

Memorandum

To: L. Massaro

Commission Clerk

From: S. Scialabba

Division of Public Utilities & Carriers

Date: 9/9/2014.

Re: Narragansett Electric – Standard Offer Rate Filing:

Docket 4393

On August 22 , 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 October, 2014 through December, 2014* and the *Results of Competitive Procurement for the months of October 2014 Through December 2014 for the Industrial Group*. In addition, National Grid filed *the Results of Competitive Procurement for the Months of January 2015 Through December 2015 for the Residential Group and for the Months of January 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 October through December, 2014, divided between two tranches of 50% of load share each.

Commercial Group: 30% of the load from January 2015 - June 2015.

With this most recent solicitation for another 30% of the load requirements, 60% of the requirements for the commercial group for January-June 2015 have now been procured. NGrid will procure another 30% tranche in the fourth quarter of 2014 and purchase 10% of the load in the spot market per the approved plan.

The initial 30% of the Commercial Group requirements for January 2015- June 2015 had been procured in the May 2014 solicitation.

Residential Group: 20% of the load from January 2015 through June 2015 in one bid block and 20% of the load from July 2015 – December 2015 in a separate bid block

With this most recent solicitation, 75% of the Residential Group’s load requirements for January – June of 2015 have been purchased (15% in 11/13, 20% in 2/14, 20% in 5/14, and 20% in 8/14). NGrid will complete its residential procurement for the January-June 2015 period in with a solicitation for 15% in 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 October – December of 2014

- A typical bill analysis for the SOS Industrial customer group;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on July 11, 2014 for the period October through December, 2014 for the Industrial Group, January 2015 through June 2015 for the Commercial Group, and January 2015 through December, 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 October through December 2014 for the Industrial Group, January 2015 through June 2015 for the Commercial Group, and January 2015 through December 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 For October – December 2014.

The Standard Offer rates proposed for the Industrial Customer Group for October through December 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:

- **October 2014: \$0.05319/kWh.**
- **November 2014: \$0.07067/kWh.**
- **December 2014: \$0.14105/kWh.**
- The three month average of the proposed October-December Industrial Group SOS Rates is \$0.08830. Compared with the July 2014 through September 2014 average Industrial Standard Offer rate of \$0.07506/kWh, this is an increase of 17.6% in the average SO rate for compared to the three month period ending September 2014. Of particular note is the December 2014 price which exceeds \$0.14/kwh, which likely reflects gas pipeline constraint issues as we head into colder weather months. This likely portends even less favorable pricing during next three month period beginning in January.

Residential and Commercial Groups’ Rates

The Standard Offer rates for the **Residential and Commercial Customer** Groups for January through June of 2015 will be submitted later in the fourth quarter of 2014 after the procurements for the period are complete.

Conclusion

Because the winning bidders did not submit RES prices with the bids, National Grid did not include RES adders in the final purchase prices. The Company will attempt to procure the RES requirements through separate solicitations.

After review, I believe the filing is in compliance with the Standard Offer Procurement Plan approved by the Commission.

