

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID'S PROPOSED 2014 STANDARD
OFFER SUPPLY PROCUREMENT PLAN AND 2014
RENEWABLE ENERGY SUPPLY PROCUREMENT PLAN

DOCKET NO. 4393

ORDER

WHEREAS, on March 1, 2013, Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") filed with the Public Utilities Commission ("Commission") its 2014 Standard Offer Service ("SOS") Procurement Plan ("SOS Plan") and 2014 Renewable Energy Standard ("RES") Procurement Plan ("RES Plan") pursuant to R.I.G.L. §39-1-27.8 and §39-26-4, respectively, and Commission Rules Governing the Implementation of a Renewable Energy Standard; and,

WHEREAS, similar to past standard offer filings, the Company's 2014 SOS Procurement Plan contained a detailed description of the Company's process of procuring standard offer supply for 2014. The 2014 SOS Plan included the Master Power Agreement and RFP documents for which the Company also sought approval; and,

WHEREAS, the 2014 Plan was virtually identical to the 2013 SOS Procurement Plan approved by the Commission in Docket 4315. The Company proposed continuing the practice of procuring SOS supply through a mixture of full requirement service ("FRS") contracts and ISO-NE spot market purchases for the Residential and Commercial Groups.¹ The Industrial load would continue to be acquired through 100% full requirements service ("FRS");² and,

WHEREAS, the Company explained that the method of procurement would continue to be based on the particular needs of the three customer groups, Industrial, Commercial and

¹ SOS Plan, p.5.

² Id.

Residential.³ This method of procuring SOS supply allows customers to respond appropriately to price signals based on their unique risk level, which in turn promotes efficient consumption, customer investment and service decisions;⁴ and,

WHEREAS, the 2014 SOS Plan did not contain any proposed changes to either the pricing provisions or rate change and reconciliation filing dates that were approved last year in Docket 4315;⁵ and,

WHEREAS, the Company proposed to continue the current RFP process for soliciting FRS contracts and requested approval of its RFP documents which contained mostly minor, non-substantive revisions to reflect updated retail rates.⁶ The RFP documents contained one new provision which required these transactions to be physically settled and excluded them from the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and,

WHEREAS, the Company's 2014 RES Plan is the same as the RES plan approved by the Commission last year; and,

WHEREAS, the Company would continue to purchase RECs through a combination of long-term renewable contracts, RES RFPs, SOS RFPs or through brokers;⁷ and,

WHEREAS, the Company anticipates having enough RECs from long-term renewable contracts to satisfy most of its 2013 RES requirement.⁸ If the long-term renewable contracts provide RECs in excess of the Company's RES requirement, the Company may either bank up to 30% of the RES obligation or sell the RECs through standalone RES Requests for Bids or a third party broker.⁹ If the excess RECs from long-term renewable contracts exceed the RES

³ Id., p.8.

⁴ Id., p.9.

⁵ Id., p.8.

⁶ Id., p.15.

⁷ Id., p.18.

⁸ Id., p.22.

⁹ Id., p.18.

obligation as well as the allowable banking limit, the Company must sell these RECs or they will expire and become worthless;¹⁰ and

WHEREAS, the Company also requested approval of the Certificate Purchase Agreement (“CPA”), the RFP Notice and the RFP Summary, which contained no significant changes from those approved in 2013, except for the one change noted above; and,

WHEREAS, Division consultant, Richard Hahn, filed a memorandum on May 3, 2013 recommending approval of National Grid’s 2014 SOS and RES Procurement Plans. He noted that the Company is proposing to continue the same procurement process that was approved for 2013, including the same RFP documents with only minor language revisions. He noted the continuance of using RECs from long-term contracts to satisfy the RES obligation and using standalone solicitations or SOS solicitations if long-term contracts don’t produce enough RECs to satisfy the RES obligation. Regarding the RFP documents for both the SOS and RES Plan, Mr. Hahn agreed with the one substantive language revision to clarify that wholesale transactions for standard offer service requirements, and for RECs, qualify for Forward Contract Exclusion under the Dodd-Frank Wall Street Reform and Consumer Protection Act and will be physically settled.¹¹ He advised the Commission that this revised language should help to ensure that these transactions are not subject to the new financial swap regulations required by the aforementioned Act;¹² and,

WHEREAS, the Commission reviewed the Company’s proposed 2014 SOS and RES Procurement Plans and approved the same at an Open Meeting held on June 28, 2013.

Accordingly, it is hereby

¹⁰ Id.

¹¹ Division Memo, p.2. This language was inserted in the Master Power Agreement (“MPA”) for the SOS Procurement Plan and the Certificate Purchase Agreement (“CPA”) for the RES Procurement Plan.

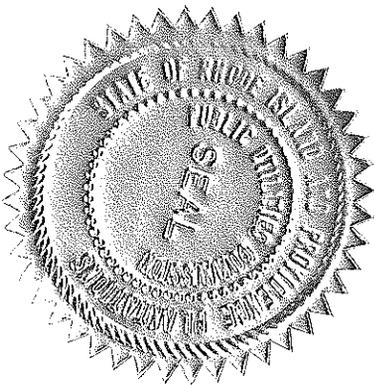
¹² Id.

(21094) ORDERED:

1. Narragansett Electric Company d/b/a National Grid's 2014 SOS Procurement Plan is approved in its entirety;
2. All documentation filed with the Plan, including all proposed RFP documents, are hereby approved as filed;
3. Narragansett Electric Company d/b/a National Grid's 2014 Renewable Energy Standard Procurement Plan is approved in its entirety;
4. All documentation filed with the 2014 RES Procurement Plan, including all proposed RFP documents, are approved as filed;
5. Narragansett Electric Company d/b/a National Grid shall file its Proposed 2015 SOS Procurement Plan and 2015 RES Procurement Plan no later than March 1, 2014.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JUNE 28, 2013 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED JULY 2, 2013.

PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman*



Mary E. Bray, Commissioner



Paul J. Roberti, Commissioner

*Chairman Germani concurred but was unavailable for signature.