\$
Dec-2013		\$
Jan-2014		\$
Feb-2014		\$
Mar-2014		\$
Apr-2014		\$
May-2014		\$
Jun-2014		\$
Jul-2014		\$
Aug-2014		\$
Sep-2014		\$
Oct-2014		\$

- c. The Company expects to utilize the Providence LNG facility in accordance with its design season plan for the upcoming winter, by adhering to the design season LNG storage rule curve. At this time, the Company has not been able to secure winter LNG refill volumes, so the dispatch of the plant will be as conservative as possible.

Redacted

Division 1-6, page 3

- d. Please find the effective delivered cost of LNG to the Providence LNG facility for each source from which LNG has been obtained since March of 2013 and a breakdown of the elements of the delivered costs from each source.

<u>Source</u>	<u>Delivered Cost</u>
GDF Suez Purchases	\$
Trucking for GDF Suez	\$
Transco Purchases	\$
Trucking for Transco	\$
<u>Elements</u>	<u>Delivered Cost</u>
Total Purchases	\$
Trucking Total	\$

Redacted
Division 1-7

Request:

Re: witness Arangio's Direct Testimony at page 13, lines 17 through 19, for the Algonguin HubLine path please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued July 10, 2013;
- b. A list of the companies that submitted bids in response to the RFP
- c. The basis for the Company's selection of the winning bidder.

Response:

- a. Please see Attachment DIV 1-7(a) for the Request for Proposal ("RFP") that was issued on July 10, 2013.
- b. The following Companies submitted bids in response to the RFP:

[REDACTED]

- c.

[REDACTED]

**National Grid
Request for Proposals (“RFP”) for
Gas Supply
July 10, 2013**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for gas supply. The winning bidder(s) (“Seller(s)”) shall deliver the required gas supply to National Grid at the Delivery Point.

I. Gas Supply Requirements:

Term: December 2013 through February 2014.

Delivery Point: The “Delivery Point” shall be the interconnection between Maritimes US and Algonquin Gas Transmission, Meter #00215, located in Salem, Massachusetts (Essex County).

Quantity: The maximum daily quantity shall be up to 8,000 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 160,000 dt, plus the quantity of fuel required by Algonquin Gas Transmission to transport 8,000 dt from the Delivery Point to National Grid’s interconnection(s) with Algonquin Gas Transmission. Each Day during the Term, Seller shall deliver, at the Delivery Point, the quantity of gas requested by Buyer up to the MDQ provided, however, that Seller’s delivery obligation shall be limited to the MSQ during the Term.

Price: Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.

Nominations: Buyer shall make all nominations for delivery of Gas prior to 9:00 a.m. prevailing Eastern Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday).

II. Instructions to Bidders:

Proposals must be submitted by the date specified in the Schedule below via email to **all** email addresses as follows:

John.Allocca@nationalgrid.com;
Samara.Jaffe@nationalgrid.com;
Janet.Prag@nationalgrid.com; and

Gas Supply Planning

Email address: gassupplyplanning@nationalgrid.com

Any questions in connection with this RFP should be sent by email to **all** email addresses listed above.

III. Schedule (all times are Eastern Time):

July 15, 2013	All questions should be submitted via email on or before 5:00 pm.
July 18, 2013	National Grid will respond to Bidders' questions in writing by 5:00 pm. <i>All questions and responses will be distributed to all potential bidders.</i>
July 22, 2013	Proposals must be received by National Grid by 10:00 am. All proposals shall expressly provide that they will remain binding and in effect, without modification, until 5:00 pm on July 24, 2013.
July 24, 2013	National Grid expects to award contracts to successful bidder(s)
July 31 , 2013	Target date for execution of Transaction Confirmation.

IV. Form of Agreement

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the Winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the CSA.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

National Grid has issued this RFP in order to meet the gas supply needs of its customers and affirms that the transactions executed pursuant to this RFP do not constitute a “Swap” as defined by either the *Commodity Exchange Act* or any regulations thereunder. Should National Grid and the awarded bidder disagree on whether any transactions executed hereunder constitute a “Swap” the parties agree to consult immediately to resolve any such issues. In the event that it should later be determined that such transactions constitute a Swap, the awarded bidder shall be responsible for acting as the reporting party and furnishing National Grid with the Unique Swap Identifier. Further, in the event that it should later be determined that such transactions constitute commodity option(s), then, for the purposes of 17 CFR 32.3, National Grid shall affirm that (i) they are a producer, processor or commercial user of, or a merchant handling the commodity or commodities which are the subject of any commodity option transactions entered into hereunder, or the products or by-products thereof, and (ii) they are offering (or being offered, as the case may be) or entering into such transactions solely for purposes related to their business as such. Additionally, an awarded bidder must, upon request by National Grid, confirm its intention that any such commodity option transactions shall be physically settled, such that if exercised, they result in the sale of an exempt commodity for either immediate or deferred shipment or delivery.

VI. Compliance with National Grid’s Supplier Code of Conduct:

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed the attached “Supplier Code of Conduct” which describes our company’s values.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”.

This section explains National Grid's expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

John Allocca
Director of FERC Compliance and Contracting
Telephone: 516-545-3018

Liz Arangio
Director of Gas Supply Planning
Telephone: 781-907-1639

Janet Prag
Senior Contract Specialist
Telephone: 516-545-5463

Nancy Culliford
Manager of Gas Supply Planning
Telephone: 781-907-1638

Redacted
Division 1-8

Request:

Re: witness Arangio's Direct Testimony at page 14, lines 13 through 19, for the Dracut Tennessee path please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued July 10, 2013;
- b. A list of the companies that submitted bids in response to the RFP.
- c. The basis for the Company's selection of the winning bidder.

Response:

- a. Please see Attachment DIV 1-8(a) for the Request for Proposal ("RFP") that was issued on July 10, 2013.
- b. The following Companies submitted bids in response to the RFP:

[REDACTED]

c.

[REDACTED]

**National Grid
Request for Proposals (“RFP”) for
Gas Supply
July 10, 2013**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for gas supply. The winning bidder(s) (“Seller(s)”) shall deliver the required gas supply to National Grid at the Delivery Point.

I. Gas Supply Requirements:

Term: December 2013 through March 2014.

Delivery Point: The Delivery Point shall be the interconnection between Tennessee Gas Pipeline and Maritimes & Northeast Pipeline, LLC, meter #012538, located in Dracut, Massachusetts.

Quantity: Daily Call: The maximum daily quantity shall be up to 15,000 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 975,000 dt, plus the quantity of fuel required by Tennessee Gas Pipeline to transport 15,000 dt from the Delivery Point to National Grid’s interconnection(s) with Tennessee Gas Pipeline. Each Day during the Term, Seller shall deliver, at the Delivery Point, the quantity of gas requested by Buyer up to the MDQ provided, however, that Seller’s delivery obligation shall be limited to the MSQ during the Term.

Optional Base-Load Supply: Each Month during the Term, Buyer shall have a first of month base-load supply option for a portion of the MDQ up to 3,000 dt/day, plus the quantity of fuel required by Tennessee Gas Pipeline to transport 3,000 dt from the Delivery Point to National Grid’s interconnection(s) with Tennessee Gas Pipeline.

Price:

Daily Call: Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Tennessee Zone 6 delivered for the applicable Day.

Optional Base-Load Supply: Proposed pricing for the Optional Base-Load Supply quantities will be the First of Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Tennessee, Zone 6 delivered.

Nominations:

Daily Call: Buyer shall make all nominations for delivery of Gas prior to 9:00 a.m. prevailing Eastern Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday).

Optional Base-Load Supply: To elect such option for any Month, Buyer shall notify Seller no later than 9:00 am, five business days prior to the beginning of such Month.

II. Instructions to Bidders:

Proposals must be submitted by the date specified in the Schedule below via email to ***all*** email addresses as follows:

John.Allocca@nationalgrid.com;
Samara.Jaffe@nationalgrid.com;
Janet.Prag@nationalgrid.com; and

Gas Supply Planning

Email address: gassupplyplanning@nationalgrid.com

Any questions in connection with this RFP should be sent by email to ***all*** email addresses listed above.

III. Schedule (all times are Eastern Time):

July 15, 2013	All questions should be submitted via email on or before 5:00 pm.
July 18, 2013	National Grid will respond to Bidders' questions in writing by 5:00 pm. <i>All questions and responses will be distributed to all potential bidders.</i>
July 22, 2013	Proposals must be received by National Grid by 10:00 am. All proposals shall expressly provide that they will remain binding and in effect, without modification, until 5:00 pm on July 24, 2013.
July 24, 2013	National Grid expects to award contracts to successful bidder(s)
July 31, 2013	Target date for execution of Transaction Confirmation.

IV. Form of Agreement

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the Winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the CSA.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

National Grid has issued this RFP in order to meet the gas supply needs of its customers and affirms that the transactions executed pursuant to this RFP do not constitute a "Swap" as defined by either the *Commodity Exchange Act* or any regulations thereunder. Should National Grid and the awarded bidder disagree on whether any transactions executed hereunder constitute a "Swap" the parties agree to consult immediately to resolve any such issues. In the event that it should later be determined that such transactions constitute a Swap, the awarded bidder shall be

responsible for acting as the reporting party and furnishing National Grid with the Unique Swap Identifier. Further, in the event that it should later be determined that such transactions constitute commodity option(s), then, for the purposes of 17 CFR 32.3, National Grid shall affirm that (i) they are a producer, processor or commercial user of, or a merchant handling the commodity or commodities which are the subject of any commodity option transactions entered into hereunder, or the products or by-products thereof, and (ii) they are offering (or being offered, as the case may be) or entering into such transactions solely for purposes related to their business as such. Additionally, an awarded bidder must, upon request by National Grid, confirm its intention that any such commodity option transactions shall be physically settled, such that if exercised, they result in the sale of an exempt commodity for either immediate or deferred shipment or delivery.

VI. Compliance with National Grid's Supplier Code of Conduct:

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed the attached "Supplier Code of Conduct" which describes our company's values.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - "Protecting the Environment". This section explains National Grid's expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

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Director of FERC Compliance and Contracting
Telephone: 516-545-3018

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Director of Gas Supply Planning
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Janet Prag
Senior Contract Specialist
Telephone: 516-545-5463

Nancy Culliford
Manager of Gas Supply Planning
Telephone: 781-907-1638

Division 1-9

Request:

Re: witness Arangio's Direct Testimony at page 15, lines 12 through 18, for the arrangement of firm liquid service please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued March 1, 2013;
- b. A complete copy of the Company's Response to the RFP submitted March 15, 2013.
- c. A list of the companies that submitted bids in response to the RFP.
- d. The basis for the Company's selection of the winning bidder.
- e. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2012;

Response:

- a. Please see Attachment DIV 1-9 (a) for the Request for Proposal ("RFP") that the Company received from GDF Suez Gas NA on March 1, 2013.
- b. Please see Attachment DIV 1-9 (b) for the bid the Company submitted to GDF Suez Gas NA on March 15, 2013. Pursuant to Commission 1.2(g), the Company is seeking confidential treatment of this attachment.
- c. The Company does not have access to that information.
- d. The Company does not have access to that information.
- e. Not applicable.

GDF SUEZ Gas NA LLC

Request for Proposal: Firm LNG Sales, Summer 2013

Background:

GDF SUEZ Gas NA LLC ("GSGNA") is an importer and marketer of liquefied natural gas ("LNG") and natural gas in New England. Sales include both domestically sourced natural gas and imported LNG. LNG is imported into the Everett Marine Terminal located in Everett, Massachusetts ("EMT"). GSGNA is seeking proposals from parties interested in purchasing LNG in liquid form at the truck loading station at the EMT. Based on previous commercial activity, your firm has been selected to receive this RFP and is invited to submit a proposal to purchase LNG as described below.

Service:

GSGNA invites proposals for the purchase of all or a portion of four (4) Bcf of LNG in liquid form to be delivered during the upcoming summer delivery season. This season will cover the period from April 1, 2013 through October 31, 2013. Delivery will be offered on a firm basis, and there is no minimum volume requirement to be eligible to purchase LNG. Based on the amount of qualified responses received, GSGNA will determine a schedule of deliveries, both daily and monthly, for the summer season.

In order to be considered an eligible Proposal, your Proposal must include the minimum thresholds outlined below:

Demand Charge: GSGNA is requiring a minimum demand charge equal to the quantity multiplied by \$6.00 per MMBtu. The Demand Charge shall be paid monthly.

Commodity Charge: The commodity charge for LNG will be the monthly Natural Gas Index price posted for "Algonquin city-gates" as published in Platt's Gas Daily Price Guide under the "Northeast" section of "Market Center Spot Gas Prices (per MMBtu)," for the month in which the gas is purchased.

Volume: Respondent should indicate how much volume in MMBtu they are requesting to reserve on a firm basis for the delivery season.

Requirements:

Purchaser will be responsible for handling all transportation of the LNG from the EMT. LNG transporters are required to meet minimal operational standards to be eligible to load LNG. The nomination of a receipt schedule to receive LNG will be due on the Thursday prior to the commencement of any Delivery Week during the season. A Delivery Week is defined as starting on Monday at 10:00 AM EST and ending on the following Monday at 9:59 AM EST. Purchaser and GSGNA will mutually agree on a receipt schedule for any Delivery Week, and transporters will be loaded on a "first come, first serve" basis at the EMT. Transporters are subject to meeting all LNG hauler qualifications as well as terminal safety and security rules. All LNG transporters need to satisfy minimum operational, DOT, insurance, Federal, State and local requirements and need to be approved by GSGNA prior to entering the EMT to load LNG. GSGNA will meet with a prospective LNG transporter upon request to review these rules as necessary.

Submission Instructions:

The scope outlined above is intended to provide Buyers with a framework but is not intended to be a limiting factor when responding to this RFP. To assist GSGNA in its evaluation, your Proposal must be in writing and include the price you are offering for the firm liquid service, as well as the total quantity being requested for the delivery season. All Proposals will be kept confidential.

Please email your proposal no later than 5 PM EST on March 15, 2013 to gary.ritter@gdfsuezna.com.

Proposals may be opened by GSGNA at any time after the submission deadline. All Proposals will be evaluated to establish which of the Proposals satisfy the requirements of this RFP and provide the best value to GSGNA determined in its sole discretion. GSGNA anticipates entering into a contract for the purchase and sale of LNG; this RFP does not, however, commit GSGNA to award a contract, to pay any costs in the preparation of a Proposal, or to contract for the sale of LNG. GSGNA reserves the right to accept or reject any or all Proposals received as a result of this RFP, to negotiate with all qualified offerors or to cancel this RFP, if it is in the best interest of GSGNA to do so. The decision of GSGNA shall be final.

GSGNA expects to enter into a contract with the successful bidder(s) on the basis of an existing master agreement and transaction confirmation, or the form of master agreement provided by GSGNA to such successful bidder if no enabling terms and conditions are in place, reflecting the requirements set forth in this RFP by March 22, 2013 and any other commercial terms deemed necessary by GSGNA in its sole discretion. This is a solicitation for proposals that is intended to lead to a transaction, but is not itself an offer that can be accepted.

Should there be any questions regarding this RFP please contact either Greig Whitney at (617) 886-8767 or Gary Ritter at (617) 886-8761.

THIS REQUEST FOR PROPOSAL IS NOT AN OFFER OF SERVICE. ANY TRANSACTION WHICH MIGHT RESULT FROM THIS RFP WILL BE SUBJECT TO FINALIZING ALL TERMS AND CONDITIONS OF A DEFINITIVE AGREEMENT BETWEEN THE PARTIES AS WELL AS INTERNAL AUTHORIZATIONS AND CREDIT APPROVALS.

**National Grid Response to
Request for Proposals of
GDF SUEZ Gas NA LLC for
Firm LNG Sales during the
Summer of 2013**

National Grid USA Service Company, Inc. ("National Grid") submits the following proposals on behalf of Boston Gas Company ("Boston"), Colonial Gas Company ("Colonial") and The Narragansett Electric Company ("Narragansett") in response to the Request for Proposals of GDF SUEZ Gas NA LLC ("GSGNA") for Firm LNG Sales during the Summer of 2013 (the "RFP"). In accordance with the RFP, GSGNA has indicated that conforming proposals must include (a) a demand charge of no less than \$6.00 per MMBtu, (b) a commodity charge equal to the monthly Natural Gas Index price posted for "Algonquin city-gates" as published in Platt's Gas Daily Price Guide for the applicable month, and (c) the volume in MMBtu that will be reserved on a firm basis during the period from April 1, 2013 through and including October 31, 2013.

Conforming Bids:

Proposal 1

Demand Charge: [REDACTED]
Commodity Charge: In accordance with RFP
Volume: 4,000,000 MMBtu¹
Note: [REDACTED]

Proposal 2

Demand Charge: [REDACTED]
Commodity Charge: In accordance with RFP
Volume: [REDACTED]

[REDACTED]

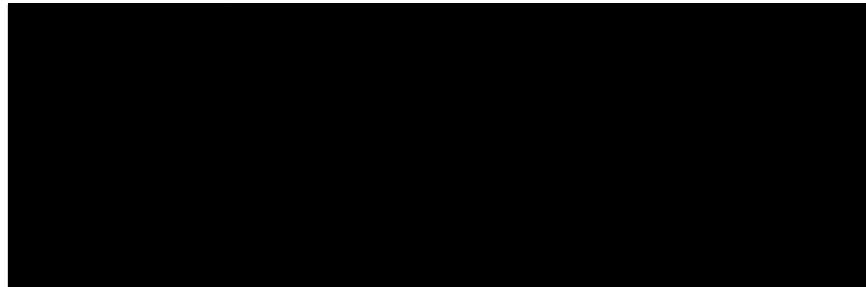
REDACTED

Non-Conforming Bid:

Proposal 3

Demand Charge:
Commodity Charge:
Volume:

Term:



Transaction Confirmation - Any transaction resulting from the RFP shall be documented in a transaction conformation pursuant to the applicable "NAESB Base Contract for Sale and Purchase of Natural Gas" between GDF Suez Gas NA LLC and the applicable National Grid entity. No party shall be bound to a transaction hereunder unless and until execution of a written transaction confirmation.

Submitted by:

National Grid on behalf of:
Boston Gas Company
Colonial Gas Company, and
The Narragansett Electric Company

By: phh

Its: Authorized Signatory

Date: March 15, 2013

Division 1-11

Request:

Re: witness Arangio's Direct Testimony at page 17, lines 5 to 6, please:

- a. Provide a list of all other companies in the Northeast with liquefaction capabilities;
- b. Identify each of the other companies from whom the Company has sought LNG supply commitments;
- c. Identify each other company with whom National Grid is currently in discussions for LNG supply for the winter of 2013-2014 and the status of those discussions.

Response:

- a. The following companies in the Northeast have liquefaction capabilities: Columbia Gas of Massachusetts located in Ludlow, Massachusetts; Connecticut Natural/Southern Connecticut Gas located in Rocky Hill/Milford, Connecticut; National Grid located at the Holtsville and Greenpoint, New York facilities; NSTAR located in Hopkinton, Massachusetts; Philadelphia Gas Works located in Philadelphia, Pennsylvania; Transcontinental Gas Pipeline Company, LLC located in Carlstadt, New Jersey; UGIES LNG, Incorporated located in Berks County, Pennsylvania; and Yankee Gas Company located in Westbury, Connecticut.
- b. In the early spring of 2013, the Company commenced discussions with the following suppliers in order to procure additional volumes of LNG during the 2013 off-peak season: Columbia Gas of Massachusetts; Connecticut Natural/Southern Connecticut Gas; Con Edison; GDF Suez; NSTAR; Philadelphia Gas Works; Transcontinental Gas Pipeline Company, LLC; UGIES LNG, Incorporated; and Yankee Gas Company.
- c. Please see the response to (b) above for a list of companies from whom National Grid is seeking LNG supply for the 2013-2014 peak season.

Division 1-12

Request:

Re: Witness Arangio's Direct Testimony at page 20, lines 14 through 16, please provide the rationale or other factors used to determine the length of the initial term of the service agreement.

Response:

The term of the service agreement was established by Algonquin Gas Transmission in its Open Season as the minimum required term. This is consistent with other recent pipeline expansions in which National Grid has participated.