

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID'S PROPOSED :
2013 STANDARD OFFER SUPPLY PROCUREMENT : DOCKET NO. 4315
PLAN AND 2013 RENEWABLE ENERGY SUPPLY :
PROCUREMENT PLAN :

ORDER

On June 12, 2012, at an open meeting, the Public Utilities Commission (PUC) approved The Narragansett Electric Company d/b/a National Grid's (National Grid) Standard Offer Service (sometimes SOS) Procurement Plan for calendar year 2013.¹ National Grid follows the schedules in this plan for the procurement of the energy that it delivers to customers who do not purchase their energy from competitive suppliers. For the Residential Group, National Grid uses a dollar-cost-averaging approach through periodic competitive procurements pursuant to issuances of requests for proposals (RFP).² There is also a portion purchased in the spot market. The retail charge is a weighted average of the various contracts. The procurement process is similar for the Commercial Group, but National Grid offers two retail rate options for the Commercial Group, a fixed price option and a variable price.³ For the Industrial Group, the procurement plan calls for National Grid to issue an RFP four times a year for three month contracts and the retail rate changes each month.⁴ Per the terms of its standard offer service procurement plan, National Grid would issue an RFP in August 2013 for the three-month delivery period commencing October 1, 2013 for the Industrial Group and

¹ Order No. 20795 (issued 8/10/12).

² The Residential Group is comprised of retail rate classes A-16 and A-60.

³ The Commercial Group is comprised of retail rate classes C-06, G-02, and streetlighting rates S-06, S-10, and S-14.

⁴ The Industrial Group is comprised of retail rate classes G-32, G-62, B-32 and B-62.

the six-month delivery periods commencing January 1, 2014 and July 1, 2014 for the residential and Commercial Groups.

A. Pending Market Rule Change and October 2013 Industrial Pricing

On August 13, 2013, National Grid advised the PUC that because of a Winter Reliability Program proposal filed by ISO-NE at the Federal Energy Regulatory Commission (FERC), there was some market uncertainty regarding cost responsibility. National Grid expressed concern that the uncertainty would adversely affect pricing. Therefore, after consulting with the Division of Public Utilities and Carriers (Division), National Grid advised the PUC that it would delay procurement of the residential and commercial customer groups and would only enter into contracts for two months for the Industrial Group.⁵

Following the issuance and review of an RFP for the procurement of standard offer service for the Industrial Group, on August 21, 2013, National Grid filed its rate schedule for SOS for the Industrial Group for the period October 1, 2013 through November 30, 2013. The retail rate of the Industrial Group reflects the monthly pricing in the standard offer service contracts ranging from 4.862¢ per kWh in October to 5.730¢ per kilowatt hour (kWh) in November, excluding the Standard Offer Adjustment Factor of negative 0.487¢ per kWh, the SOS Administrative Cost Factor of 0.069¢ per kWh, and the Renewable Energy Charge of 0.512¢ per kWh, each of which was previously approved by the PUC.⁶

B. Amendment to 2013 Standard Offer Service Procurement Plan

⁵ Letter from Thomas Teehan, Esq. to Luly Massaro, Commission Clerk (8/13/13).

⁶ National Grid Filing (8/21/13).

In a September 17, 2013 letter to the PUC, National Grid explained that FERC had ruled on cost responsibility under the Winter Reliability Plan, determining that these costs would be allocated to the Real Time Load Obligation (energy suppliers) as opposed to transmission costs. Therefore, with the uncertainty resolved, National Grid formally requested PUC approval of an amendment to the 2013 Standard Offer Procurement Plan to reflect the delay. It would allow National Grid to procure a one-month or four-month full requirements service contract for the Industrial Group for delivery commencing in December 2013 and would move the August procurement of a portion of energy for the delivery period commencing January 1, 2014 for the residential and Commercial Groups to October 2013.⁷

The Division submitted two memoranda, one from its consultant, Richard Hahn of LaCapra Associates, regarding the delayed solicitations, and one from David Stearns, Division Rate Analyst V, regarding the proposed rates. Both recommended approval of the proposed schedule change and Mr. Stearns recommended approval of the rates.⁸

C. September 24, 2013 Open Meeting

At an open meeting on September 24, 2013, the PUC considered the filings and found that National Grid's proposed modification of the 2013 standard offer service procurement plan to delay the procurement of energy for the residential and Commercial Groups was reasonable given the uncertainty in the wholesale market in August 2013. Further, it was reasonable for National Grid to procure only two months of energy for the Industrial Group during a time of market uncertainty. Additionally, the PUC approved the rate schedule for standard offer service for the Industrial Group. The PUC finds that

⁷ Letter from Thomas Teehan, Esq. to Luly Massaro, Commission Clerk (9/17/13).

⁸ Memorandum of Richard Hahn (9/20/13); Memorandum of David Stearns (9/18/13).

the rates reflect National Grid's standard offer service procurement plan as approved in Order No. 20795 and further appropriately reflects the standard offer service adjustment factors and administrative cost factors approved in Docket No. 4391 (Order No. 21064).⁹

D. September 2013 Procurement

On October 18, 2013, National Grid filed the results of its procurement activities for the four-month delivery period commencing December 1, 2013 for the Industrial Group and the six-month delivery periods commencing January 1, 2014 and July 1, 2014 for the Residential and Commercial Groups. None of the bidders submitted Renewable Energy Supply (sometimes RES) prices with their respective bids and therefore, National Grid did not include renewable energy supply adders in the final purchase prices. The Company will attempt to procure the renewable energy supply requirements through separate solicitations in accordance with its previously approved renewable energy supply procurement plan.

National Grid also filed its proposed standard offer service rates for the Industrial Group for the months December 2013 through March 2014. The retail rate of the Industrial Group reflects the monthly pricing in the standard offer service contracts ranging from 7.186¢ per kWh in March to 11.865¢ per kWh in January 2014, excluding the Standard Offer Adjustment Factor of negative 0.487¢ per kWh, the SOS Administrative Cost Factor of 0.069¢ per kWh, and the Renewable Energy Charge of

⁹ The PUC finds that good cause exists under R.I. Gen. Laws § 39-3-12 to approve the rates without a public hearing because the rates are calculated based on a previously approved procurement plan that was subject to a public hearing and are calculated correctly in accordance with that plan. Also, the rates are not being put into effect with less than thirty (30) days' notice. Finally the rates for October and November each represent a reduction from the current rates for the Industrial Group.

0.512¢ per kWh, each of which was previously approved by the PUC. Each monthly rate represents an increase over the rate in effect for November 2013.¹⁰

On October 28, 2013, the Division submitted another memorandum from its rate analyst, Mr. Stearns, regarding the proposed rates. He summarized National Grid's filing; determined that it was in compliance with the PUC's Order No. 20745, which approved the 2013 SOS Procurement Plan as amended by the PUC decision of September 24, 2013; and recommended approval of the proposed rates.¹¹

E. November 14, 2013 Open Meeting

At an open meeting held on November 14, 2013, the PUC considered the filings and approved the rate schedule for standard offer service for the Industrial Group. The PUC finds that the rates reflect National Grid's standard offer service procurement plan as approved in Order No. 20795 and, further, appropriately reflect the standard offer service adjustment factors and administrative cost factors approved in Docket No. 4391 (Order No. 21064).¹²

Accordingly, it is hereby

(21362) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's proposed standard offer service procurement plan modification filed on September 17, 2013 is hereby approved.

¹⁰ National Grid filing (10/18/13).

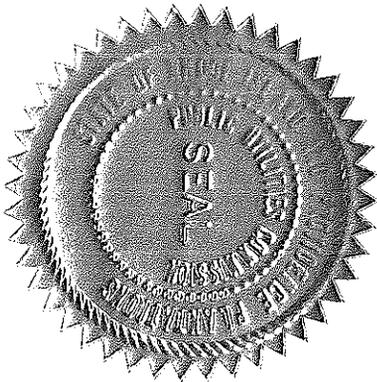
¹¹ Memorandum of David Stearns (10/28/13).

¹² The PUC finds that good cause exists under R.I. Gen. Laws § 39-3-12 to approve these rates, also without a public hearing. The rates are calculated based on a previously approved procurement plan which was subject to a public hearing. The rates are calculated correctly in accordance with that plan and are not being put into effect with less than thirty days' notice.

2. The Narragansett Electric Company d/b/a National Grid's rate schedule for standard offer service for the Industrial Group, filed on August 21, 2013, is hereby approved for usage on and after October 1, 2013.
3. The Narragansett Electric Company d/b/a National Grid's rate schedule for standard offer service for the Industrial Group, filed on October 18, 2013, is hereby approved for usage on and after December 1, 2013.

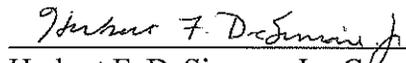
EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2013, PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 24, 2013, AND ON DECEMBER 1, 2013, PURSUANT TO AN OPEN MEETING DECISION ON NOVEMBER 14, 2013. WRITTEN ORDER ISSUED FEBRUARY 19, 2014.

PUBLIC UTILITIES COMMISSION




Margaret E. Curran, Chairperson

Paul J. Roberti, Commissioner*


Herbert F. DeSimone, Jr., Commissioner

*Commissioner Roberti concurs but is unavailable for signature.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I.G.L. Section 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.