

June 19, 2014

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4490 - 2015 Standard Offer Service Procurement Plan
2015 Renewable Energy Standard Procurement Plan
Responses to PUC Data Requests – Set 2**

Dear Ms. Massaro:

I have enclosed ten (10) copies of National Grid's¹ responses to the Rhode Island Public Utilities Commission's second set of data requests in the above-referenced matter.

Thank you for your attention to this transmittal. If you have any questions, please contact me at (781) 907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Leo Wold, Esq.
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid.

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 to the RI Division of Public Utilities and Carriers.

June 19, 2014

Joanne M. Scanlon

**Docket No. 4490 - National Grid – 2015 SOS and RES Procurement Plans
Service List updated 5/1/14**

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The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4490
2015 Standard Offer Service Procurement Plan
2015 Renewable Energy Standard Procurement Plan
Responses to the Public Utilities Commission's Second Set of Data Requests
Issued June 11, 2014

PUC 2-1

Request:

Referring to PUC 1-7, please provide a copy of the letter filed with the MA DPU on March 4, 2014. If a copy cannot be produced due to confidentiality, please provide the substance of the letter and the specifics of the contingency plan proposed in Massachusetts.

Response:

Attachment PUC 2-1 is the March 4, 2014 letter from the Company's affiliates, Massachusetts Electric Company and Nantucket Electric Company (together, "Mass. Electric") to the Massachusetts Department of Public Utilities.



Camal O. Robinson
Associate Counsel

March 4, 2014

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid; Basic Service Non-Competitive Solicitation Contingency Plan Proposal

Dear Secretary Marini:

On behalf of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (“National Grid” or the “Company”), I am providing National Grid’s proposed Basic Service Non-Competitive Solicitation Contingency Plans (“Contingency Plans”) in the event that a Request For Proposals (“RFP”) soliciting bids for Basic Service is negatively impacted by a significant market event or experiences insufficient bidder participation.

To date, National Grid has successfully procured Basic Service on behalf of its customers through competitive solicitations. National Grid also has developed contingency plans intended to allow it to continue to provide a reliable and uninterrupted supply of power to its customers, consistent with statutory requirements and Department precedent. These contingency plans address the possible impact to a Basic Service RFP due to:

- A significant market event that impacts the competitiveness of pricing or bidders; and/or
- Less than two bids received for a transaction.

The Company’s Contingency Plans, as described below, were designed to ensure that the Company’s procurement of Basic Service supply complies with all statutory requirements governing the procurement and pricing of Basic Service, and that costs incurred to provide Basic Service as a result of the proposed Contingency Plans would not be subject to disallowance of recovery due to the manner by which National Grid would procure the energy. National Grid anticipates that any costs incurred under the enactment of the proposed Contingency Plans would be subject to the same prudence review as the costs of Basic Service supply under the current competitive solicitation process.

National Grid’s proposed Contingency Plans are intended to encompass all Basic Service supply for all customer groups (i.e., Residential, Commercial, and Industrial). Given the unknowns associated with a potential triggering event, the timing of submission of proposed Basic Service rates may change as a result of the execution of the proposed Contingency Plans. If National Grid

believes it may be unable to meet the notice requirements associated with the filing of Basic Service rates, it will notify the Department and will determine the appropriate actions to ensure the filing of proposed rates such that they may become effective on the date on which they normally change.

The elements of the Contingency Plans are described below.

Market Event

If a market event impacts the RFP (either by increasing prices or reducing bidder participation), National Grid will undertake the following steps:

1. Inform the Department and the Office of the Attorney General (“Attorney General”) that there is a market event and that National Grid will employ alternative measures;
2. Identify the time horizon of the market event, if possible;
3. Develop alternative plans to successfully complete the competitive solicitation:
 - a. If it is a short-term event (e.g., hurricane causing price spikes), postpone the final bid date;
 - b. If it is a long-term event (e.g., the recent uncertainty due to the allocation of costs for the ISO-NE Winter Reliability Program), alter the product or terms of the transactions to improve pricing or bidder participation;
4. Communicate the alternative plans to the Department and Attorney General; and
5. Execute the plan.

Inadequate Bidder Participation

Any National Grid transaction that received less than two bids cannot be awarded because the Department has held such transactions to be uncompetitive.¹ National Grid may award the other transactions within the RFP if the transactions have two or more bids.

If a transaction has less than two bidders, National Grid will undertake the following steps:

1. Inform the Department and Attorney General that National Grid received less than two bids for a transaction within the RFP and will employ alternative measures;
2. Do not award the transaction. Issue a new RFP for the transaction with final pricing due the following week;

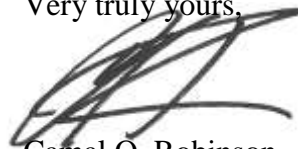
¹ Fitchburg Gas and Electric Light Company d/b/a Unitil petitioned the Department in D.P.U. 11-16 for approval to modify its large customer basic service pilot procurement program by discontinuing the procurement process for its large basic service customers due to bidder participation issues, and instead procure electric supply for those customers through the ISO New England Inc. wholesale energy markets. On June 13, 2012, the Department approved Unitil’s petition, stating that “receiving only one response to [Unitil’s] basic service RFP fails to ensure that Unitil’s basic service customers benefit from an open, competitive, and transparent procurement process.” (Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 11-16 at 14 (June 13, 2012)).

3. If the new RFP for the transaction continues to have less than two bidders, National Grid will procure the requirements through the ISO-NE spot market² if the transaction is for the immediate rate period.³
 - a. If the transaction is three months in duration, National Grid will procure the requirements for the entire period through the ISO-NE spot market; and
 - b. If the transaction is six months in duration, National Grid will procure the requirements for the first three month period through the ISO-NE spot market. National Grid will include the transaction's remaining three months in the next quarterly RFP. If that transaction does not receive at least two bids in the next RFP, National Grid will continue to procure the requirements through the ISO-NE spot market; and
 - c. If the transaction is six months in duration and does not start in the immediate rate period, National Grid will solicit bids for the transaction in the next quarterly competitive solicitation. If subsequent RFPs continue to receive less than two bids for the transaction, National Grid will then purchase the requirements through the ISO-NE spot market when the transaction is needed for the immediate rate period; and
4. National Grid will set retail rates for the immediate rate period using estimated wholesale market prices as a proxy for spot market purchases.

The Contingency Plans are consistent with National Grid's Basic Service Adjustment Provision, M.D.P.U. 1216, which provides for the recovery of payments to ISO-NE for purchasing Basic Service power. Prior to the implementation of the Company's Contingency Plans, National Grid will file proposed revisions to its Tariff for Basic Service, to revise the manner by which Basic Service rates would be determined to reflect an estimate of the wholesale market value for electricity for the transaction purchased through the ISO-NE spot market.

Thank you for your time and attention to this matter.

Very truly yours,



Camal O. Robinson

cc: Elizabeth Enos, Department of Public Utilities
Barry Perlmutter, Department of Public Utilities
Paul Stakutis, Office of the Attorney General
Sandra Merrick, Office of the Attorney General

²The Department stated in D.P.U. 11-16 that using "the ISO-NE market clearing prices, which are the results of highly competitive, regional wholesale bidding" ensures that "basic service customers will benefit from an open, competitive, and transparent procurement process." (*Id.*).

³ An "immediate rate period" is one which begins starts within six weeks of when final bids are due.

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4490
2015 Standard Offer Service Procurement Plan
2015 Renewable Energy Standard Procurement Plan
Responses to the Public Utilities Commission's Second Set of Data Requests
Issued June 11, 2014

PUC 2-2

Request:

Was the contingency plan proposed in MA approved?

Response:

The Massachusetts Department of Public Utilities has not yet approved or rejected Mass. Electric's proposed Contingency Plan. On June 17, 2014, in Docket No. D.P.U. 14-BSF-D2, Mass. Electric filed a letter outlining its proposed Contingency Plan. *See* Attachment PUC 2-2. Please note that the Contingency Plan proposed in Attachment PUC 2-2 and Attachment PUC 2-1 are the same.



Camal O. Robinson
Associate Counsel

June 17, 2014

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid; Request for Approval of Contingency Plans for Procurement of Basic Service; D.P.U. 14-BSF-D2

Dear Secretary Marini:

On behalf of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (“National Grid” or the “Company”), I hereby submit this request to the Department of Public Utilities (“Department”) for approval of National Grid’s proposed Contingency Plan for Procurement of Basic Service (“Contingency Plan”) in the event that a Request For Proposals (“RFP”) soliciting bids for Basic Service is: (1) negatively impacted by a significant market event or (2) receives less than two bids for a transaction. National Grid requests authority to implement this Contingency Plan effective immediately upon the Department’s approval. In addition, the Company requests approval of proposed revisions to its Tariff for Basic Service, M.D.P.U. No. 1161, to revise the manner by which Basic Service rates would be determined to reflect an estimate of the wholesale market value for electricity for any supply of Basic Service ultimately purchased through the ISO-NE spot market.

The Company’s Contingency Plan, as described below, is designed to ensure that the Company’s procurement of Basic Service supply complies with all statutory requirements governing the procurement and pricing of Basic Service, and that costs incurred to provide Basic Service as a result of the proposed Contingency Plan would not be subject to disallowance of recovery due to the manner by which National Grid would procure the energy. National Grid anticipates that any costs incurred under the enactment of the proposed Contingency Plan would be subject to the same prudence review as the costs of Basic Service supply under the current competitive solicitation process.

National Grid’s proposed Contingency Plan is intended to encompass all Basic Service supply for all customer groups (i.e., Residential, Commercial, and Industrial). Given the unknowns associated with a potential triggering event, the timing of submission of proposed Basic Service rates may change as a result of the execution of the proposed Contingency Plan. If National Grid believes it may be unable to meet the notice requirements associated with the filing of Basic Service rates, it will notify the Department and will determine the appropriate actions to ensure the

Mark D. Marini, Secretary
June 17, 2014
Page 2

filing of proposed rates such that they may become effective on the date on which they normally change.

The elements of the Contingency Plan is described below.

Market Event

If a market event impacts the RFP (either by increasing prices or reducing bidder participation), National Grid will undertake the following steps:

1. Inform the Department and the Office of the Attorney General (“Attorney General”) that there is a market event and that National Grid will employ alternative measures;
2. Identify the time horizon of the market event, if possible;
3. Develop alternative plans to successfully complete the competitive solicitation:
 - a. If it is a short-term event (e.g., hurricane causing price spikes), postpone the final bid date;
 - b. If is a long-term event (e.g., the recent uncertainty due to the allocation of costs for the ISO-NE Winter Reliability Program), alter the product or terms of the transactions to improve pricing or bidder participation;
4. Communicate the alternative plans to the Department and Attorney General; and
5. Execute the plan.

Inadequate Bidder Participation

To address the Department’s concern of whether receiving less than two bids for a transaction results in a sufficiently open, competitive, and transparent procurement process for that transaction,¹ National Grid proposes the following:

National Grid may award the other transactions within the RFP if the transactions have two or more bids.

If a transaction has less than two bidders, National Grid will undertake the following steps:

1. Inform the Department and Attorney General that National Grid received less than two bids for a transaction within the RFP and will employ alternative measures;
2. Do not award the transaction. Issue a new RFP for the transaction with final pricing due the following week;

¹ Fitchburg Gas and Electric Light Company d/b/a Unitil petitioned the Department in D.P.U. 11-16 for approval to modify its large customer basic service pilot procurement program by discontinuing the procurement process for its large basic service customers due to bidder participation issues, and instead procure electric supply for those customers through the ISO-NE wholesale energy markets. On June 13, 2012, the Department approved Unitil’s petition, stating that “receiving only one response to [Unitil’s] basic service RFP fails to ensure that Unitil’s basic service customers benefit from an open, competitive, and transparent procurement process.” (Fitchburg Gas and Electric Light Company d/b/a Unitil, D.P.U. 11-16 at 14 (June 13, 2012)).

Mark D. Marini, Secretary
June 17, 2014
Page 3

3. If the new RFP for the transaction continues to have fewer than two bidders, National Grid will procure the requirements through the ISO-NE spot market² if the transaction is for the immediate rate period.³
 - a. If the transaction is three months in duration, National Grid will procure the requirements for the entire period through the ISO-NE spot market; and
 - b. If the transaction is six months in duration, National Grid will procure the requirements for the first three month period through the ISO-NE spot market. National Grid will include the transaction's remaining three months in the next quarterly RFP. If that transaction does not receive at least two bids in the next RFP, National Grid will continue to procure the requirements through the ISO-NE spot market; and
 - c. If the transaction is six months in duration and does not start in the immediate rate period, National Grid will solicit bids for the transaction in the next quarterly competitive solicitation. If subsequent RFPs continue to receive less than two bids for the transaction, National Grid will then purchase the requirements through the ISO-NE spot market when the transaction is needed for the immediate rate period; and
4. National Grid will set retail rates for the immediate rate period using estimated wholesale market prices as a proxy for spot market purchases.

The Contingency Plan is consistent with National Grid's Basic Service Adjustment Provision, M.D.P.U. 1216, which provides for the recovery of payments to ISO-NE for purchasing Basic Service power. Attachment 1 contains the Company's proposed revisions to its Tariff for Basic Service, M.D.P.U. 1161, revising the manner by which Basic Service rates would be determined to reflect an estimate of the wholesale market value for electricity for the transaction purchased through the ISO-NE spot market.

Thank you for your time and attention to this matter.

Very truly yours,



Camal O. Robinson

cc: Elizabeth Lydon, Department of Public Utilities
Barry Perlmutter, Department of Public Utilities
Paul Stakutis, Office of the Attorney General
Sandra Merrick, Office of the Attorney General

² This approach allows the Company to obtain competitive, market-based prices in the ISO-NE spot market. See D.P.U. 11-16, at 14 (stating that "the ISO-NE market clearing prices, which are the results of highly competitive, regional wholesale bidding" ensures that "basic service customers will benefit from an open, competitive, and transparent procurement process."). This approach will also meet the statutory requirement that the procurement obtain prices that "... shall not exceed the average monthly market price of electricity." G.L. c. 164, §1B(d).

³ An "immediate rate period" is one which begins within six weeks of when final bids are due.

M.D.P.U. No. ~~1161~~1242

Sheet 1

Canceling ~~M.D.T.E. No. 1064~~M.D.P.U. 1161

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY

TARIFF FOR BASIC SERVICE

1. General

This Tariff may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDPU regulations and Massachusetts law. In case of conflict between this Tariff and any orders or regulations of the MDPU, said orders or regulations shall govern.

2. Definitions

“Competitive Supplier” shall mean any entity licensed by the MDPU to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

“Customer” shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

“Customer Delivery Point” shall mean the Company’s meter or a point designated by the Company located on the Customer’s premises.

“Basic Service” shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

“Distribution Company” or “Company” shall mean Massachusetts Electric Company or Nantucket Electric Company.

“Distribution Service” shall mean the delivery of electricity to Customers by the Distribution Company.

“Generation Service” shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

M.D.P.U. No. ~~1161~~1242

Sheet 2

Canceling ~~M.D.T.E. No. 1064~~M.D.P.U. 1161

“Load Zone” shall mean any one of the three reliability regions identified on ISO New England’s website for Massachusetts as defined by ISO New England, as may be amended from time-to-time.

“Locational Marginal Pricing” shall mean the wholesale electric power market system administered by ISO New England, wherein the market prices for electricity are dependent upon the location of production and consumption.

“MDPU” shall mean the Massachusetts Department of Public Utilities.

3. Availability

Basic Service shall be available to any new Customer or any Customer who, for any reason, has stopped receiving Generation Service from a Competitive Supplier.

4. Rates

(a) Two Rate Options

There are two rate options available to Customers on Basic Service. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six month period. One option is referred to as the “Fixed Price Option”. The second option is referred to as the “Variable Price Option”. The rates for each option are subject to change at the end of the six month period specified in the Supplemental Schedule.

(b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under sections (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-4 and E; and
- (ii) small commercial & industrial Customers in rate class G-1.

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under sections (c) and (d) below:

- (iii) streetlight Customers in rate classes S-1, S-2, S-3, S-5, S-6 and S-20;

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Sheet 3

Canceling ~~M.D.T.E. No. 1064~~M.D.P.U. 1161

- (iv) medium commercial & industrial Customers in rate class G-2; and
- (v) large commercial & industrial Customers in rate class G-3.

(c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Basic Service unless and until they begin taking Generation Service from a Competitive Supplier. Basic Service Customers may make this election at the time they are first placed on Basic Service or at any time after service has commenced.

(d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The switch will be made by the Company on the next scheduled meter read date after receiving the notice, provided that the Company has received notice no later than two business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

(e) Changes in the Supplemental Schedule

The Company will file a new Supplemental Schedule for the next six month period prior to the expiration of the current period.

(f) Calculation of Fixed and Variable Pricing Options

~~The Company calculates the Fixed and Variable Pricing Options based on bids received and accepted by the Company from suppliers. The Fixed Price Option represents a weighted average of the applicable winning bid over six months. The Variable Price Option represents the actual monthly price from the applicable winning bid for each month of the same six month period.~~

The Company's Basic Service rates reflect the costs the Company estimates it will incur to supply Basic Service over the applicable pricing period from all sources of supply. The Company arranges Basic Service supply through competitive solicitations that consist of (1) Requests for Proposals ("RFP") to provide Basic Service under contracts with third party energy suppliers resulting in winning bid(s) accepted by the Company, which are the basis for Basic Service rates for supply provided under contract, and (2)

M.D.P.U. No. ~~1161~~1242

Sheet 4

Canceling ~~M.D.T.E. No. 1064~~M.D.P.U. 1161

purchases outside of the RFP process including, but not limited to, spot market purchases from ISO New England for which the Company estimates the cost of such supply to be reflected in the calculation of Basic Service rates. Basic Service supply may be provided through one or both methods.

The Variable Price Option for each month of the pricing period represents the monthly cost of Basic Service supply determined by the above sources, and may consist of costs attributable to only one method or the combination of the two methods. The Fixed Price Option represents a weighted average of the Basic Service rates under the Variable Price Option over the applicable fixed price period. The pricing period is three months for medium and large commercial & industrial Customers and six months for residential, small commercial & industrial, and street light Customers.

(g) Billing Adjustment when Leaving Basic Service

Customers receiving Basic Service under the Fixed Price Option who leave Basic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last six month pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable six month pricing period during which the Customer was on Basic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time.

(h) Locational Marginal Pricing

The Company will reflect the effects of Locational Marginal Pricing in its Basic Service rates to medium and large commercial and industrial customers as defined in 4(b)(iv) or (v), above. For these customer groups, the Company will provide unique Basic Service rates under the Fixed Price Option and Variable Price Option for each of the Load Zones in which the Company provides service. For Customers receiving retail delivery service under the Company's residential rates, small commercial and industrial rates, or streetlighting rates as defined in 4(b)(i), (ii) or (iii), above, the Company will provide uniform Basic Service rates under the Fixed Price Option and Variable Price Option across all of the Load Zones in which the Company provides service.

The Company shall assign to each Customer's account a Load Zone designation based on the normal supply facility (substation, feeder, transformer) of that Customer listed in the

M.D.P.U. No. ~~1161~~1242

Sheet 5

Canceling ~~M.D.T.E. No. 1064~~M.D.P.U. 1161

Company's customer information system for the purpose of implementing Locational Marginal Pricing in accordance with NEPOOL's Standard Market Design. The Load Zone designation of a Customer's account is subject to change as a result of changes in the normal supply facility designation in the Company's customer information system.

5. Billing

Each Customer receiving Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

6. Initiation of Basic Service

Basic service may be initiated in any of the following manners:

- a. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Basic Service. In this instance, Basic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Basic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- b. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Basic Service shall be initiated for the Customer concurrent with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- c. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Basic Service

M.D.P.U. No. ~~1161~~1242

Sheet 6

Canceling ~~M.D.T.E. No. 1064~~M.D.P.U. 1161

to the Customer shall be initiated immediately upon the cessation of Generation Service;

- d. A Customer who moves into the Company's service territory who has not affirmatively chosen a Competitive Supplier.

7. Termination of Basic Service

Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the notice of initiation of Generation Service by the Competitive Supplier is received by the Company fewer than two days before the Customer's next scheduled meter read date, Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Basic Service.

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY

TARIFF FOR BASIC SERVICE

1. General

This Tariff may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDPU regulations and Massachusetts law. In case of conflict between this Tariff and any orders or regulations of the MDPU, said orders or regulations shall govern.

2. Definitions

“Competitive Supplier” shall mean any entity licensed by the MDPU to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

“Customer” shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

“Customer Delivery Point” shall mean the Company’s meter or a point designated by the Company located on the Customer’s premises.

“Basic Service” shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

“Distribution Company” or “Company” shall mean Massachusetts Electric Company or Nantucket Electric Company.

“Distribution Service” shall mean the delivery of electricity to Customers by the Distribution Company.

“Generation Service” shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

“Load Zone” shall mean any one of the three reliability regions identified on ISO New England’s website for Massachusetts as defined by ISO New England, as may be amended from time-to-time.

“Locational Marginal Pricing” shall mean the wholesale electric power market system administered by ISO New England, wherein the market prices for electricity are dependent upon the location of production and consumption.

“MDPU” shall mean the Massachusetts Department of Public Utilities.

3. Availability

Basic Service shall be available to any new Customer or any Customer who, for any reason, has stopped receiving Generation Service from a Competitive Supplier.

4. Rates

(a) Two Rate Options

There are two rate options available to Customers on Basic Service. The Supplemental Schedule to this tariff sets forth the rate options for each rate class for the specified six month period. One option is referred to as the “Fixed Price Option”. The second option is referred to as the “Variable Price Option”. The rates for each option are subject to change at the end of the six month period specified in the Supplemental Schedule.

(b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under sections (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-4 and E; and
- (ii) small commercial & industrial Customers in rate class G-1.

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under sections (c) and (d) below:

- (iii) streetlight Customers in rate classes S-1, S-2, S-3, S-5, S-6 and S-20;

- (iv) medium commercial & industrial Customers in rate class G-2; and
- (v) large commercial & industrial Customers in rate class G-3.

(c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Basic Service unless and until they begin taking Generation Service from a Competitive Supplier. Basic Service Customers may make this election at the time they are first placed on Basic Service or at any time after service has commenced.

(d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The switch will be made by the Company on the next scheduled meter read date after receiving the notice, provided that the Company has received notice no later than two business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

(e) Changes in the Supplemental Schedule

The Company will file a new Supplemental Schedule for the next six month period prior to the expiration of the current period.

(f) Calculation of Fixed and Variable Pricing Options

The Company's Basic Service rates reflect the costs the Company estimates it will incur to supply Basic Service over the applicable pricing period from all sources of supply. The Company arranges Basic Service supply through competitive solicitations that consist of (1) Requests for Proposals ("RFP") to provide Basic Service under contracts with third party energy suppliers resulting in winning bid(s) accepted by the Company, which are the basis for Basic Service rates for supply provided under contract, and (2) purchases outside of the RFP process including, but not limited to, spot market purchases from ISO New England for which the Company estimates the cost of such supply to be reflected in the calculation of Basic Service rates. Basic Service supply may be provided through one or both methods.

The Variable Price Option for each month of the pricing period represents the monthly cost of Basic Service supply determined by the above sources, and may consist of costs attributable to only one method or the combination of the two methods. The Fixed Price Option represents a weighted average of the Basic Service rates under the Variable Price Option over the applicable fixed price period. The pricing period is three months for medium and large commercial & industrial Customers and six months for residential, small commercial & industrial, and street light Customers.

(g) Billing Adjustment when Leaving Basic Service

Customers receiving Basic Service under the Fixed Price Option who leave Basic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last six month pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable six month pricing period during which the Customer was on Basic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time.

(h) Locational Marginal Pricing

The Company will reflect the effects of Locational Marginal Pricing in its Basic Service rates to medium and large commercial and industrial customers as defined in 4(b)(iv) or (v), above. For these customer groups, the Company will provide unique Basic Service rates under the Fixed Price Option and Variable Price Option for each of the Load Zones in which the Company provides service. For Customers receiving retail delivery service under the Company's residential rates, small commercial and industrial rates, or streetlighting rates as defined in 4(b)(i), (ii) or (iii), above, the Company will provide uniform Basic Service rates under the Fixed Price Option and Variable Price Option across all of the Load Zones in which the Company provides service.

The Company shall assign to each Customer's account a Load Zone designation based on the normal supply facility (substation, feeder, transformer) of that Customer listed in the Company's customer information system for the purpose of implementing Locational Marginal Pricing in accordance with NEPOOL's Standard Market Design. The Load Zone designation of a Customer's account is subject to change as a result of changes in the normal supply facility designation in the Company's customer information system.

5. Billing

Each Customer receiving Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

6. Initiation of Basic Service

Basic service may be initiated in any of the following manners:

- a. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Basic Service. In this instance, Basic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Basic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- b. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Basic Service shall be initiated for the Customer concurrent with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- c. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Basic Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- d. A Customer who moves into the Company's service territory who has not affirmatively chosen a Competitive Supplier.

7. Termination of Basic Service

Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the notice of initiation of Generation Service by the Competitive Supplier is received by the Company fewer than two days before the Customer's next scheduled meter read date, Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Basic Service.

PUC 2-3

Request:

Referring to the Company's Rebuttal Testimony, p. 2, lines 18 through 22, is Ms. Janzen suggesting that if the Company were to award a contract based on a comparison of a single bid price to an internal estimated bid price, this would violate a commission order or RFP provision? Is yes, please provide the appropriate order /RFP citation.

Response:

Rhode Island General Laws §§ 39-1-27.3 and 39-1-27.8 require the Company to arrange for a power supply for customers who are not otherwise receiving electric service from a non-regulated power supplier. Specifically, pursuant to R.I.G.L. § 39-1-27.8, from 2009 through 2018, the Company must file an annual supply procurement plan with the Rhode Island Public Utilities Commission ("PUC") that includes the procurement procedure, the pricing options being sought, and a proposed term of service for which Standard Offer Service ("SOS") will be acquired. All such components of the procurement plan are subject to review and approval by the PUC.

From 2009 through 2013, the Company has filed with the PUC its annual SOS procurement plans, which the PUC have subsequently approved, often with slight modifications. Each SOS procurement plan required quarterly solicitations for Full Requirements Service transactions. It is implied that these Request for Proposals ("RFP") would be conducted competitively.

Because the PUC orders approved the Company's SOS procurement plans, which implied that RFPs would be conducted competitively, the Company believes that it would violate a PUC order if it awarded a contract that is not competitive. As described in the Rebuttal Testimony of Margaret M. Janzen, the Company defines a bid block as competitive when there are two actual suppliers vying for the opportunity to serve SOS customers.

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. 4490
2015 Standard Offer Service Procurement Plan
2015 Renewable Energy Standard Procurement Plan
Responses to the Public Utilities Commission's Second Set of Data Requests
Issued June 11, 2014

PUC 2-4

Request:

Schedule 7, page 2, paragraph B. Please provide the appropriate edit(s) to the following sentence: "Due to the amount of New RECs acquired from the Long Term Renewable Contracts, the Company may not to award RES pricing in a SOS solicitation."

Response:

The word "to" should be deleted, and the sentence in Schedule 7, page 2, paragraph B should be replaced with the following sentence: "Due to the amount of New RECs acquired from the Long Term Renewable Contracts, the Company may not award RES pricing in a SOS solicitation."