

Memorandum

To: L. Massaro

Commission Clerk

From: S. Scialabba

Division of Public Utilities & Carriers

Date: 3/27/2015

Re: Narragansett Electric – Standard Offer Rate Filing:

Docket 4490

On February 23, 2015 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Proposed Standard Offer Service Rates for the Industrial Group for the months of April through June 2015 and Results of Competitive Procurement for the months of July 2015 Through December 2016 for the Residential Group, for the Months of July 2015 Through December 2015 for the Commercial Group, and for the Months of April 2015 Through June 2015 for the Industrial Group, along with a Request for Confidential Treatment.

Also included in the filing are the Results of Competitive Procurement for the following groups and time periods:

Industrial Group: 100% of the load for April through June 2015;

Commercial Group: 30% of the load from July through December 2015; and

Residential Group: 20% of the load from July 2015 through December 2016.

Included in the filing as well are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial Group for each month of the service period;
- A typical bill analysis for the SOS Industrial customer group;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on January 9, 2015 for the period April through June 2015 for the Industrial Group, July through December 2015 for the Commercial Group, and July 2015 through December 2016 for the Residential Group;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for the above-noted solicitations.

Un-redacted versions of the Procurement Summary, an amendment to a Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

The Standard Offer rates proposed for the Industrial Customer Group for April through June 2015, including the recently approved per-kWh Standard Offer Adjustment Factor of \$0.00059 and the Administrative Cost Factor of \$0.00174, and excluding the recently approved Renewable Energy Charge of \$0.00294 are:

- April 2015: \$0.05864/kWh. This is a decrease of \$0.11856/kWh, or 67%, compared with the January through March 2015 average Standard Offer rate of \$0.17611/kWh;
- May 2015: \$0.05167/kWh. This is a decrease of \$0.12444/kWh, or 71%, compared with the January through March 2015 average Standard Offer rate of \$0.17611/kWh;
- June 2015: \$0.05951/kWh. This is a decrease of \$0.1166/kWh, or 66%, compared with the January through March 2015 average Standard Offer rate of \$0.17611/kWh.

The three month average of the proposed Industrial Group SOS Rates is \$0.0566, compared with the January through March 2015 average Standard Offer rate of \$0.17611/kWh;

In calendar year 2015, the Rhode Island load covered by the filed RFP is subject to a 8.5% Renewable Energy Standard (“RES”) requirement. Because the bidders either did not submit RES prices with the bids, or the bids that were submitted were higher than National Grid’s estimate of the market cost for Renewable Energy Certificates (RECs), National did not include RES adders in the final purchase prices. The Company will attempt to procure the requirements through separate solicitations.

After review, the Division has determined the procurement is in compliance with order number 21826 pertaining to the 2015 Standard Offer Procurement Plan, made effective by the Commission at open meeting June 30, 2014 in Docket number 4490.

Cc: Thomas Ahern,
Administrator, Division of Public Utilities and Carriers