

Memorandum

To: L. Massaro

Commission Clerk

From: S. Scialabba

Division of Public Utilities & Carriers

Date: 6/13/2014. Revised 6/17/2014.

Re: Narragansett Electric – Standard Offer Rate Filing:

Docket 4393

On May 27, 2014 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Proposed Standard Offer Service Rates for the Industrial Group for the months of July, 2014 through September, 2014 and the Results of Competitive Procurement for the months of July 2014 Through September 2014 for the Industrial Group. In addition, National Grid filed Proposed Standard Offer Service Rates for the Months of July 2014 Through December 2014 for the Residential and Commercial Group, and the Results of Competitive Procurement for the Months of January 2015 Through June 2015 for the Residential Group and for the Months of July 2014 Through June 2015 for the Commercial Group. A Request for Confidential Treatment for detailed bid results was submitted. The Confidential materials were submitted to the Division for our review.

Included in the filing are the Results of Competitive Procurement for the following groups and time periods:

Industrial Group: 100% of the load for July through September 2014.

Commercial Group: 30% of the load from July - December 2014. 30% of the load from Jan - June 2015.

With this most recent solicitation for another 30% of the load requirements, 90% of the requirements for the commercial group for July-December 2014 have now been procured (NGrid will also purchase 10% of the load in the spot market per the approved plan).

Also, 30% of the Commercial Group requirements for January 2015- June 2015 have been procured in the May 2014 solicitation.

Residential Group: 20% of the load from January 2015 through June 2015.

With this most recent solicitation, 55% of the Residential Group’s load requirements have been purchased. (15% in 11/13, 20% in 2/14, and 20% in 5/14). For the January-June 2015 period, NGrid will procure another 20% in the third quarter of 2014, and another 15% in the fourth quarter of 2014. Those procurements will total 90%, and 10% of Jan-June 2015 purchases will be made in the spot market.

Included in the filing as well are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial Group for each month of the service period;
- A typical bill analysis for the SOS Industrial customer group;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on April 11, 2014 for the period July through September, 2014 for the Industrial Group, July 2014 through June 2015 for the Commercial Group, and January 2015 through June, 2015 for the Residential Group;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for July through September 2014 for the Industrial Group, July 2014 through June 2015 for the Commercial Group, and January 2015 through June 2015 for the Residential Group.

Un-redacted versions of the Procurement Summary, an amendment to a Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

Industrial Group Rates

The Standard Offer rates proposed for the Industrial Customer Group for July through September 2014, including the current per-kWh Standard Offer Adjustment Factor of \$(0.00360) and the Administrative Cost Factor of \$0.00139, and excluding the Renewable Energy Charge of \$0.0048 are:

- July 2014: \$0.08299/kWh.
- August 2014: \$0.07574/kWh.
- September 2014: \$0.06645/kWh.
- The three month average of the proposed July-September Industrial Group SOS Rates is \$0.07506, compared with the April 2014 through June 2014 average Industrial Standard Offer rate of \$0.07499/kWh;

Residential and Commercial Groups’ Rates

The Standard Offer rate proposed for the **Residential Customer** Group for July through December 2014, including the current per-kWh Standard Offer Adjustment Factor of \$0.00171 and the Administrative Cost Factor of \$0.00155, and excluding the Renewable Energy Charge of \$0.0048 is \$0.07879/kWh. This is a decrease of \$.00802/kWh, or 9.2%, compared with the current Standard Offer Charge of \$0.08681/kWh.

The **fixed price option** proposed Standard Offer rate proposed for the **Commercial Customer** Group for July through December 2014, including the current per-kWh Standard Offer Adjustment Factor of \$0.0037 and Administrative Cost Factor of \$0.00162, and excluding the Renewable Energy Charge of \$0.0048 is \$0.08801/kWh. This is a decrease of \$0.001/kWh, or 1.1% compared with the current fixed price option charge of \$0.08901/kWh.

The **variable price option** proposed Standard Offer rates for the **Commercial Group** are as follows:

July - \$0.08526; August - \$0.08129; September - \$0.07049; October - \$0.0785; November - \$0.09329
December - \$0.13134.

In calendar year 2014, the Rhode Island load covered by the filed RFP is subject to a 8.5% Renewable Energy Standard ("RES") requirement. Because the bidders either did not submit RES prices with the bids, or the bids that were submitted were higher than National Grid's estimate of the market cost for Renewable Energy Certificates (RECs), National Grid did not include RES adders in the final purchase prices. The Company will attempt to procure the requirements through separate solicitations.

After review, I believe the filing is in compliance with order number 21094 issued in the Standard Offer Procurement Plan submitted by the Company and approved by the Commission at open meeting June 28, 2013 in Docket number 4393.

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