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April 18, 2013

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

Re: Docket 4364 - Narragansett Bay Commission

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the following:

1. Narragansett Bay Commission's Response to the Division of Public Utilities and Carriers Fifth Set of Data Requests.

Please note that an electronic copy of this filing has been sent to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough Jr.

JAK/kf
Enclosures

CERTIFICATION

I hereby certify that on April 18, 2013, a copy of the within was sent to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and hand delivery.

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	sccamara@puc.state.ri.us	



Narragansett Bay Commission
Docket No. 4364
Responses to Division's Fifth Set of Data Requests

The following questions pertain to the supplemental response to DIV. 2-13.

DIV 5-1 Please state whether the new supply contract will apply to all of NBC's accounts. If not, please provide an update of the response to DIV. 1-18 summarizing the costs by location and include the supporting Excel file.

Answer: The new supply contract applies to NBC's larger accounts as is listed below and is reflected in NBC's updated response to DIV 1-18 attached.

Meter Number	Account Number	Meter Number	Account Number
02922886	52738-60017	04596247	65084-32000
05150964	89292-36008	52343316	78442-00001
04034132	89307-94002	02135383	78453-18002
04206637	39421-96002	03839362	51900-23007
02424586	89304-80003	97169789	64370-36001
03089114	65984-03006	05049941	77715-00001

Narragansett Bay Commission

DETAIL

	COB	FP	TPS	New Ops	BNR	turbines	FP Total	BP	IM	kWh
FY 2014 Projected kWh	1,395,500	11,336,000	6,411,600	726,280	11,454,879	(5,334,750)	24,594,009	11,221,000	1,029,847	38,240,356
FY 2014 Projected Cost \$	150,374	\$ 1,139,136	\$ 709,641	\$ 72,381	\$ 1,141,598	\$ (531,664)	\$ 2,531,093	\$ 1,154,349	\$ 139,572	
Average/kwh	0.108	0.100	0.111	0.100	0.100	0.100	0.103	0.103	0.136	
Rates:	COB	FP	TPS	New Ops	BNR	turbines	FP & TPS	BP	IM	
Customer Chg.	\$ 751	\$ 751	\$ 751					\$ 751	\$ 1,134	
Supply	0.06410	0.06410	0.06410	0.06410	0.06410	0.06410		0.06410	0.07250	
Avg. Delivery per kwh	0.02955	0.02823	0.03741	0.02823	0.02823	0.02823		0.03051	0.04105	
Capacity Chg	\$ 0.00334	\$ 0.00334	\$ 0.00334	\$ 0.00334	\$ 0.00334	\$ 0.00334		\$ 0.00334	\$ 0.00334	
Customer Chg.	\$ 9,010	\$ 9,010	\$ 9,010	\$ -	\$ -	\$ -	\$ 18,020	\$ 9,010	\$ 13,608	
Supply	89,452	726,638	410,984	46,555	734,258	(341,957)	1,576,476	719,266	74,664	
Avg. Delivery per kwh	41,235	320,048	239,840	20,505	323,404	(150,615)	753,181	342,408	42,276	
Capacity Charge	4,663	37,876	21,423	2,427	38,273	(17,825)	82,174	37,492	3,441	
Subtotal	\$ 144,359	\$ 1,093,572	\$ 681,256	\$ 69,486	\$ 1,095,935	\$ (510,397)	\$ 2,429,851	\$ 1,108,176	\$ 133,989	
Gross Earnings Tax	\$ 6,015	\$ 45,565	\$ 28,385	\$ 2,895	\$ 45,663	\$ (21,266)	\$ 101,242	\$ 46,173	\$ 5,583	
Total	\$ 150,374	\$ 1,139,136	\$ 709,641	\$ 72,381	\$ 1,141,598	\$ (531,664)	\$ 2,531,093	\$ 1,154,349	\$ 139,572	Total
with RIGET	0.1078	0.1005	0.1107	0.0997	0.0997	0.0997	0.1029	0.1029	0.1355	

	COB	FP	BP	IM
FY 2014 Projected kWh	1,395,500		24,594,009	11,221,000
FY 2014 Projected Cost \$	150,374	\$ 2,531,093	\$ 1,154,349	\$ 139,572
	FP	TPS	New Ops	BNR
	11,336,000	6,411,600	726,280	11,454,879
	\$ 1,139,136	\$ 709,641	\$ 72,381	\$ 1,141,598

Narragansett Bay Commission
Docket No. 4364
Responses to Division's Fifth Set of Data Requests

DIV 5-2 Please state whether NBC retained any outside consultants or advisors to assist in the procurement of a new electric supply contract. If yes:

- a. Please identify the consultants or advisors.
- b. Please provide a copy of any studies, analyses, memos or other documents from the consultants or advisors addressing the procurement of the new supply.

Answer:

- a. NBC retained La Capra Associates, Inc. to assist in the procurement of a new electric supply contract.
- b. See attached.

November 27, 2012

LETTER PROPOSAL

Sam Celone
Narragansett Bay Commission
One Service Road
Providence, RI 02905

RE: *Procurement Advisory Services Proposal*

Dear Mr Celone:

La Capra Associates is pleased to submit this letter proposal to provide consulting services to the Narragansett Bay Commission ("NBC") in support of its electricity procurement efforts. Based on our conversations, we understand that the existing contract with TransCanada is set to expire at the end of 2012, and that NBC is interested in qualifying a number of suppliers and solicit bids. We describe the potential services we can provide to maximize supplier participation, and competition, in order to provide the lowest price to the Commission.

STATEMENT OF WORK

Our scope of work for NBC would ideally consist of the tasks below. We understand that time is limited, thus we will work with NBC to evaluate the best way forward (including development of a procurement schedule that meets its organizational objectives) while accommodating NBC's need for budget certainty.

1. Develop Parameters on Wholesale Market Timing

We will first weigh the costs and benefits of switching NBC accounts to standard offer service in the early 2013 timeframe, which would allow more time if needed to conduct a more robust competitive solicitation. Standard offer service (SOS) prices have been reasonably low over most of 2012, but recently circulated National Grid power supply prices for Q1 2013 are notably higher, reflecting peak winter season pricing as well as the trajectory of wholesale electricity forward prices since late summer. In any case, this exercise would be undertaken to determine whether SO service could be a bridge option between the current TransCanada supply agreement and a successor.

During this critical first task we will work out a targeted schedule with NBC for the procurement exercise right through to closing a successor arrangement to the current TransCanada agreement.

2. Develop Criteria and "Must-Have" Features of Successor Power Supply & Begin Counterparty Suppliers Master Agreement Process

We will work with NBC to begin the process of "putting paper in place" (establishing

Master Supply Agreements, and forms of specific transaction confirmations/service agreements which would be executed after the pricing selection) with additional potential supplier counterparties. In this task we would work with NBC to review and understand the key terms and conditions of these Master Agreements (probably using the EEI or other model agreements for electricity, NAESB for natural gas), particularly as regards performance assurance and credit support obligations.

Negotiating these agreements now would not obligate NBC to make purchases from particular suppliers. Rather they outline the basic terms and conditions of such service and enable potential transactions. We would also review NBC's existing agreement with TransCanada and suggest changes if needed.

3. Development of the RFQ Documents

The basic final blueprint for product, price and term will be established and explained to energy suppliers. The power supply Request for Quotations (RFQ) will contain milestones and deliverables from suppliers, and any NBC "must-have" contract provisions not yet in hand. They will be developed to be replicable by NBC for subsequent procurements.

4. Develop an Evaluative Spreadsheet to Compare Supply Options

La Capra Associates will develop for NBC a tool that can compare the supply offers on economic and, if desired, qualitative dimensions such as supply content (e.g., exposure to price variance, renewable preferences), counterparty strengths and weaknesses, products and risks, in virtually real-time as quotations come in. As part of this task, we will include an evaluation of standard offer service and any extensions to the current TransCanada service agreement.

5. Implement a Retail Power Supply Solicitation

La Capra Associates will assist NBC in launching, administering and closing a retail power supply solicitation, based on the wholesale market timing decisions NBC makes as an outcome of Task 1 above. We could deploy a number of approaches, but our typical approach is to establish a window of time on a certain pre-specified date, take in quotations for product options we recommend NBC consider over a web-based portal, and process the results using the Evaluative Spreadsheet discussed in Task 4 above.

6. Evaluate Retail Supply Options & Make Recommendations

Using the tool developed in Task 4, La Capra Associates will compare and contrast options for NBC supply on bid day, and make recommendations about which product, price and term package appears to best suit its requirements and preferences. This will be an interactive process with NBC and a concentrated one, in order to rapidly assess supply offers and close transactions in a timely fashion before prices become stale and must be refreshed. This process would culminate with a decision by NBC to contract with a supplier for a specific product, price and term, after assessment and recommendations by La Capra Associates.

7. Closing the Transaction

La Capra Associates would assist NBC in executing agreements, ensuring the retail supply switchover is properly scheduled, and other tasks necessary to complete the procurement exercise.

BUDGET

We are aware of the need to contain costs and keep this arrangement as cost effective as possible for NBC. Given that certain tasks are not fully within our control and depend in part upon assistance from both NBC and interactions with retail suppliers (especially in Tasks 1 - 2 above), the budget we have initially prepared is based on time and materials according to the rate schedule found below with a proposed project cap of **\$20,000**. We will not exceed billing on this project beyond this amount without further discussion and approval from Narragansett Bay Commission. If the project can be completed for less than this amount, only such lesser amount will be billed.

Based upon our considerable experience undertaking similar procurement efforts on behalf of a wide range of clients, we anticipate that the above budget will be adequate. If there were delays in the process, several in-person meetings at NBC headquarters or the desire by NBC to put master agreement paper in place with more than 2-3 additional suppliers for instance, such conditions could occasion a budget adjustment. We are not anticipating such additional work at the present time. If NBC does require or request these additional tasks, however, we can adjust the proposed project cap accordingly.

We are accustomed to working for clients with limited budgets and staff time, and we work only on an hourly fee basis with no stake in any transactions and nothing but arms-length relationships with suppliers, ensuring the highest quality standards and objective advice and recommendations.

RATE SCHEDULE¹

*** PROPRIETARY & CONFIDENTIAL ***

Employee	Level	Hourly Rate
Stan Faryniarz	Managing Consultant	\$225.00
Al Pereira	Managing Consultant	\$225.00
Melissa Gilbert	Consultant	\$165.00
Jenny Martos	Analyst	\$120.00

PROJECT TEAM

Brief biographies of our consulting team are provided below. Full resumes can be provided upon request.

■ STAN FARYNIARZ, CEP, *MANAGING CONSULTANT* **Project Manager**

Stan Faryniarz is a member of La Capra Associates' senior management team and serves on

¹ La Capra Associates considers its billing rates and the rates of the entire project team and other financial information *proprietary and confidential*, and not for public viewing/disclosure. We ask that the NBC treat this information as confidential and exempt from disclosure. La Capra Associates has used its best efforts to maintain the confidentiality of financial information and its disclosure could competitively harm our firm.

its Board of Directors. Over the past 26 years, he has consulted on power procurement & transactions, economic and rate analyses and strategic matters for a wide variety of energy industry and other clients in New England, the U.S. and Canada, concentrating in particular on public power systems and industrial clients. Mr. Faryniarz has an extensive range of skills and experience in economic and financial analyses, contract negotiations, regulatory, government and consumer relations for utilities, customers and industry groups, economic impact studies and studies for clients undergoing legislative or regulatory scrutiny. He has substantial expertise in the New England, New York & PJM power markets, which have lead to highly successful outcomes for clients for whom various wholesale and retail power procurements and transactions have been conducted. Mr. Faryniarz is the primary advisor to, or manager of, client power supply portfolios totaling almost 300 MW. He also specializes in operational and economic analyses for utilities, industrial and aggregated commercial customers, and regulators. Mr. Faryniarz has evaluated, prepared and defended financial proformas, load forecasts, power cost and allocated cost of service analyses, rate design studies and tariffs, integrated resource plans, market studies, special contracts, asset valuations and other components of successful utility and power purchasing programs and operations. He is an experienced expert witness, in multiple jurisdictions in the northeast and Canada. He holds a BA in Economics and M.P.A. (Finance and Managerial Economics concentration) from the University of Vermont, and the Certified Energy Procurement (CEP) Professional designation from the Association of Energy Engineers.

■ **ALVARO E. PEREIRA, PH.D., MANAGING CONSULTANT**

Alvaro Pereira is an accomplished energy professional with over 15 years of experience in economic, technical, and policy analysis with expertise in rate design, power markets, and climate change policy. Dr. Pereira joined La Capra Associates in 2008, following nearly a decade with the Massachusetts Department of Energy Resources (DOER) as the head of a group responsible for economic and technical analyses of policies, programs, and regulatory filings. At La Capra Associates, he works in a variety of areas including procurement, renewable energy project analysis and pro forma development, and analyses of energy and capacity market rules, prices, and performance. Dr. Pereira is an experienced expert witness, having testified on various occasions before regulatory commissions, and he has provided expert-witness research to support winning arguments in cases involving environmental quality and demand resources. Dr. Pereira also has expertise in rate design and analysis, demand side management (DSM) programs, and economic impact modeling and forecasting. He has an M.S. in Transportation and a Ph.D. in Urban and Regional Economics and Studies, both from M.I.T.; and two bachelor degrees in Economics and Finance from UMass Amherst.

■ **MELISSA WHITTEN, CONSULTANT**

Ms. Whitten, consultant and member of the La Capra Associates Procurement & Portfolio Management team, has worked on both the natural gas and electric side of the energy sector. After working for a major developer of natural gas fired independent power projects in the Northeast, Ms. Whitten relocated to the Pacific Northwest to take the position of Director of Gas Supply for Cascade Natural Gas Corporation (now part of MDU Resources) where she managed a \$100 million portfolio of contract assets, securing supply from both domestic and Canadian sources and managing transportation and storage contracts on two interstate pipelines. Ms. Whitten has served as an expert witness on several occasions, including a recent generic investigation by the Massachusetts Department of Public Utilities into its gas

margins sharing policy. Ms. Whitten recently completed a natural gas procurement effort on behalf of a major industrial client with facilities located in several states across the country, including Massachusetts. This assignment required understanding the local distribution company ("LDC") tariff requirements and competitive landscape for several regulatory jurisdictions, negotiating base agreements with multiple suppliers serving those locations, running a competitive bid process and assisting with bid response analysis so that the client could successfully close a transaction that met their budget objectives. Ms. Whitten has an M.B.A. in Finance and Information Systems from the University of Rochester, and a bachelor degree in Economics from the University of Massachusetts.

■ **JENNY MARTOS, ANALYST**

Jenny Martos recently joined La Capra Associates, bringing energy, environmental markets, and nuclear operations experience. Her work with La Capra Associates will include being an integral part of the Market Analytics team responsible for maintaining and running La Capra Associates' wholesale electricity market model. She also provides research and analysis for a variety of projects for the firm. Ms. Martos has an M.S. and B.S. in Nuclear Engineering, and a B.S degree in Business and Management. She has also received advanced certifications in Six Sigma business management strategy which uses a set of quality management methods to reduce errors in business practices.

Sam, we thank you for the opportunity to submit this proposal, and we look forward to working with you and your team. Please feel free to contact me, if you have any questions.

Sincerely,

Stan Faryniarz

Managing Consultant

La Capra Associates, Inc.

cc: A. Pereira, La Capra Associates

Contact Information

Stan Faryniarz, Managing Consultant

La Capra Associates, Inc.

277 Blair Park, Suite 210

Williston, VT 05495

Tel: 802-861-1618

E-mail: sfaryniarz@lacapra.com

AUTHORIZATION PAGE

**Proposal to Narragansett Bay Commission
For Procurement Advisory Services**

Parties signing hereby warrant they are duly authorized to sign on behalf of their organizations.
This agreement shall be governed by the laws of the state of Massachusetts.

*Signed for and on behalf of **La Capra Associates***

Name: Alvaro E. Pereira

Title: Vice President

Date: _____

*Signed for and on behalf of **Narragansett Bay Commission***

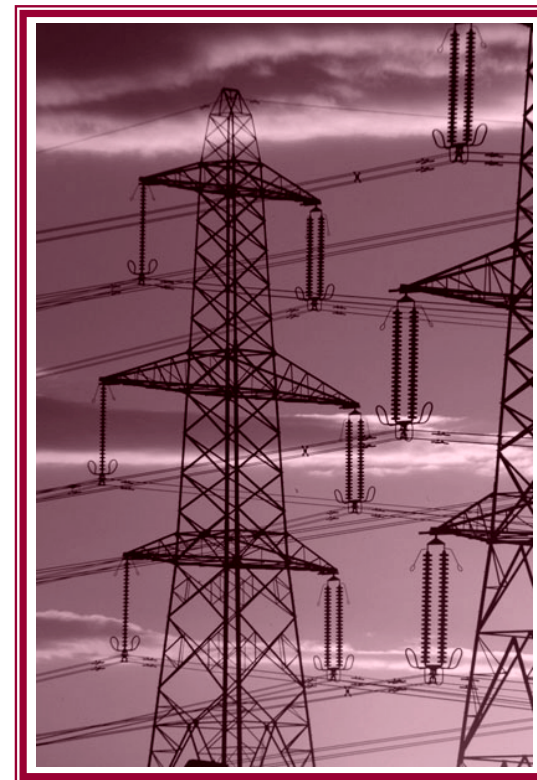
Name: Sam Celone

Title: _____

Date: _____



Presentation to
Narragansett Bay Commission
*Risk Profile & Portfolio Preferences, Products,
Market Timing and Strategy*



Presented by: Stan Faryniarz & Al Pereira
La Capra Associates, Inc.

December 17, 2012

Table of Contents

- 1. Discussion of ISO-New England Markets**
- 2. Procurement Guidelines for Risk Averse Buyers**
- 3. NBC Risk Profile Revisited**
- 4. NBC Supply Options**
- 5. NBC Illustrative Portfolio Configurations**
- 6. NBC Procurement Process Steps**

Required Retail Products and Services

Market Based

- **Energy (MWh)**
- **Capacity (MW)**
- **Ancillary Services (Reserves, Regulation)**

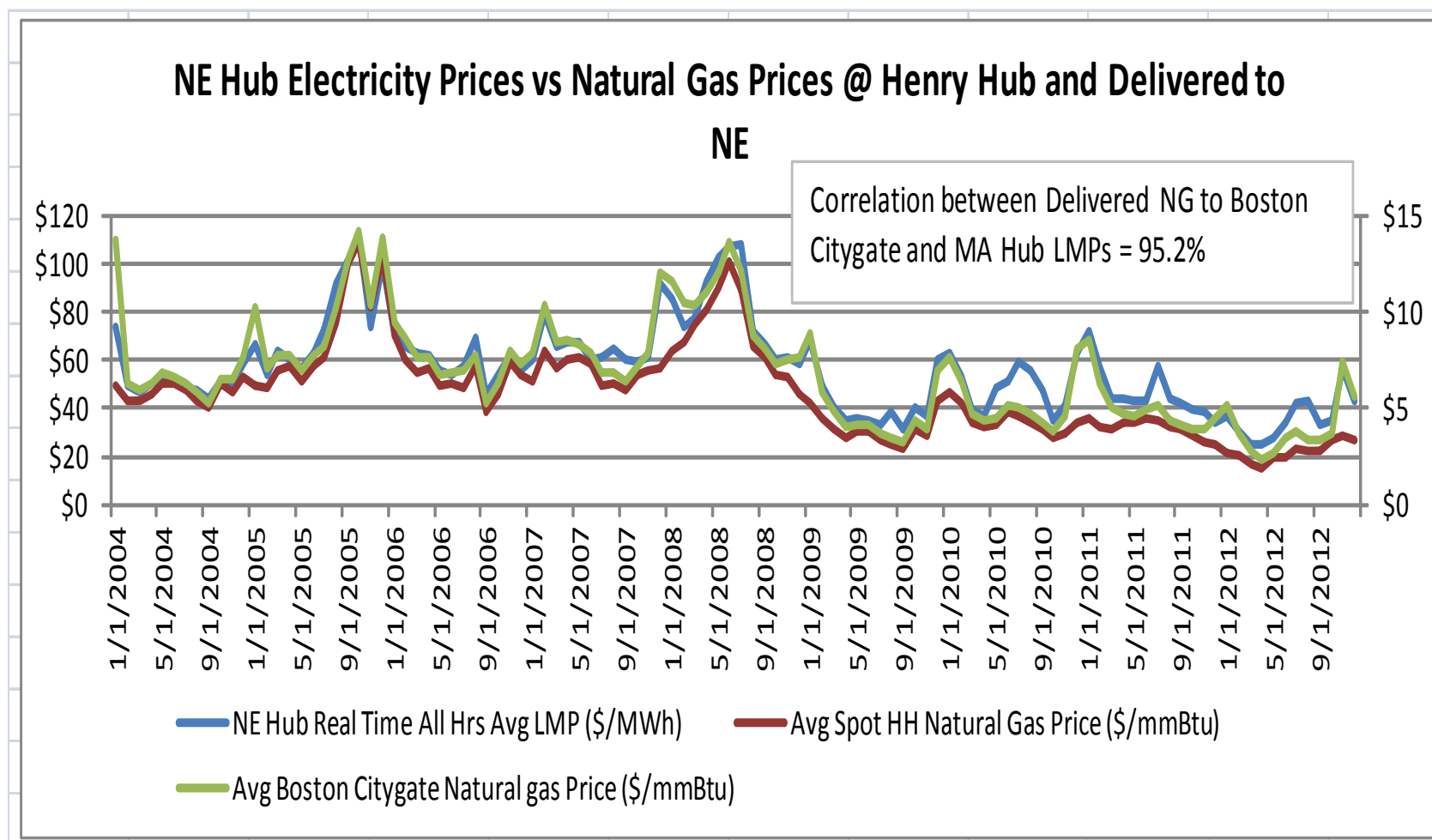
Tariff Based

- **Ancillary Services (VAR, Black Start)**
- **Transmission**
- **Distribution**

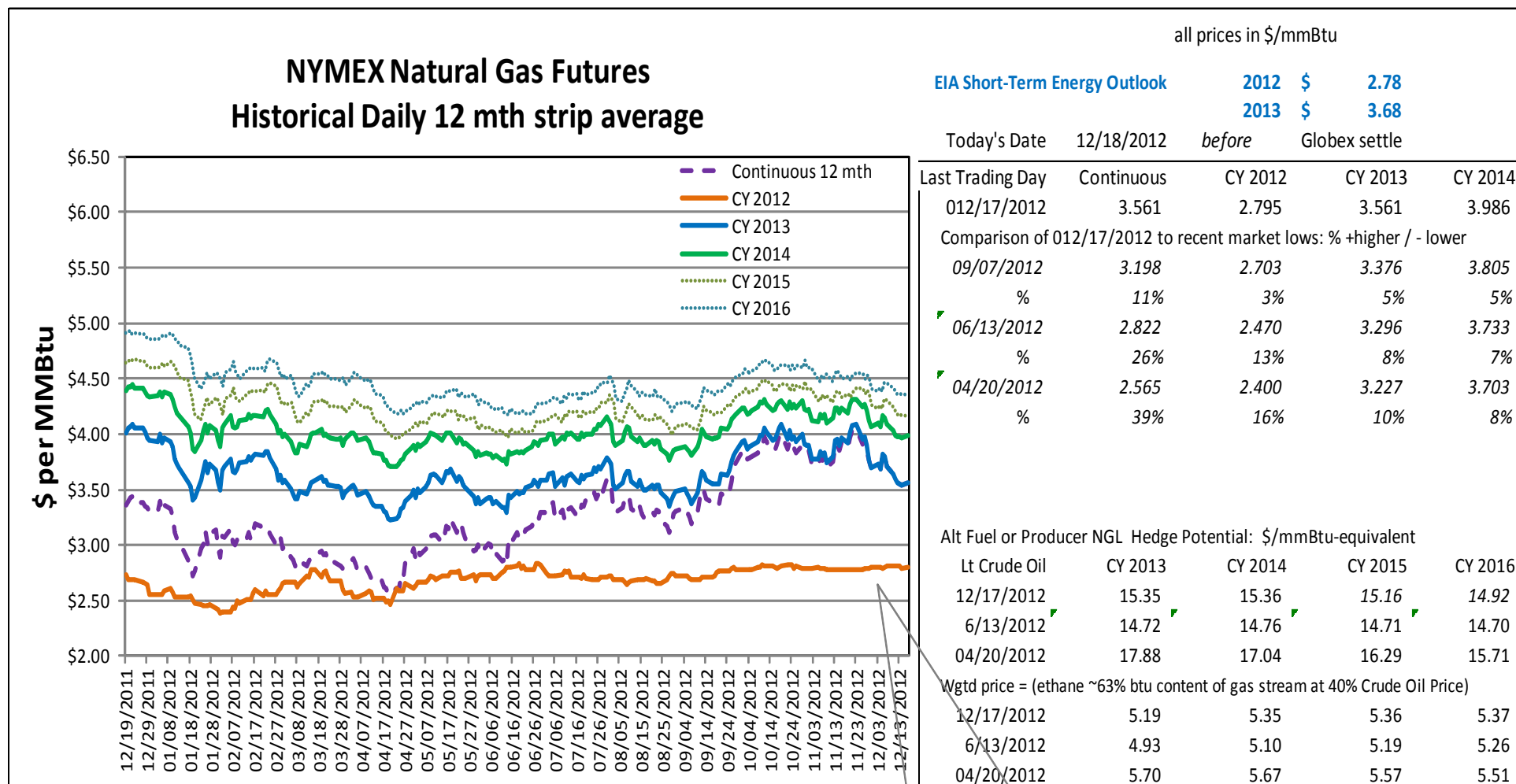
Review of ISO-NE Energy Market

- **Locational Spot Market (LMP) Operated by ISO New England**
 - ❖ Day Ahead
 - ❖ Real Time
- **Natural Gas Generation is at-the-margin, thus natural gas prices drive electricity prices**
- **Also key is the regional market heat rate (measure of the efficiency of the marginal generating unit)**

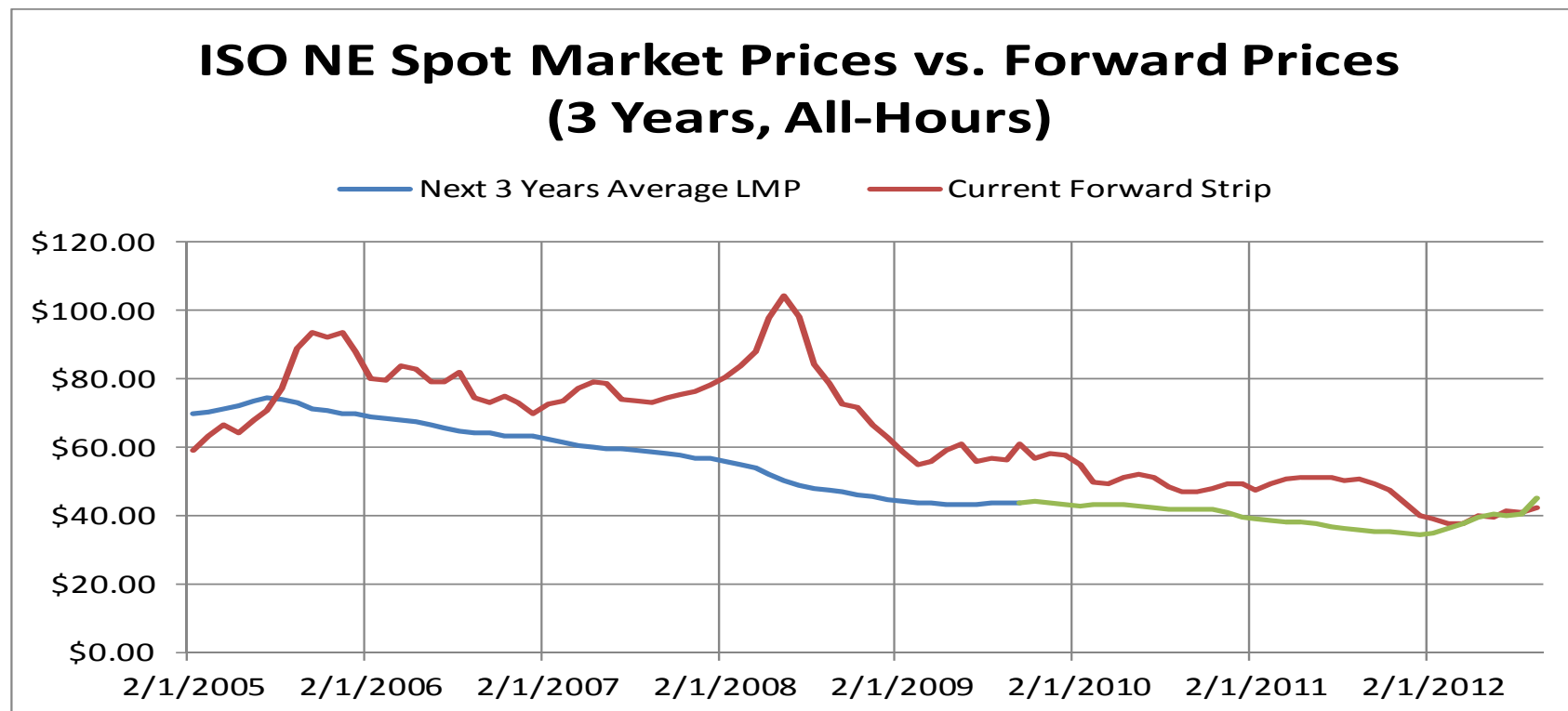
Natural Gas Prices Drive Electricity Prices



Going Forward Outlook



Going Forward Outlook



Key Procurement Guidelines

- 1. Understand procurement process & objectives as an organization.**
- 2. Most risk averse institutions procure to meet energy budget, not try to “beat the market.”**
- 3. Wholesale Drives Retail**



Key Procurement Guidelines

- 4. Fossil-fuels (primarily natural gas) largest determinant of wholesale energy prices.**
- 5. Market Timing is most important factor on economics, that risk can be controlled by:**
 - a) opening procurement window wide
 - b) benchmarking, and
 - c) layering purchases.

Key Procurement Guidelines

6. Other keys to savings:

- a) Know your requirements
- b) Generate competition for your business
- c) Access products at wholesale and limit retail markup

7. Deal with non-price terms & conditions first.



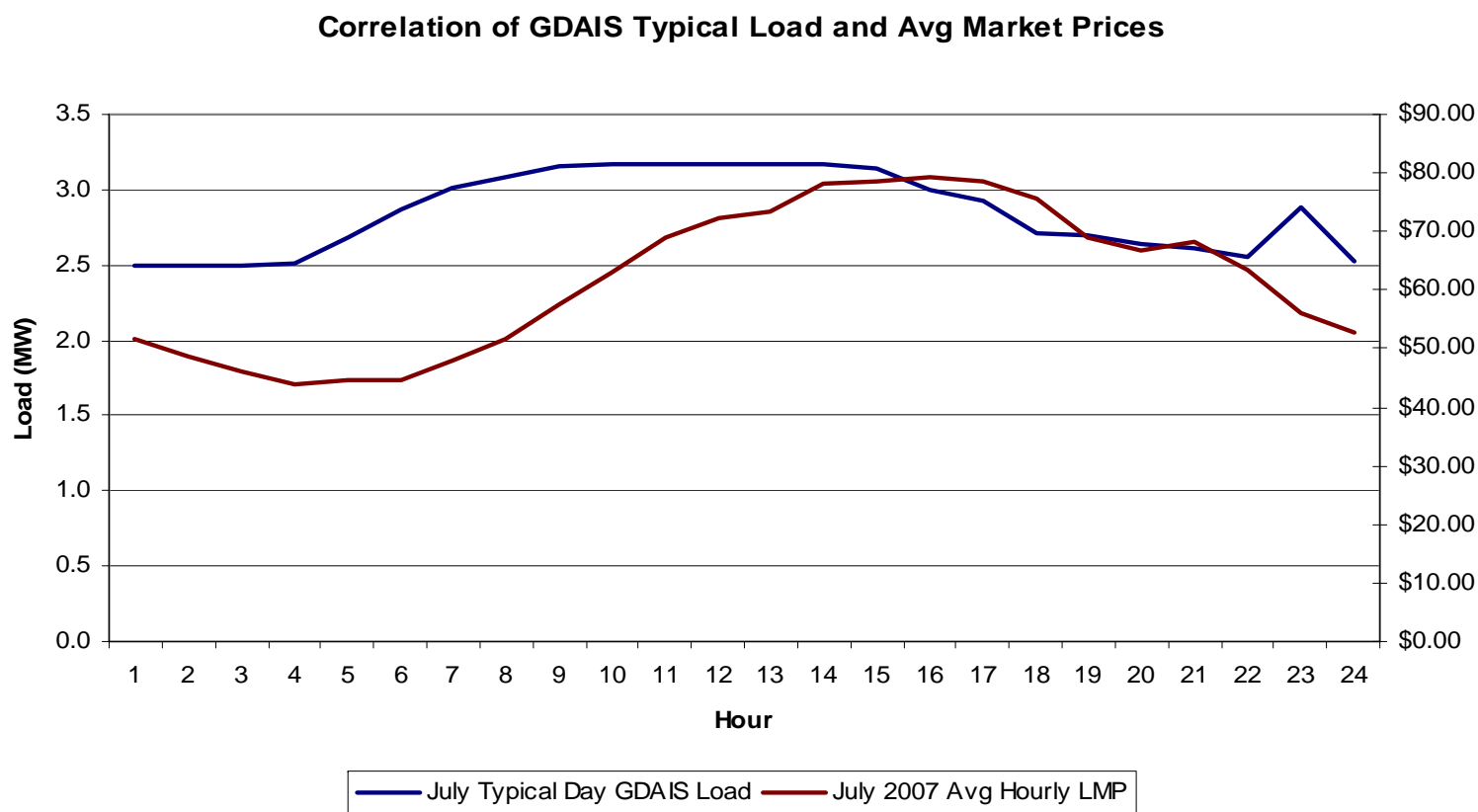
Key Procurement Guidelines

- 8. Designate authority to make binding commitments to key procurement officer, and remain nimble & flexible on price lock-in.**
- 9. Tactical monitoring, watch the markets - and your bills.**
- 10. Don't lose focus on the strategic long-term objectives.**



Review of NBC Portfolio Requirements

Correlation of Typical & Peak Day Load Profiles with Spot Market Prices (Illustrative; Need Actual Data for NBC)



Review of ISO-NE Forward Capacity Market (FCM)

- **Starting in June 2010 based on Annual FCM Auctions, the first seven of which has already occurred**
 - ❖ Prices for 2013-14 of about \$11/MWh.
- **Could go locational in the future**
- **ISO-NE is presently trying to reconfigure the market.**

Review of ISO-NE Ancillary Markets

- **Reserves are units standing by waiting to respond to a transmission or generating failure**
 - ❖ Forward Reserves
 - ❖ Real-Time Operating Reserves
- **Regulation are units that are operating that change output level very quickly to respond to the minute by minute changes in load**
- **Relatively illiquid market for these products**

NBC Risk Profile Revisited

What are NBC Portfolio Preferences?

- 1. IF:** Minimize total power supply costs.

THEN: Wholesale pass-through arrangements, possibly a more open, less-hedged position and a longer-term transaction.

- 2. IF:** Minimize power cost variance / Increase budget certainty.

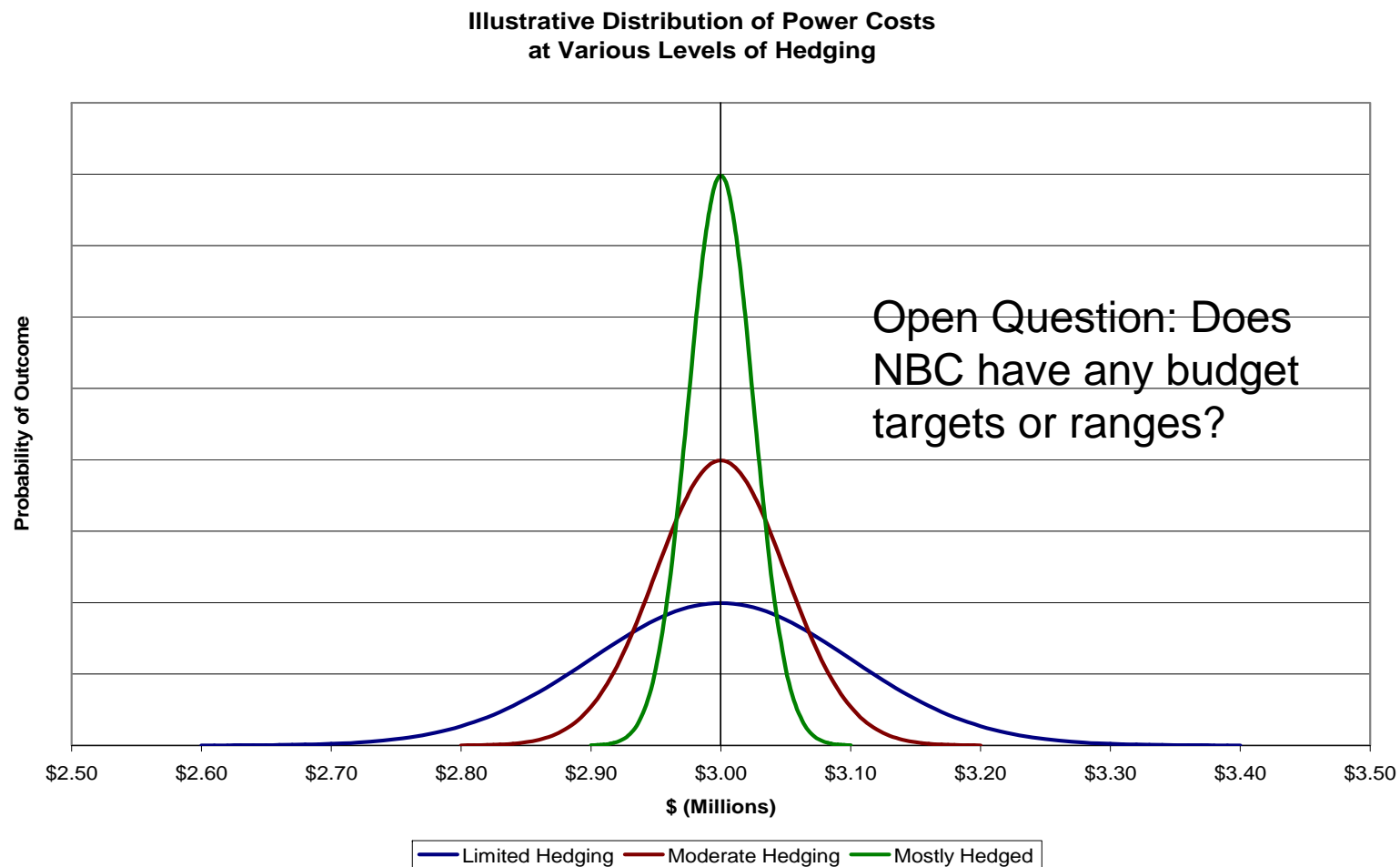
THEN: More fully hedged position, but retaining volume risk to keep costs lower, and possibly a longer term transaction.

NBC Risk Profile Revisited

What are NBC Portfolio Preferences? *(cont'd.)*

- 3. IF:** Collateral or credit assurance commitment level is low.
- THEN:** Shorter-term transactions or possibly transactions with lesser collateralized counterparties.
- 4. IF:** Supplier portfolio of options is important.
- THEN:** Specify products and request options from a more limited number of suppliers for different products, such as more renewable content, purchases from units. Consider becoming a wholesale market participant if NBC wishes to lower retail costs, but this is an involved process that will consume more NBC staff time.

NBC Risk Profile Revisited



Retail Products and Services

- Energy, Capacity, and the market based ancillary services available through competitive marketplace
 - ❖ Energy is most liquid product
- However, NBC internal generation, demand response and energy efficiency can be deployed to help hedge the other requirements
 - ❖ These measures can also be sold into the markets to help offset power costs

Illustrative Cost of Power Supply

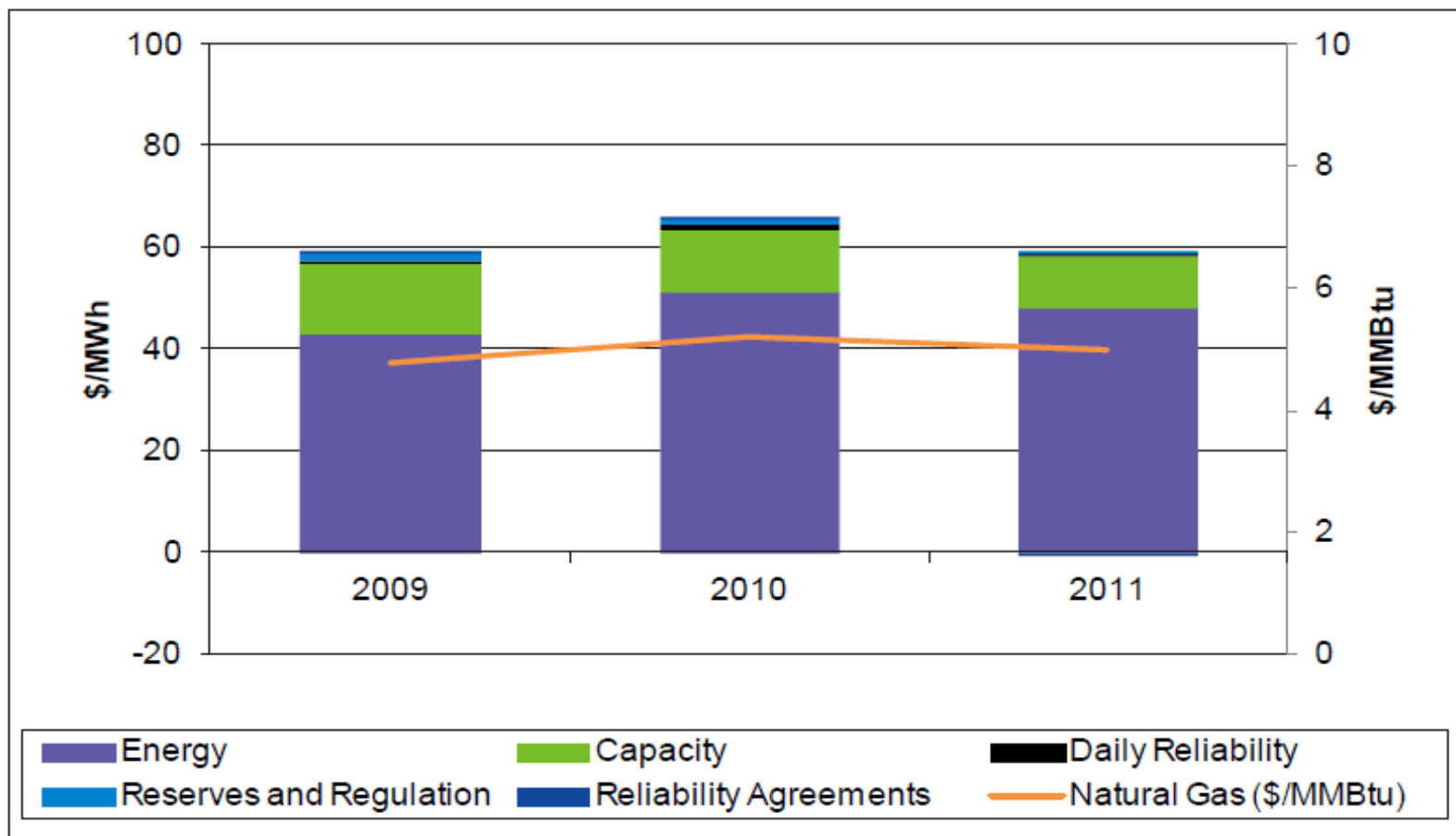


Figure 4-11: All-in cost, 2009 to 2011 (\$/MWh).

NBC Supply Options

- Bilateral Retail Supply Agreement with One Supplier
- Potentially split up accounts and contract with more suppliers
- For the longer term, check into Demand Response and Additional Generation

NBC Illustrative Portfolio Configurations

1. Fixed Price Contract

Pro:

- Completely minimizes budget uncertainty.

Con:

- For some non-energy products, price may reopen depending on the term of the contract.
- More expensive because supplier takes on GDAIS load risk.

2. Index (Spot Based) Contract

Pro:

- Least expected cost.

Con:

- Most variability in power cost expense month-to-month; hard to budget.

NBC Illustrative Portfolio Configurations

3. Block & Index Contract

Pro:

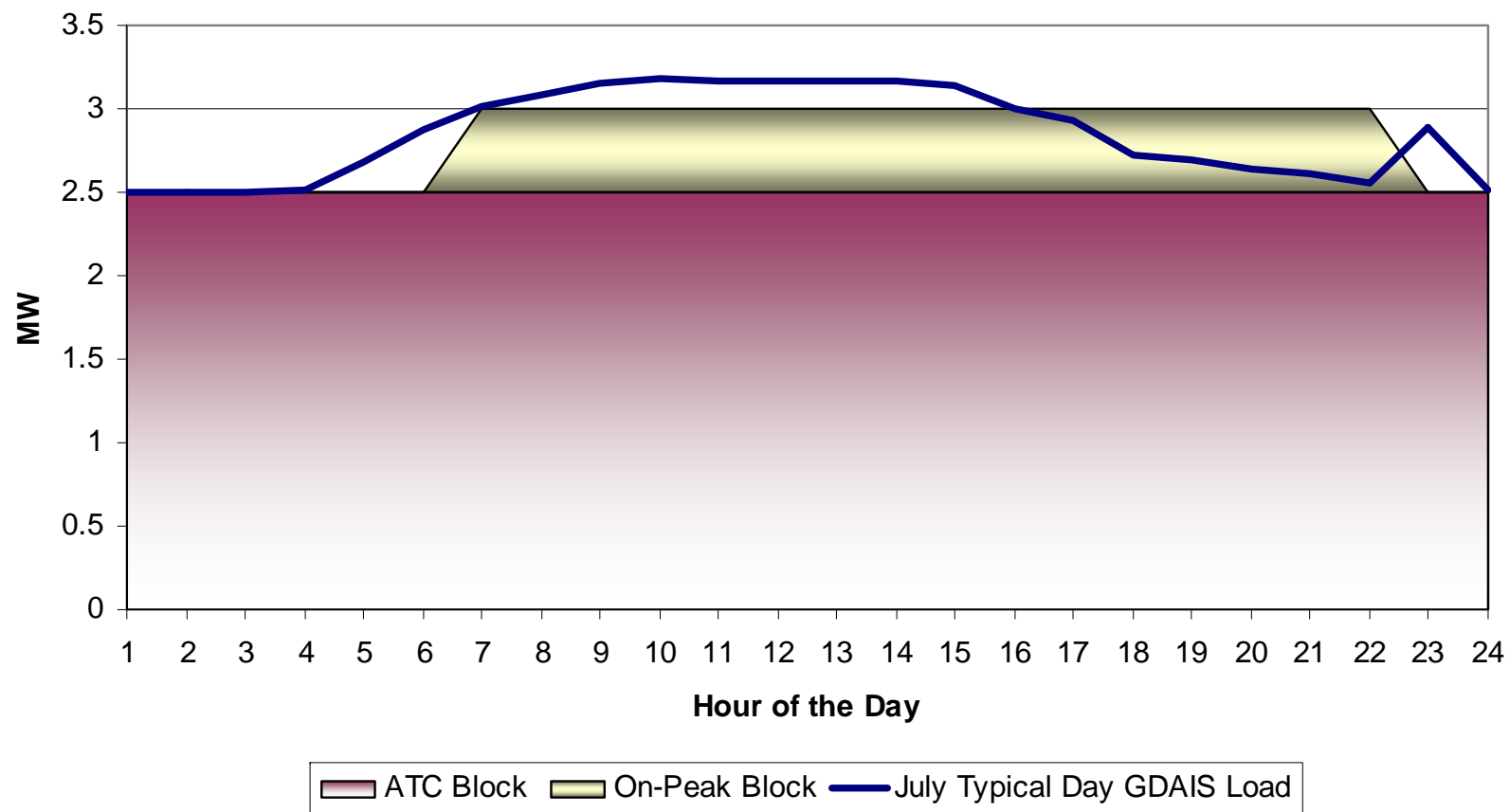
- Can be tailored to balance risk and minimize budget uncertainty.
- Most suppliers offer this product (ie. price discovery is good), and competition for lowest supplier markup can be generated

Con:

- Depends on forward prices for energy blocks, and those can be volatile.
- There will still be pass-throughs of certain energy-related and non-energy costs such as FCM capacity, ancillaries.

Review of NBC Energy Portfolio Requirements (Illustrative; would need to be updated for NBC actual loads)

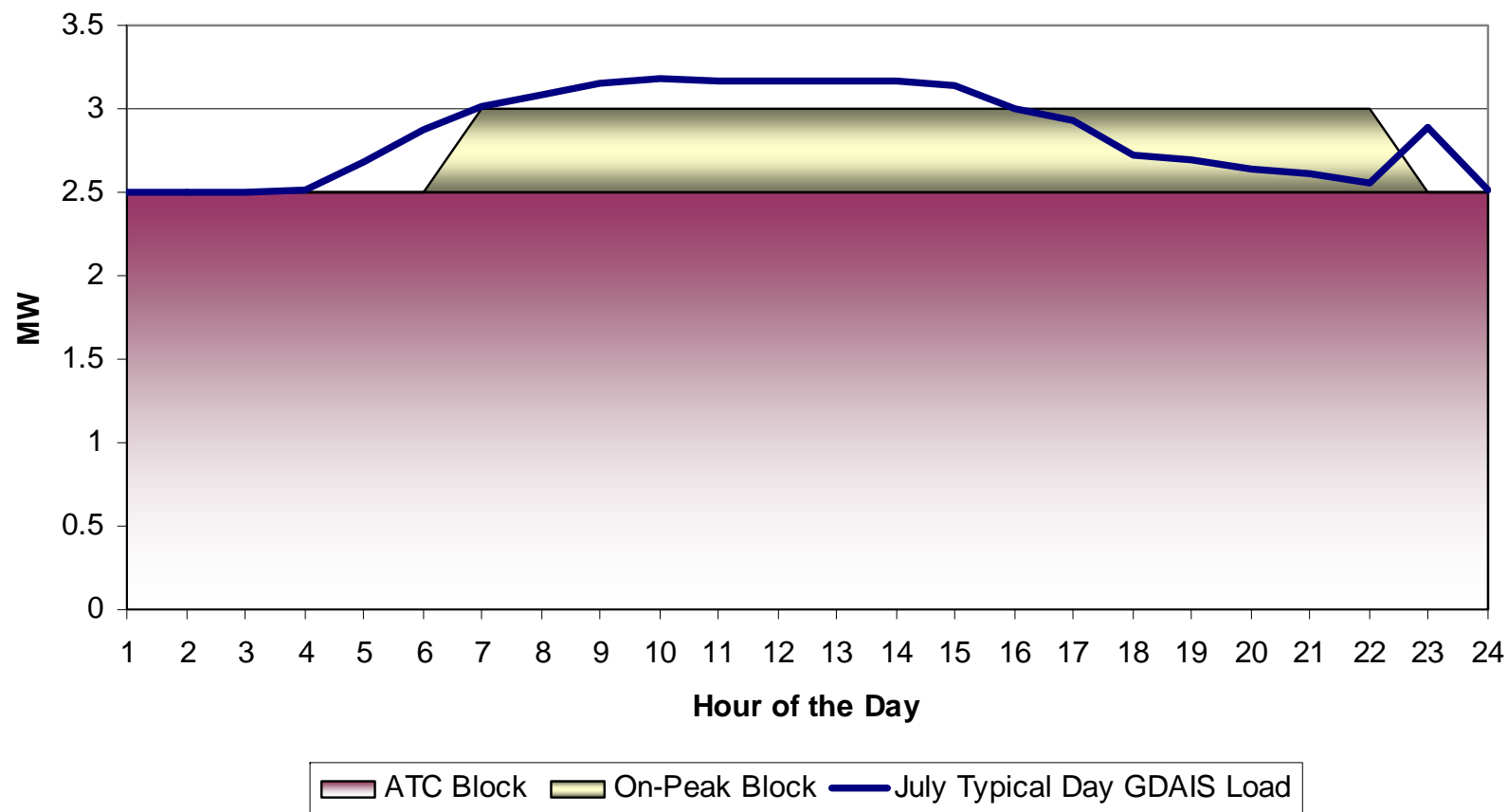
GDAIS Typical Load Profile for July



Review of GDAIS Energy Portfolio Requirements

(Illustrative; would need to be updated for NBC actual loads)

GDAIS Typical Load Profile for July



NBC Illustrative Portfolio Configurations

4. Heat Rate Block & Index Contract

Pro:

- Most easily tailored to balance risk and minimize budget uncertainty.
- More suppliers now offer this product (*i.e., price discovery is reasonable*), and competition for lowest supplier markup can be generated.
- Well suited to when natural gas prices are rising

Con:

- Electricity price still ultimately depends on natural gas futures prices, and those can be volatile and need to be timed.
- Price lock-in decisions must be managed or default will be a form of market pricing, because of default penultimate natural gas prompt month price setter if futures are not locked in.
- There will still be pass-throughs of certain energy-related and non-energy costs such as FCM capacity, ancillaries.

Heat Rate Product in Further Detail

Heat Rate Swap *(Example)*

Purchase block energy, but priced on underlying nat gas cost x a fixed heat rate (set based on market heat rate).

NYMEX Henry Hub nat gas strip (\$4.50/mmBTU)

multiplied by

Fixed Heat Rate (9 mmBTU/MWh)

equals

Energy Block Cost of \$40.50/MWh



Heat Rate Product in Further Detail

- Options on locking in or rolling with monthly natural gas prices can be helpful in managing price and ultimately power cost budget volatility.
- Other options include ability to lock in parts of the total block to manage hedge fraction.

Procurement Process Checklist & Schedule

- ☐ Identify and prescreen potential suppliers
- ☐ Negotiate final master agreements [by _____]
- ☐ Develop RFQ documents and distribute [by _____]
- ☐ Develop a “price to compare” benchmark [by RFQ response date]
- ☐ Receive and evaluate responses [by _____] and execute transaction
- ☐ Follow up summary memorandum

Narragansett Bay Commission
Docket No. 4364
Responses to Division's Fifth Set of Data Requests

DIV 5-3 To the extent not provided in response to the prior question, please provide any studies, analyses, memos or other documents relied upon in the procurement process for the new supply contract and supporting the decision to enter into a three-year contract rather than some other period.

Answer: The three-year rate was the lowest rate and given that this is one of the largest line items in NBC's operating budget, NBC needs supply cost certainty.

Narragansett Bay Commission
Docket No. 4364
Responses to Division's Fifth Set of Data Requests

DIV 5-4 Please state whether NBC sought competitive bids for the new three-year supply contract ultimately awarded to Direct Energy.

- a. If not, please explain in detail why not.
- b. If yes, please provide a copy of the bid request and summary of the term of all bids received.
- c. Provide a copy of the bids received to the extent they are not confidential.

Answer: Please state whether NBC sought competitive bids for the new three-year supply contract ultimately awarded to Direct Energy.

Yes, NBC sought competitive bids for a one, two and three year term. The bids were reviewed and there was a large discrepancy between them and as a result all bids were rejected. NBC sought pricing from Direct Energy as an aggregate through the RI League of Cities and Towns Agreement. The RI League of Cities and Towns contract with Direct Energy was competitively bid. The rate of the contract with Direct Energy was lower than the bids received from the other two suppliers through NBC's competitive bid process. (See response to item b below).

- a. If not, please explain in detail why not.

N/A

- b. If yes, please provide a copy of the bid request and summary of the term of all bids received and see attached Request for Bids.

	\$/MWh			Total Estimated Cost			Difference (Integrys & DE)
	TransCanada	Integrys	RI League /Direct	TransCanada	Integrys	RI/Direct	
12 mo	73.1203	68.33	64.4	\$ 2,864,701	\$ 2,677,027	\$ 2,523,058	\$ 153,969
24 mo	73.3807	68.12	64.3	\$ 5,749,805	\$ 5,337,599	\$ 5,038,280	\$ 299,319
36 mo	73.3286	68.224	64.1	\$ 8,842,036	\$ 8,226,518	\$ 7,729,242	\$ 497,276
7 mo		60.112			\$ 1,404,582		

- c. Provide a copy of the bids received to the extent they are not confidential.

See attached.

**NARRAGANSETT BAY COMMISSION
One Service Road
Providence, RI 02905**

**REQUEST FOR QUALIFICATIONS/BIDS
FOR
PURCHASE AND SUPPLY OF ELECTRIC POWER**

RELEASE DATE: February 1, 2013

Sealed responses/bids must be submitted to:

Sam Celone, Purchasing Manager
Narragansett Bay Commission
One Service Road
Providence, RI 02905

**Stage One responses must be received no later than:
11:00 a.m. on February 18, 2013**

**Stage Two bids must be received no later than:
11:00 a.m. March 12, 2013**

**Faxed responses/bids will not be accepted
E-mailed responses will be accepted in PDF
Format only pursuant to specifications in Section 2.4**

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PART 3 **BID FORM**

APPENDIX A **DRAFT POWER PURCHASE AGREEMENT**

PART 1

SCOPE OF SERVICES AND SUPPLEMENTAL INFORMATION

1.1 SCOPE OF SERVICES

In this Request for Qualifications/ Bids ("RFQ/B"), the Narragansett Bay Commission ("NBC") is seeking the lowest price for the supply of firm, retail full requirements electricity for its wastewater treatment and collection facilities. The contract term shall begin on the accounts' first meter read in April, 2013 and expire on the accounts' first meter read in March, 2014 for a one year agreement, or March, 2015 for a two year agreement, or March, 2016 for a three year agreement.

NBC seeks a firm, fixed price per kWh for all products required to serve retail load under the rules of ISO New England (ISO-NE), including, but not limited to energy, capacity, ancillary services and renewable portfolio standard (RPS) requirements. The fixed price per kWh shall also include any and all applicable fees, costs, and taxes associated with the bidder's cost of serving the electrical load.

Electricity supplied under this agreement must be delivered in conjunction with the local distribution service provided by National Grid. In addition, supplier shall supply electricity in accordance with all rules and regulations of ISO-NE and NEPOOL.

In providing the above-specified service to NBC, the selected bidder shall make all arrangements for the purchase and delivery of full retail requirements electric energy to NBC's point of delivery. The bids must include all costs associated with the purchase and delivery of power to NBC's point of delivery, other than those costs that are recovered through National Grid's distribution and transmission rates. The supplier shall provide a monthly bill to NBC in accordance with the terms and conditions set forth in the Agreement.

1.2 SUPPLEMENTAL INFORMATION

The NBC is a non-profit public corporation that provides wastewater treatment and collection services to the greater Providence metropolitan area. The NBC owns and operates Rhode Island's two largest wastewater treatment plants. The Field's Point Wastewater Treatment Facility serves the City of Providence, the Town of Johnston, the Town of North Providence, and portions of the Town of Lincoln and the City of Cranston. The Bucklin Point Wastewater Treatment Facility serves the Cities of Pawtucket and Central Falls and portions of the Towns of Lincoln, Cumberland, Smithfield, and the City of East Providence.

The NBC also owns, operates and maintains three outlying pump stations in the Field's Point Service Area including the Ernest Street Pump Station that handles 98% of the flow to the Field's Point Wastewater Treatment Facility. The NBC also owns and operates three pump stations in the Bucklin Point service area. The NBC completed the Combined Sewer Overflow Phase I Facilities and the Tunnel Pump Station which became operational on November 1, 2008.

The NBC also completed the installation of three wind turbines during February, 2012. Each turbine has a nominal rated power output of 1.5 MW. These are 'behind-the-meter' units operating solely as NBC load reducers.

The NBC is considered a component unit of the State of Rhode Island for financial reporting purposes. The NBC's fiscal year 2013 operating budget is \$90.5 million. The NBC's 2014 – 2018 Capital Improvement Program (CIP) identifies projects totaling \$290 million during the five-year period. The NBC is subject to regulation by the Rhode Island Public Utilities Commission (RIPUC). The NBC provides service to approximately 83,000 accounts and the average annual fee for residential customers (based on water usage of 100 cubic feet) is \$475. NBC's operating budget is funded entirely by user charges.

1.2.1 Summary of NBC Electric Power Demand and Characteristics

NBC operates its facilities 24 hours-a-day, 7 days-a-week and has recently purchased approximately 33,000,000 kWh of electricity on an annual basis. Average on-peak and off-peak demands have ranged from 3.5 – 4.0 MW, at monthly load factors hovering around 70%.

NBC projects additional usage of approximately 12,181,159 kWh for the new Biological Nutrient Removal (BNR) facilities that will be operational during 2013. The additional usage is projected to be offset by electricity generated from NBC's three 1.5 MW wind turbines; projected to reduce usage by approximately (5,334,750) kWh. Total annual usage for the accounts listed in section 1.2.2 going forward is projected to be approximately 39,000,000 kWh.

NBC receives delivery service from National Grid under the G-2 and G-32 rates that are filed with the Rhode Island PUC. The accounts listed in section 1.2.2 are currently being served by a competitive supplier for generation service under an agreement that expires upon the accounts' meter read dates in April 2013.

1.2.2 Accounts to be Served

The following list summarizes the facilities NBC is seeking to be served through an electric supply agreement. They are listed by National Grid meter and account number.

Meter Number	Account Number	Meter Number	Account Number
02922886	52738-60017	04596247	65084-32000
05150964	89292-36008	52343316	78442-00001
04034132	89307-94002	02135383	78453-18002
04206637	39421-96002	03839362	51900-23007
02424586	89304-80003	97169789	64370-36001
03089114	65984-03006	05049941	77715-00001

Part 2

BIDDER INSTRUCTIONS, INFORMATION AND CONDITIONS

2.1 BIDDING INSTRUCTIONS AND INFORMATION

2.1.1 Bid Process/Evaluation Criteria

In this Request for Qualifications/Bids ("RFQ/B"), the NBC is seeking from qualified bidders the lowest price for firm, full requirements electricity for the retail accounts listed above.

The NBC bid process will have two stages. In Stage One, participating retail suppliers will submit information in response to the Supplier Qualification Requirements set forth in Section 2.2 of this RFQ/B. Bidders that are fully responsive and who meet the Qualification Requirements are eligible to participate in Stage Two and will be notified of such eligibility. Those eligible to participate in Stage Two will receive the Stage Two bid form by way of addendum to the RFQ/B.

In Stage Two, eligible bidders will be asked to submit bids for a one, two or three year agreement, or all three. Bids will be for a firm, fixed price per kWh for retail generation service for the term of the Agreement. The term of the Agreement shall begin on the accounts' first meter read in April, 2013 and continue through the accounts' first meter read in March, 2014 for a one year agreement, or March, 2015 for a two year agreement or March, 2016 for a three year agreement.

The firm, fixed price shall be for all of NBC retail electrical requirements for the accounts listed in section 1.2.2. Bidders shall submit a firm, fixed price per kWh for energy, capacity, ancillary services, and renewable portfolio standard (RPS) sufficient to provide retail full requirements service. The firm, fixed price should cover all costs incurred by the bidder to supply NBC's load. No other payments will be made by NBC to the bidder.

Bids will be ranked separately for the one year agreement, the two year agreement and the three year agreement based upon the fixed price received in the bids.

The bidder with the lowest fixed price per kWh will be first ranked and the bidder with the second lowest fixed price per kWh will be second ranked. The ranking will continue in this manner until all Bidders have been ranked. At NBC's sole discretion, a single contract award will be made for a one year, a two year or a three year agreement based upon its best interests as determined by the NBC.

2.1.2 Purchasing Schedule

The schedule for selection of a supplier to provide NBC with electricity to its facilities is shown in the table below:

Item	Date
RFQ/B and Draft Agreement Issued	February 1, 2013
Supplier Questions Due to NBC	4:00 pm EST February 7, 2013
Stage One Responses & Comments on Draft Electric Power Agreement Due	4:00 pm EST February 18, 2013
NBC Responses to Bidders Questions Issued	February 22, 2013
Notification to Eligible Stage Two Bidders and Electric Power Agreement Finalized	February 27, 2013
Stage Two Bids Due	11:00 am EST March 12, 2013
Bid Selected & Contract Signed	Estimated no later than 2:00 pm March 12, 2013

Bidders will have the opportunity to comment on the terms and conditions contained in the Draft Electric Power Agreement (“Draft Agreement”) provided as Attachment A. **Supplier questions regarding the RFQ/B are due to NBC by 4:00pm on February 7, 2013.** Questions may be submitted in writing or via email. **Comments on the Draft Agreement along with Stage One responses are due to NBC by 4:00pm on February 18, 2013.** Comments on the Draft Agreement can be submitted in electronic form via email, either as a separate document or as a redlined version of the Draft Agreement included as Attachment A. NBC will review the comments and may, at its discretion, propose modifications to the terms and conditions. Any such changes will be issued by addendum to eligible Stage Two bidders by February 27, 2013. If no modifications are issued by addendum, then the Draft Agreement shall be considered to be final. **In submitting Stage Two bids, bidders and any guarantors must acknowledge their willingness to sign the Final Electric Power Agreement as issued by NBC without limitation or exception.** If, for any reason, NBC determines that the parties cannot come to terms, NBC may, in its sole discretion, terminate these discussions and commence discussions with the next ranked bidder. This process may be repeated until an executable Electric Power Agreement is reached, as determined solely by NBC.

The due date for the Stage Two Bids will be March 12, 2013. NBC reserves the right to change the Stage Two Bid Due Date at its sole discretion.

- 2.1.3** If you have any questions about this RFQ/B, we will be pleased to provide you with further information or to clarify exactly what we need to make our decision. Please submit, in writing or E-mail, questions to:

Sam Celone, Purchasing Manager
Narragansett Bay Commission
One Service Road
Providence, RI 02905
Fax Number 401-461-6540 or
scelone@narrabay.com

and

Stan Faryniarz
La Capra Associates, Inc.
277 Blair Park, Suite 210
Williston, VT 05495
Fax Number 617-778-5528
sfaryniarz@lacapra.com

and

Jenny Martos
La Capra Associates, Inc.
One Washington Mall - Floor 9
Boston, MA 02108
Fax Number 617-778-5528
jmartos@lacapra.com

If submitting a response via E-mail, the responsibility is solely the vendors' to ensure receipt by the above individuals. To ensure receipt, you may telephone the purchasing manager at (401) 461-8848 ext. 336, however, it is the intent of NBC to reply to emails with confirmation of receipt. Any references throughout the RFQ/B to the term **in writing** shall mean written form or E-mail. Any and all responses via E-mail shall be in PDF format with the exception of redline comments on the Draft Electric Power Agreement which may be in Microsoft Word format.

Inquiries must be received no later than the dates specified in Section 2.1.2. No bidder may rely upon oral responses made by any NBC employee or any representative of NBC. Questions and NBC's responses will be provided in writing to all bidders by the conclusion of Stage One.

- 2.1.4** Information provided orally or in writing by any NBC source that relates to this RFQ/B is provided as is and without verification. The bidder assumes any and all

risk from its use or reliance on any such information. NBC does not provide any guarantee or warranty regarding the information and is not responsible for any errors, omissions or interpretations that may exist in or arise from the information. Any error and/or omission shall not relieve the bidder from the obligation to supply full NBC retail power requirements at the prices bid in Stage Two.

- 2.1.5** Corrections, modifications, additions or deletions to the RFQ/B document will be in the form of written addenda that will be issued and mailed, E-mailed or faxed to all parties who, according to NBC's records, have obtained or requested the RFQ/B and have furnished to NBC a contact person and an address for such purposes. Only addenda so issued shall become part of the RFQ/B. Upon commencement of Stage Two, addenda will be issued to only eligible bidders.
- 2.1.6** Bidders must submit three (3) sealed hard copies of the Stage One response, though one copy is sufficient if E-mailed. Bidders must submit one (1) sealed copy of the Stage Two bids by email. Sealed responses by email are to be in the form of a signed PDF attachment to the email containing the bids, and must be received and time stamped at NBC Headquarters no later than the due date and time specified in Section 2.1.2. Responses/Bids or any parts thereof received by NBC after the required date and time will not be accepted and will be rejected as non-responsive to the Request for Bids. Delivery of bids to any office, function, advisor, or location other than NBC Headquarters will not constitute receipt by NBC. Faxed responses/bids will not be accepted. E-mailed responses will be accepted in PDF format only. Unsolicited Stage Two bid submittals will not be considered and will be returned unopened. All Stage One and Stage Two responses are to be addressed to:

Sam Celone, Purchasing Manager
Narragansett Bay Commission
One Service Road
Providence, RI 02905
scelone@narrabay.com

and

Stan Faryniarz
La Capra Associates, Inc.
277 Blair Park, Suite 210
Williston, VT 05495
sfaryniarz@lacapra.com

and

Jenny Martos
La Capra Associates, Inc.
One Washington Mall - Floor 9
Boston, MA 02108
Fax Number 617-778-5528
jmartos@lacapra.com

Any exhibits, documentation and collateral materials must be assembled and bound with the Stage One Response into a single hard copy or PDF package.

2.1.7 A responsive Stage One response consists of:

- a. Submittal of complete and accurate information pursuant to Section 2.3 of this RFQ/B. Note however, the decision on whether Stage One responses are deemed acceptable for purposes of qualifying Suppliers for Stage Two shall be made solely by NBC.
- b. Contractors of the NBC are required to demonstrate the same commitment to equal opportunity as prevails under federal contracts controlled by Federal Executive Orders 11246, 11625, and 11375 and Title 28, Chapter 5.1 of the General Laws of Rhode Island.

2.1.8 A responsive Stage Two bid submittal consists of a hard copy or PDF document sent by email by the 11:00 am deadline containing:

- a. Submittal of a cover letter (see Section 2.4.1 below).
- b. Submittal of the Stage Two Bid Forms entitled "Firm, Fixed Contract Price" included as Part 3 of this RFQ/B, signed by the bidder and the guarantor.
- c. If the Stage Two bid is submitted by a joint venture, the bid must Also be signed by all parties to the joint venture.

2.1.9 Except where this RFQ/B contains express instructions to the contrary, all requested material and information that the bidder is required to submit to NBC must be included in either the Stage One response or Stage Two Bid. Information submitted separately will not be considered in evaluating the response/bid.

2.1.10 The Stage Two bid constitutes a firm and binding offer that can be accepted by the NBC by its countersignature on the Bid Form at or before 2:00 p.m. EST on the Stage Two bid due date. The bidder agrees that,

notwithstanding any provisions hereof to the contrary, it will not withdraw its bid during that time period.

2.2 MINIMUM THRESHOLD REQUIREMENTS—STAGE ONE

The bidder must meet the following Supplier Qualification Requirements to be deemed eligible by NBC to participate in this purchase process. If these threshold requirements are not met in Stage One, the bidder will not be eligible to participate in Stage Two.

- 2.2.1** The bidder must be in good standing as a licensed Competitive Supplier or Electricity Broker under the Rules Governing the Restructuring of the Electric Industry of the State of Rhode Island.
- 2.2.2** The bidder must possess all necessary regulatory approvals, including those required by FERC, ISO-NE and NEPOOL, to enable lawful sales and deliveries of Electricity to NBC facilities.
- 2.2.3** The bidder must meet ONE of the following financial requirements:
- (1) Possess an investment grade rating of its Senior Unsecured Debt from one of the three major rating agencies: “BBB” or higher from Standard and Poor’s or Fitch; “Baa2” or higher from Moody’s.
- OR
- (2) Obtain a guarantor that possesses an investment grade rating of its Senior Unsecured Debt from one of the three major rating agencies: “BBB” or higher from Standard and Poor’s or Fitch; “Baa2” or higher from Moody’s.
- OR
- (3) Be willing to post, as part of its Stage 2 submission, an irrevocable Letter of Credit in an amount of \$750,000 running to NBC as the sole beneficiary. The Letter of Credit shall be irrevocable during the term of the Electric Power Agreement, in a form satisfactory to NBC, and shall be drawn on a bank having capital of at least \$100,000,000 or meeting the credit ratings listed in subsection (1) above.
- 2.2.4** The bidder must have experience serving individual retail electricity accounts in New England. Specifically, the bidder must have provided retail generation service to at least fifty individual customers, and at least 50 MW in peak load

requirements, during the past six months.

2.3 RESPONSE SUBMITTAL REQUIREMENTS—STAGE ONE

In its Stage One response the bidder must furnish all the statements and information described below which will be used by NBC to evaluate whether the bidder has met the Qualification Requirements set forth in Section 2.2 above. Failure to provide the statements and complete information will result in disqualification.

2.3.1 The bidder must submit a cover letter that is signed by individual(s) authorized to bind the bidder and guarantor, if any, and which confirms that the bidder organization, including the contact person identified in section 2.3.1 g below, understands and agrees to the provisions of this RFQ/B. In its cover letter the bidder must:

- a. Identify for the bidder and guarantor, if any, their organization's legal names; business addresses; describe their forms of ownership (e.g. corporation, association, partnership); and identify any team members or joint ventures.
- b. Certify that it possesses all the necessary regulatory approvals, including FERC, ISO-NE and NEPOOL, to enable lawful sales and deliveries of retail electricity to NBC.
- c. State the all agency credit ratings of the bidder's or of the Guarantor's senior unsecured debt, and certify that it meets the requirements of Section 2.2.3 above and is not under pending credit watch or downgrade by any credit ratings agency such that impairment of the credit rating below the standards in Section 2.2.3 above is currently foreseeable during the term of any proposed power supply contract with NBC.
- d. Demonstrate the same commitment to equal opportunity as prevails under federal contracts controlled by Federal Executive Orders 11246, 11625, and 11375 and title 28 Chapter 5.1 of the General Laws of Rhode Island.
- e. State whether the bidder is currently a party to any pending litigation that might adversely affect its performance on this contract.
- f. State any history of bankruptcy, dissolution, merger or acquisition of the Bidder in the two years immediately preceding issuance of this RFQ/B, and indicate whether any of these actions are pending during the upcoming period of supply to NBC as requested in this RFQ/B.
- g. Identify the name, title, address, office telephone number, cellphone number, facsimile number, and e-mail address of one individual (the "Contact Person") who can promptly respond to requests for information.

- h. Summarize the bidder's experience serving retail electricity accounts in Rhode Island and other New England states, and certify that bidder meets the experience requirements in Section 2.2.4. The bidder should also provide two industrial customer references that NBC may contact.

2.3.2 Tender in the form of a copy of a valid, current license to supply power at retail as issued by the Rhode Island Public Utilities Commission ("RIPUC").

2.3.3 If a letter of credit will be required pursuant to Section 2.2.3, bidder must submit in its Stage One response a model of the form of the irrevocable Letter of Credit that will be provided in the Stage Two response.

2.4 FIRM, FIXED CONTRACT PRICE SUBMISSION REQUIREMENTS— STAGE TWO

2.4.1 Each eligible bidder must submit a cover letter in hard copy or emailed PDF attachment that is signed by individual(s) authorized to bind the bidder and guarantor if any, and which confirms that the bidder organization and contact person identified in the section above understands and agrees to the provisions of this RFQ/B. In its cover letter, the bidder must:

- (a) Identify any changes to the information submitted in its Stage One response;
- (b) Certify that the Fixed Contract Prices submitted by it constitute a firm and binding offer that remains in effect until 2 PM, EST on the Stage Two Bid Due Date; and
- (c) Certify that the bidder and guarantor, if any, will sign the NBC Final Electric Power Agreement for Purchase and Supply of Electric Power as issued to eligible bidders without exception or limitation.

2.4.2 Bid Form Stage Two –Firm, Fixed Contract Price Schedule

The Firm, Fixed Contract Price Schedule shall be completed, signed and sealed in an envelope if in hard copy, or in a PDF document if attached to an email, with the title "Stage Two Bid" clearly marked on the front. The sealed Stage Two Bid envelope or PDF document shall be attached to the Stage Two Cover Letter.

Each eligible bidder shall submit a single bid price for the one year, two year, or three year term of the Electric Power Agreement, or all three, with a firm, fixed price per kWh, using the Bid Forms provided in PART 3 of this RFQ/B.

- (a) The firm, fixed price shall be for all of NBC's retail electricity

requirements for the accounts listed in section 1.2.2. Bidders shall submit a firm, bundled fixed price per kWh for energy, capacity, ancillary services, and renewable portfolio standard (RPS) requirements sufficient to provide retail full requirements service. In addition, the firm, fixed price shall include any and all applicable fees and costs associated with the bidder's cost of serving NBC's load requirements.

- (b) The Fixed Price submitted by the bidder shall be calculated to five significant digits.

2.4.3 The bidder shall submit an irrevocable letter of credit, if required pursuant to Section 2.2.3.

2.5 ADDITIONAL CONDITIONS AND REQUIREMENTS

2.5.1 NBC reserves, holds and may exercise the following exclusive rights in this procurement to:

- withdraw this RFQ/B at any time before the deadline
- accept or reject any proposals submitted
- modify any requirements or assumptions stated in this RFQ/B before signing a final Electric Power Agreement with any vendor
- award the contract or a part of it to one or more vendors
- make no award.

No vendor can make a claim against NBC for exercise of any of these rights.

2.5.2 The issuance of the RFQ/B is not intended to and shall not be construed to commit NBC to execute any agreement.

2.5.3 The bidder is advised that the actual electricity usage by NBC could be higher or lower than any historical or projected consumption figures presented in connection with this RFQ/B. Any statement made regarding consumption, including in section 1.2.1 hereunder, is not binding on NBC.

2.5.4 NBC is exempt from Rhode Island sales and use tax. A bidder awarded a contract hereunder shall agree it will not assess such taxes.

2.5.5 If the bidder is a joint venture, it is advised that upon signing an Agreement with NBC, it must submit a certified copy of the Joint Venture Agreement.

NARRAGANSETT BAY COMMISSION
February 2013
REQUEST FOR QUALIFICATIONS/BIDS
FOR
PURCHASE AND SUPPLY OF ELECTRIC POWER

Narragansett Bay Commission Responses to Supplier Questions & Comments – Stage One

In addition to the following responses, attached please find a number of invoices associated with the twelve existing NBC accounts which make up this power supply solicitation. These are grouped by type of facility. NBC has also prepared a disk with 2007-2008 wind direction and speed data from its feasibility study, which will be mailed to suppliers that provide a specific request and mail address.

1) Taxes

- a) In the second paragraph of section 1.1 the RFP states, “*The fixed price per kWh shall also include any and all applicable fees, costs, and taxes associated with the bidder’s cost of serving the electrical load.*” Our prices do not include taxes, they are a separate line item on the bill.

Response from NBC: NBC requests the fixed price per kWh include *applicable* taxes assessed against supplier that arise as a consequence of a transaction with NBC. Additionally, pursuant to the RFQ/B Section 2.5.4, the NBC is exempt from Rhode Island Sales and Use Taxes. Though invoices could itemize separately any taxes that arise as a consequence of a transaction with NBC, including gross receipts taxes, NBC requests suppliers provide their fixed prices in Stage Two bids, with the gross receipts and any other *applicable* taxes embedded therein. Any fixed price bids that do not include gross receipts or any *applicable* tax may be rejected as non-compliant with the RFQ/B specifications. Suppliers are asked to identify *applicable* taxes that would arise as a consequence of a transaction with NBC that are included in the fixed price bids whether or not they would pass them through as a separate invoice line item.

2) Pump Stations and BNR Facilities Load

- a) In the second paragraph of section 1.2, “*The NBC also owns, operates and maintains three outlying pump stations.*” Pump stations are notoriously erratic with usage so we would only be able to offer a Fixed Price if the usage is somewhat consistent. Which accounts are linked to the pump stations?

Response from NBC: Please note that NBC owns and operates a total of six (6) pump stations, three each in the Field’s Point service area, and Bucklin Point service area.

Attached is a .pdf file with invoice copies for all of these pump station invoices. In any case, a careful study of the combined interval data for all twelve NBC accounts put together, which is what bids are being requested for, not individual accounts, suggests NBC consumption overall is at a high monthly load factor.

- b) The second paragraph of section 1.2.1 details the projection of additional usage for the new BNR facilities that will be operational during 2013. Have these facilities come online yet? Do we have account numbers for the new BNR facilities? Are the facilities linked to any of the accounts listed in section 1.2.2? What are the specific projections of the load expansion and the probability of its occurrence?

Response from NBC: The BNR facilities will be part of the account at 2 Ernest ST. Meter number 05150964, Account number 89292-36008. The BNR facilities have only been operational since September 2012. Based on the equipment that NBC has installed, the BNR facility is expected to increase the electrical load at the plant by 11,455,000 kWh annually. Most of the equipment is already up and running with the exception of about 51,000 kWh on an annual basis for the carbon (seasonal) and caustic (full year) facilities. During the hot weather (July-August-September months), NBC expects that it will have an additional 250,000 – 400,000 kWh per month of load for operating 2-3 additional blowers.

3) Wind Turbine Output

- a) In the third paragraph of section 1.2 details the installation of three wind turbines in February 2012. Please answer the following: As much historic wind speed data as is available at the site where the turbines were installed and the height at which the measurements were taken. The hub height of the installed turbines. The manufacturers documentation for the turbine technology they have installed onsite – in particular, we'd look for the power curve (maps a given wind speed to a power output). Upper/lower bounds on projected generation losses for efficiency, wake effects, availability, environmental factors, and turbine performance.

Response from NBC: NBC does not have or cannot provide the specifications and data requested. The turbines have been operational for only about one month. NBC has prepared a disk with 10-minute directional and meteorological wind speed data between CY 2007 and 2008, and the Wind Turbine Feasibility Report these data support. Please promptly contact Sam Celone SCelone@narrabay.com with a contact and mailing address if you would like this disk sent to you under separate cover.

- b) With respect to the NBC Wind Energy Project, would NBC be able to provide the on-site wind resource data collected as part of NBC's Wind Energy Feasibility Study (ideally hourly data)? We could use this to better estimate the expected variability in production (on/off peak spits, seasonal differences) specific to this site, which will only improve the quality of our price proposal.

Response from NBC: NBC has prepared a disk with 10-minute directional and meteorological wind speed data between CY 2007 and 2008, and the Wind Turbine Feasibility Report these data support. Please promptly contact Sam Celone SCelone@narrabay.com with a contact and mailing address if you would like this disk sent to you under separate cover.

4) Guaranty Provision

- a) In Section 2.2 the RFP states minimum threshold requirements for Stage 1. In reference to 2.2.3(2), please confirm the value of the guaranty required?

Response from NBC: \$750,000.

- b) In section 2.2.3 of the RFP it states that the bidder must meet the investment grade requirements or other options. [Our company's parent] exceeds the investment grade requirement, so can we assume we do not have to post a parental guarantee. In other words, will NBC accept a supplier's parent's rating in order to meet item (1) under Section 2.2.3? If the answer to our first question is yes, then on the Pricing forms, can we assume we do not have to sign the "guarantor's authorized signature" and only sign the "bidders authorized signature"?

Response from NBC: No, NBC will not accept a supplier's parent's rating alone in order to meet item (1) under Section 2.2.3. NBC seeks from the successful bidder a parental guaranty or letter of credit running to NBC as the sole beneficiary.

- c) Is the guaranty to be a part of the process, regardless of the creditworthiness of any particular counterparty. Our corporation is a Fortune 120 organization, with solid financials. We aspire only to the highest standards of business ethics and business practices.

Response from NBC: Yes, a guaranty or letter of credit is required, regardless of the creditworthiness of the counterparty or its parent, pursuant to the RFQ/B specifications. NBC seeks from the successful bidder a parental guaranty or letter of credit running to NBC as the sole beneficiary.

- d) After looking over all the details and what is expected to enter, we are able to enter into this "if" there is flexibility on the Letter of Credit. All else being equal we are sure we will be able to provide very competitive rates along side all other bidders but we are not able to provide the letter of credit for that amount. Please let me know if there are alternatives to that letter.

Response from NBC: A guaranty or letter of credit is required, pursuant to the RFQ/B specifications. NBC seeks from the successful bidder a parental guaranty or letter of credit running to NBC as the sole beneficiary.

5) **NBC Appendix A, Electric Power Agreement**

- a) As part of [our company's] response, [our standard master agreement and form of confirmation] is attached hereto. [We] anticipate that if [we are] the successful bidder NBC and [we] will engage in good faith negotiations to determine the final terms and conditions to govern the relationship. Upon signature of the Agreement, its terms shall govern the entire relationship between the parties and shall not be superseded or supplemented by any other document, including the RFP. *[Our company] excepts to the terms of the RFP in its entirety, including the terms of the Draft Agreement for the Purchase and Supply of Electric Power (emphasis added).*

Response from NBC: NBC will contract with the successful bidder using the form of Electric Power Agreement provided by Appendix A with the RFQ/B. If Supplier expects to bid to supply these accounts, it will have to incorporate any exceptions to the Appendix A draft. Those exceptions are due no later than 4 pm EST February 18, 2013, though suppliers are cautioned to provide those exceptions as soon as possible. NBC will consider exceptions and issue a final draft of the Electric Power Agreement to Stage Two eligible bidders on February 22, 2013. As noted in the RFQ/B in Section 2.1.2 and 2.4.1 (c), in submitting Stage Two bids, bidders and any guarantors must acknowledge their willingness to sign the Final Electric Power Agreement as issued by NBC without limitation or exception.

- b) Will you accept / work from our T's and C's vs. the terms in the NBC Draft agreement (attached)? Will this be a "show stopper"?

Response from NBC: NBC will contract with the successful bidder using the form of Electric Power Agreement provided by Appendix A with the RFQ/B. If Supplier expects to bid to supply these accounts, it will have to incorporate any exceptions to the Appendix A draft. Those exceptions are due no later than 4 pm EST February 18, 2013, though suppliers are cautioned to provide those exceptions as soon as possible. NBC will consider exceptions and issue a final draft of the Electric Power Agreement to Stage Two eligible bidders on February 22, 2013. As noted in the RFQ/B in Section 2.1.2 and 2.4.1 (c), in submitting Stage Two bids, bidders and any guarantors must acknowledge their willingness to sign the Final Electric Power Agreement as issued by NBC without limitation or exception.

- c) Is the PURCHASE AND SUPPLY agreement the only form that will be considered? And please clarify when and how comments to that document will be submitted, negotiated and concluded. Is this form of contract consistent with all Rhode Island Regulatory requirements. In many cases, energy suppliers are required to submit their form of agreement with the licensing application. We will also confirm if alternative contract form can be used.

Response from NBC: NBC will contract with the successful bidder using the form of Electric Power Agreement provided by Appendix A with the RFQ/B. If Supplier expects

to bid to supply these accounts, it will have to incorporate any exceptions to the Appendix A draft. Those exceptions are due no later than 4 pm EST February 18, 2013, though suppliers are cautioned to provide those exceptions as soon as possible. NBC will consider exceptions and issue a final draft of the Electric Power Agreement to Stage Two eligible bidders on February 22, 2013. As noted in the RFQ/B in Section 2.1.2 and 2.4.1 (c), in submitting Stage Two bids, bidders and any guarantors must acknowledge their willingness to sign the Final Electric Power Agreement as issued by NBC without limitation or exception.

- d) The contract templates along with [our company's] RFP response are proprietary and confidential and should be treated accordingly.

Response from NBC: NBC will treat the materials submitted by bidders pursuant to the RFQ/B as confidential and proprietary to the extent so marked on the documents that should be treated as such, and in accordance with the Rhode Island public records law.

6) Additional Load and Accounts

- a) Additional Accounts can be added through the term of the Agreement at the then market prices, subject to adjustment based on the implementation and use of wind turbines.

Response from NBC: If additional accounts are added during the term of the Agreement, NBC understands they would be priced at then-current forward or spot market prices.

7) Qualification and Notification of Such for Stage Two

- a) What is the process of moving from Stage One to Stage Two. Is Stage One a prequalification stage with a short list of then qualified bidders notified to proceed to Stage Two?

Response from NBC: Yes.

PART 3
BID FORM (STAGE 2)
12 Month Offer

The authorized signature hereon affixed constitutes a firm and binding offer and the bidder and guarantor agree to the requirements of this Request for Bid and acknowledge that they will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (12 months)

____.____cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder and the guarantor contractually to all the representations made in this bid submission.

OFFER BY:

bidders authorized signature

guarantor's authorized signature

(Print Name/Title)

(Print Name/Title)

PART 3
BID FORM (STAGE 2)
24 Month Offer

The authorized signature hereon affixed constitutes a firm and binding offer and the bidder and guarantor agree to the requirements of this Request for Bid and acknowledge that they will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (24 months)

____.____cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder and the guarantor contractually to all the representations made in this bid submission.

OFFER BY:

bidders authorized signature

guarantor's authorized signature

(Print Name/Title)

(Print Name/Title)

PART 3
BID FORM (STAGE 2)
36 Month Offer

The authorized signature hereon affixed constitutes a firm and binding offer and the bidder and guarantor agree to the requirements of this Request for Bid and acknowledge that they will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (36 months)

____.____cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder and the guarantor contractually to all the representations made in this bid submission.

OFFER BY:

bidders authorized signature

guarantor's authorized signature



March 12, 2013

Sam Celone, Purchasing Manager
Narragansett Bay Commission
One Service Road
Providence, RI 02905

Stan Faryniarz
La Capra Associates, Inc.
277 Blair Park, Suite 210
Williston, VT 05495

Jenny Martos
La Capra Associates, Inc.
One Washington Mall – Floor 9
Boston, MA 02108

Re: Integrys Energy Stage Two Response to RFQ Dated February 1, 2013

Good morning:

Pursuant to Section 2.1.8 of the Narragansett Bay Commission RFQ/B dated February 1, 2013, please accept this Cover Letter and accompanying Bid Forms. We thank you for the opportunity to bid on your full requirements.

Attached you will find the Bid Forms with prices that conform to your product specifications. The Final Agreement stipulates that Supplier invoice NBC directly. We can certainly provide this service, or utilize the utility billing option. I point this out as it shows that the pricing provided herein mirrors that of the utility. There are no pass-throughs in this product, be it congestion, capacity change, losses, etc. Prices include a 4% GRT.

Also please note that there was some ambiguity noticed in Section 2.1.1 in the RFQ/B. It states that "The Term of the Agreement shall begin on the accounts' first meter read in April 2013 and continue through the accounts' first meter reads in March, 2014 for a one year agreement....". If you count read cycles from April 2013 through March 2014, that actually represents an eleven month agreement. As this clause as well as the Bid Form mention 12 months (and so on), pricing herein is for terms of 12, 24, and 36 months (which is April meter read to April meter read).

Regarding 2.4.1 (a), there are no changes to the information we provided in Stage One.

Regarding 2.4.1 (b), Integrys certifies that the Fixed Contract Prices submitted herein constitute a firm and binding offer that will remain in effect until 2PM EST *unless notified by Integrys by e-mail that Bid Forms are being withdrawn due to a change in market conditions.*

Regarding 2.4.1 (c), Integrys Energy Services will promptly execute the contract in the form previously negotiated. Integrys Energy Group will NOT sign the contract, but Integrys Energy Services will cause Integrys Energy Group to issue a guaranty in the form previously-agreed as soon as practicable following award.

Once again, I thank you for the opportunity to respond to your request. Please contact me at (603) 263-6902 (Office), 603-244-9416 (Cell) or via email at jjcote@integrysenergy.com should you wish to discuss further.

Sincerely,,

A handwritten signature in black ink, appearing to read "JCote", written over a horizontal line.

Jamie Cote
Director of Regional Sales – New England

PART 3
BID FORM (STAGE 2)
12 Month Offer

The authorized signature hereon affixed constitutes a firm and binding offer and the bidder agrees to the requirements of this Request for Bid and acknowledges that it will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (12 months)

6.83300 cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder contractually to all the representations made in this bid submission.

OFFER BY:



bidders authorized signature

Jamie Cote – Director of Regional Sales – New England

(Print Name/Title)

PART 3
BID FORM (STAGE 2)
24 Month Offer

The authorized signature hereon affixed constitutes a firm and binding offer and the bidder agrees to the requirements of this Request for Bid and acknowledge that it will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (24 months)

6.81200 cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder contractually to all the representations made in this bid submission.

OFFER BY:



bidders authorized signature

Jamie Cote – Director of Regional Sales – New England

(Print Name/Title)

PART 3
BID FORM (STAGE 2)
36 Month Offer

The authorized signature hereon affixed constitutes a firm and binding offer and the bidder agrees to the requirements of this Request for Bid and acknowledge that it will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (36 months)

6.82240 cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder contractually to all the representations made in this bid submission.

OFFER BY:



bidders authorized signature



TransCanada Power Marketing Ltd.
110 Turnpike Road-Suite 203
Westborough, MA 01581-2863

tel (508) 871-1854
fax (508) 898-0433
e-mail jasmin_bertovic@transcanada.com

March 12, 2013

Mr. Sam Celone
Purchasing Manager
Narragansett Bay Commission
One Service Road
Providence, RI 02895

**Re: TransCanada Power Marketing Ltd. – Stage Two Response to Narragansett Bay
Commission Request for Qualifications/Bids for Purchase and Supply of Electric Power
("RFQ/B")**

Dear Mr. Celone:

This cover letter is intended to meet the requirements of a Stage Two response pursuant to Section 2.4 of the RFQ/B dated February 1, 2013.

Per section 2.4.1(a), there are no changes in the information submitted in its Stage One response.

Per section 2.4.1(b), we certify the Fixed Contract Price submitted with this Cover Sheet remains in effect until 4 PM.

Per section 2.4.1(c), this is to certify TransCanada Power Marketing Ltd. will sign the NBC Final Agreement for Purchase and Supply Electric Power.

If you have any questions, please contact Kim Pare at kim_pare@transcanada.com.

Very truly yours,

Jasmin Bertovic
Vice President
TransCanada Power Marketing Ltd.

PART 3
BID FORM (STAGE 2)
12 Month Offer

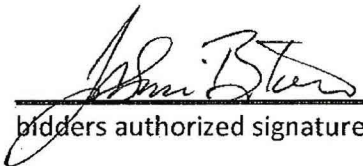
The authorized signature hereon affixed constitutes a firm and binding offer and the bidder agrees to the requirements of this Request for Bid and acknowledges that it will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (12 months)

7.31203 cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder contractually to all the representations made in this bid submission.

OFFER BY:


bidders authorized signature

Jasmin Bertovic, Vice President
(Print Name/Title)

PART 3
BID FORM (STAGE 2)
24 Month Offer

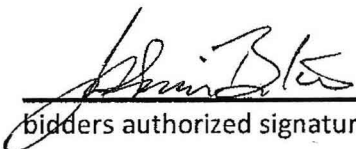
The authorized signature hereon affixed constitutes a firm and binding offer and the bidder agrees to the requirements of this Request for Bid and acknowledge that it will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (24 months)

7.33807 cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder contractually to all the representations made in this bid submission.

OFFER BY:


bidders authorized signature

Jasmin Bertovic, Vice President
(Print Name/Title)

PART 3

**PART 3
BID FORM (STAGE 2)
36 Month Offer**


The authorized signature hereon affixed constitutes a firm and binding offer and the bidder agrees to the requirements of this Request for Bid and acknowledge that it will sign the NBC Power Purchase Agreement as issued to eligible bidders without exception or limitation.

Fixed Contract Price (36 months)

7.33286 cents/kWh
(to five significant digits)

The person signing certifies that he/she is authorized to sign and commit bidder contractually to all the representations made in this bid submission.

OFFER BY:


bidders authorized signature

Jasmin Bertovic, Vice President
(Print Name/Title)

Narragansett Bay Commission
Docket No. 4364
Responses to Division's Fifth Set of Data Requests

DIV 5-5 Please state whether NBC sought bids for other than a three-year period. If yes, please provide a copy of the bid request and a summary of all bids received.

Answer: Yes, see response to DIV 5-4.