

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID'S PROPOSED :  
2010 STANDARD OFFER SUPPLY PROCUREMENT : DOCKET NO. 4041  
PLAN AND 2010 RENEWABLE ENERGY SUPPLY :  
PROCUREMENT PLAN :

**REPORT AND ORDER**

**I. Introduction**

This Order addresses the Public Utilities Commission's ("Commission") review of Narragansett Electric Company d/b/a National Grid's ("NGrid") Large Customer Group Standard Offer Service Filing for the period January 2010 through March 2010, filed on November 19, 2009 ("Compliance Filing").<sup>1</sup> On September 30, 2009, the Commission approved NGrid's proposed Standard Offer Service ("SOS") Procurement Plan for 2010 ("Approved Plan") as it relates to the Large Customer Group.<sup>2</sup> Under the Approved Plan, all customers taking Last Resort Service would be transitioned to the appropriate SOS rate.

**II. Background**

In accordance with the Approved Plan for the Large C&I customers, NGrid will conduct four separate procurements for three-month FRS contracts. Procurements will occur every February, May, August and November, commencing with November 2009 for the period January 1, 2010 through March 31, 2010. Rates will change monthly based on the contract price. Pricing will be requested to include the RES obligation and to exclude the RES obligation. NGrid will compare the pricing to its projection of the cost

---

<sup>1</sup> NGrid requested confidential treatment of certain competitively sensitive information and such request has been granted.

<sup>2</sup> Order No. 19839 (issued November 24, 2009). The Large Customer Group is made up of customers taking service under the following Tariffs: G-02, G-32, G-62, B-32, B-62 and X-01). Order No. 19846 (issued December 7, 2009).

to fulfill its RES obligation and then choose the lower cost option. The Approved Plan is just like previous LRS procurement plans except that the terms of the procurement are three month periods rather than six month periods.<sup>3</sup>

To meet the 2010 RES obligation relative to the SOS load already procured, NGrid proposes to conduct stand-alone procurements through a competitive bidding process. To meet the Renewable Energy Supply (“RES”) obligation for the SOS load not yet procured the Company will request pricing from energy suppliers that include the cost of NGrid’s obligation under the RES and pricing that does not include the RES obligation. Where the inclusive pricing is below that which NGrid projects to meet its obligation, NGrid will accept the inclusive pricing and the supplier will be responsible for providing the Renewable Energy Certificates (“RECs”). Otherwise, NGrid will procure the RECs through stand-alone procurements.<sup>4</sup>

### **III. Compliance Filing**

On November 19, 2009, NGrid submitted its Compliance Filing including rate calculations, tariffs, typical bill analyses, a copy of the Request for Power Supply Proposals (“RFP”), a summary of the procurement process and public versions of the Master Power Agreements and Transaction Confirmations. NGrid explained that it had issued the RFP on October 13, 2009 directly to many suppliers, to all members of the NEPOOL Markets Committee, and had posted it on NGrid’s website. The RFP covered the service period January 2010 through March 2010 for the Large Customer Group. In the RFP, NGrid requested all-inclusive pricing for two blocks of 50% of the Large Customer Group’s load. NGrid received indicative bids on November 5, 2009 and final

---

<sup>3</sup> Order No. 19839, pp. 3-4.

<sup>4</sup> *Id.* at 4.

bids on November 12, 2009. The results of the bidding were shared with the Division of Public Utilities and Carriers (“Division”). According to NGrid, “the lowest final bids for each load block were compared to NGrid’s estimate of expected bids.” Additionally, NGrid compared the suppliers’ pricing to include NGrid’s RES obligation as part of the SOS contract. Because the proposed RES cost adder from the winning bidders were higher than NGrid’s estimate of the market cost for RECs, NGrid did not include the RES adders in the final purchase prices, but instead will attempt to procure RECs to meet its 2010 obligation through separate solicitations.<sup>5</sup>

#### **IV. Division’s Position**

The parties were provided an opportunity to object to NGrid’s filing as not being in compliance with Commission Order No. 19839. No objections were received. On December 14, 2009, the Division submitted a Memorandum from Stephen Scialabba, Chief Accountant and David Stearns, Rate Analyst V, summarizing the filing and determining that the Compliance Filing did comply with the Commission’s Order.

#### **V. Commission Findings**

On December 23, 2009, at an Open Meeting, the Commission considered the filings made by NGrid and the Division and found the procurement process NGrid followed to conform to the Approved Plan. The rates filed by NGrid on November 19, 2009 for the period commencing January 1, 2010 are hereby approved for the Large Customer Group as follows: January - \$0.07891 per kWh; February - \$0.08138 per kWh; March - \$0.08098 per kWh. These charges include a GIS Cost Factor, but do not include the RES charge, currently \$0.00093 per kWh. The Commission notes that these rates will represent a reduction for current SOS customers and a slight increase for current Last

---

<sup>5</sup> NGrid’s Compliance Filing, Attachment 5.

Resort Service customers. However, the rates are closer to the market price and will hopefully result in more retail choice for large customers.

NGrid shall file its Standard Offer Service rates for the Large Customer Group on or before March 1, 2010 for effect on usage on and after April 1, 2010. NGrid shall also file a Procurement Summary that will include all portions of the Compliance Filing and updated numbers of Large Customers taking SOS service and Competitive Supply.

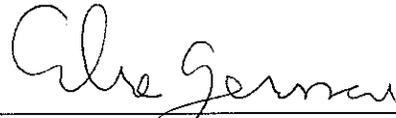
Accordingly, it is hereby

(19880) ORDERED:

1. Narragansett Electric Company d/b/a National Grid's procurement process is in compliance with the previously approved 2010 SOS Procurement Plan as it relates to the Large C&I Group.
2. Narragansett Electric Company d/b/a National Grid shall file its Standard Offer Service rates for the Large Customer Group on or before March 1, 2010 for effect on usage on and after April 1, 2010.
3. The Standard Offer Service rates filed by Narragansett Electric Company d/b/a National Grid on November 19, 2009 for the period commencing January 1, 2010 are hereby approved for the Large Customer Group as follows: January - \$0.07891 per kWh; February - \$0.08138 per kWh; March - \$0.08098 per kWh.
4. Narragansett Electric Company d/b/a National Grid shall comply with all other instructions contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON DECEMBER 23, 2009  
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED  
DECEMBER 23, 2009.

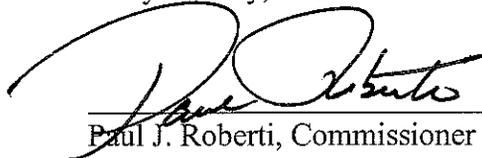
PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman



Mary E. Bray, Commissioner



Paul J. Roberti, Commissioner

