

Memorandum

To: Luly Massaro
Commission Clerk

From: Steve Scialabba
Division of Public Utilities & Carriers

Date: 03/26/ 2013

Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4315

On February 22, 2013 Narragansett Electric Company d/b/a National Grid (“Company” or “NGrid”) filed with the RI Public Utilities Commission (“Commission”) its Standard Offer service rates for the Industrial Group for the period April through June of 2013. Included in the filing are the Results of Competitive Procurement for the following groups and time periods:

Industrial Group: 100% of the supply for April, 2013 through June 2013;

Commercial Group: 30% of the supply from July, 2013 through December 2013;

Residential Group: 20% of the supply from July, 2013 through December 2014

Also included in the filing are:

- Proposed Industrial retail prices for effect April, May and June 2013, supported by a schedule showing the calculation of those retail Standard Offer rates;
- A typical bill analysis showing the bill impact of the proposed Industrial rates with a comparison to rates currently in effect;
- The Standard Offer tariff supplement reflecting the proposed rates for the Industrial Group for the period April through June 2013;¹
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on January 11, 2013 for the period April 2013 through December 2014 for the Industrial, Commercial and Residential Groups.
- A redacted summary of the procurement process, and;

¹ The tariff supplement, RIPUC No. 2096, will be updated by National Grid to reflect the revised Standard Offer Administrative Cost factor filed in Docket 4391, which was approved along with the SO Adjustment factor in a bench decision on 3/26/13. The approved factors are shown on the Attachment to this memo.

- Redacted versions of the executed Master Power Agreement and Transaction Confirmations for April through June 2013 for the Industrial Group, July through December 2013 for the Commercial Group, and July 2013 through December 2014 for the Residential Group.

Un-redacted versions of the Procurement Summary and Transaction Confirmations have been supplied under separate cover.

The Standard Offer rates proposed for the Industrial Customer Group for April through June, 2013, including the proposed Standard Offer Adjustment Factor of (\$0.00487) and the proposed Administrative Cost Factor of \$0.00069, are: (also see Attachment 1 to 3/26/13 memo)

- April 2013: \$0.05252/kWh. This is a decrease of \$0.02314/kWh compared with the January through March 2013 average Standard Offer rate of \$0.07566;
- May 2013: \$0.04785/kWh. This is a decrease of \$0.02781/kWh compared with the January through March 2013 average Standard Offer rate of \$0.07566;
- June 2013: \$0.05590/kWh. This is a decrease of \$0.01976/kWh compared with the January through March 2013 average Standard Offer rate of \$0.07566.
- The three month average of the proposed Industrial Group SOS Rates is \$0.05209, compared with the current three-month average of \$0.07566. This represents a decrease of \$0.02357 per kWh, or about 31% in the average three month period Standard Offer rate.

Combined Effect of Standard Offer and RES

The above rate comparisons are **exclusive** of the proposed April 1 increase in the legislatively mandated Renewable Energy Standard charge, from \$0.00253 to a proposed \$0.00512 per kWh. Combining the new RES factor with the average April-June, 2013 Standard Offer charge, results in a total average period Standard Offer Supply charge of \$0.05721. (\$0.05209 SO + \$0.00512 RES).

The combined average Jan-March 2013 SO and Jan-March RES charge is \$0.07819. The combined average April-June 2013 SO charge and April-June RES charge is \$0.05721. This is a difference of \$0.02098, or 27%. The increase in the RES factor has offset about 11% of the benefit of the reduction in the average Standard Offer rate for the Industrial Group.

The Company states that, because the prices of RES certificates from the winning bidders of this procurement were greater than National Grid's estimate of market cost for RES certificates, RES adders were not included in the final purchase prices. The Company will attempt to procure the required certificates through separate solicitations.

After review the Division has determined the proposed Industrial Standard Offer service rates are appropriate and the filing is in compliance with the order issued relative to the Standard Offer Procurement Plan submitted by the Company and approved by the Commission at open meeting June 12, 2012 in this docket. (Written Order dated 8/10/12).

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

NATIONAL GRID INDUSTRIAL STANDARD OFFER RATES APRIL THROUGH JUNE OF 2013

	April	May	June
Industrial Group Std Offer Price	\$0.05670	\$0.05203	\$0.06008
Std Offer Service Admin Cost Factor	\$0.00069	\$0.00069	\$0.00069
Std Offer Adjustment Factor	<u>(\$0.00487)</u>	<u>(\$0.00487)</u>	<u>(\$0.00487)</u>
Total Industrial Group SO Price	\$0.05252	\$0.04785	\$0.05590