

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 July 1, 2010 through September 30, 2010, filed on May 19, 2010 ("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> NGrid also advised the Commission of the results of its Competitive Procurement as it related to the Small Customer Group.<sup>3</sup>

**II. Background**

In accordance with the Approved Plan for the Large C&I customers, NGrid is to 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 commencing January 1, 2010. Rates will change monthly based on the contract price. Pricing will be requested both including and excluding the RES

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<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).

<sup>3</sup> The Small Customer Group is made up of customers taking service under the following Tariffs: A-16, A-60, C-06, S-10 and S-14). Order No. 19846 (issued December 7, 2009).

obligation. NGrid will compare the pricing to its projection of the cost 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>4</sup>

To meet the 2010 RES obligation relative to the SOS load already procured, NGrid proposed 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>5</sup>

### **III. Compliance Filing**

On May 19, 2010, NGrid submitted its third 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 April 8, 2010 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 July 2010 through September 2010 for the Large Customer Group. In the same RFP, NGrid also requested pricing for 7.5% of the Small Customer Group’s

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

<sup>5</sup> *Id.* at 4.

load for the period October 1, 2010 through March 31, 2011. In the RFP, NGrid requested all-inclusive pricing for two blocks of 50% of the Large Customer Group's load and one block of 7.5% of the Small Customer Group's load. NGrid received indicative bids on May 5, 2010 and final bids on May 12, 2010. 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 with NGrid's estimate of the market cost for RECs. 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>6</sup> Ultimately, NGrid accepted a bid for the 7.5% Small Customer Group block and two of the Large Customer Group blocks.<sup>7</sup>

#### **IV. Division's Position**

On May 25, 2010, the Division submitted a Memorandum from David Stearns, Rate Analyst V, summarizing the filing and recommending Commission approval of the Large Customer Class Standard Offer Service rates for the months of July, August and September 2010. The Division noted that the Large Customer Class Standard Offer Service rates included the Standard Offer adjustment factor approved by the Commission in Docket No. 4140, the proposed SOS Administrative Cost Factor approved by the

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<sup>6</sup> NGrid's Compliance Filing, Attachment 5.

<sup>7</sup> *Id.* at Attachment 5, page 12 of 16 (Attachment 8 to Attachment 5).

Commission in Docket No. 4065, and the RES charge of \$0.00123 per kWh approved in Docket No. 4041.

**V. Commission Findings**

On May 27, 2010, 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 May 19, 2010 for the period commencing July 1, 2010 are hereby approved for the Large Customer Group as follows: July - \$0.07019 per kWh; August - \$0.07372 per kWh; September - \$0.06830 per kWh. These charges include a GIS Cost Factor, the Standard Offer Adjustment Factor, and the SOS Administrative Cost Factor, but do not include the RES charge, currently \$0.00123 per kWh. The Commission notes that these rates will represent a reduction for current SOS customers. These rates are fairly close 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 September 1, 2010 for effect on usage on and after October 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

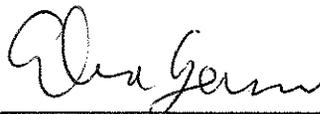
(20045) ORDERED:

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 September 1, 2010 for effect on usage on and after October 1, 2010.
3. The Standard Offer Service rates filed by Narragansett Electric Company d/b/a National Grid on May 19, 2010 for usage on and after the period commencing July 1, 2010 are hereby approved for the Large Customer Group as follows: July - \$0.07019 per kWh; August - \$0.07372 per kWh; September - \$0.06830 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 JULY 1, 2010  
PURSUANT TO AN OPEN MEETING DECISION ON MAY 27, 2010. WRITTEN  
ORDER ISSUED JUNE 29, 2010.

PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman



Mary E. Bray, Commissioner



Paul J. Roberti, Commissioner

