

June 25, 2014

BY HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4490 - 2015 Standard Offer Service Procurement Plan
2015 Renewable Energy Standard Procurement Plan
Agreement**

Dear Ms. Massaro:

I have enclosed for filing a summary of the agreement between National Grid¹ and the Rhode Island Division of Public Utilities and Carriers (the “Division”) (collectively, the “Parties”) concerning the only outstanding issue between the Parties in this docket.

National Grid and the Division have agreed that the Company will modify its proposed contingency plan for inadequate bidder participation in a Standard Offer Service (“SOS”) Procurement Plan (filed on March 3, 2014) Request for Proposals (“RFP”) as follows:

If a bid block receives zero bids, the Company will undertake the following steps:

1. Inform the Division that the Company received zero bids for a bid block and employ alternative measures;
2. Issue a new RFP for the bid block with final bids due the following week;
3. If the next RFP continues to have zero bids, the Company will load bid requirements into the ISO-NE spot market if the bid block is for the immediate rate period (starting within six weeks);
 - a. If the bid block is three months in duration, the Company will procure the requirements for the entire period through the ISO-NE spot market; and

¹ The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”).

- b. If the bid block is six months in duration, the Company will procure the requirements for the first three-month period through the ISO-NE spot market. The Company will include the remaining three months as a bid block in the next quarterly RFP. If that RFP is not successful, the Company will continue to procure the requirements through the ISO-NE spot market for the balance of the period;
4. The Company will set retail rates for the immediate rate period using estimated market prices as a proxy for spot market purchases. This is the same process as the 10% requirements purchased for the Residential and Commercial Groups; and
5. If the bid block does not start in the immediate rate period, the Company will solicit the bid block in the next quarterly competitive procurement. If the bid block is not yet awarded and it is needed for the immediate rate period, the Company will then purchase the requirements through the ISO-NE spot market.

If a bid block receives one bid, the Company will undertake the following steps:

1. Between 10:00 a.m. – 12:00 p.m. Eastern Prevailing Time (EPT) on the final bid date (“two-hour window”), the Company will share the bid results and the bid price estimates with the Division²;
 - a. If the Company and the Division agree that the bid is reasonably priced, then the Company will accept the bid.
 - b. If the Division is unavailable during the two-hour window, then the Company will use a threshold (previously agreed upon with the Division) to determine whether it should accept the bid.³
 - c. If the Company and the Division agree that the bid is not reasonably priced, or if the Division is unavailable during the two-hour window and the bid price exceeds the established threshold, then the Company will reject the bid.
2. If the single bid is rejected, the Company will issue a new RFP for the bid block with final bids due the following week;

² The Company will provide the Division with ample advance notice of its final bid dates to allow the Division to plan accordingly. During its consultation with the Division or its representative, the Company will share the bid results and the Company’s bid price estimates. The Company’s bid price estimates will provide a reference point for the Parties to use when evaluating the single bid, and the Parties will decide whether the difference between the bid results and the Company’s bid price estimates is reasonable when deciding whether the Company should accept the single bid.

³ Prior to the final bid date for each RFP, the Company will consult with the Division to establish an acceptable threshold of the difference between a single bid and the Company’s bid price estimate. The threshold will be a percentage amount greater than the Company’s bid price estimate and will be set at a level that the Division and the Company agree is reasonable.

3. On the final bid date of the second RFP during the two-hour window, the Company will share the bid results and the bid price estimates with Division;
 - a. If the Company and Division agree that the bid is reasonably priced, then the Company will accept the bid.
 - b. If the Division is unavailable during the two-hour window, the Company will use the previously established threshold to determine whether it should accept the bid.
 - c. If the Company and Division agree the bid is not reasonably priced, or if the Division is unavailable during the two-hour window and the bid price exceeds the established threshold, then the Company will reject the bid.
4. If the single bid is rejected, the Company will load bid requirements into the ISO-NE spot market if the bid block is for the immediate rate period (starting within six weeks);
 - a. If the bid block is three months in duration, the Company will procure the requirements for the entire period through the ISO-NE spot market; and
 - b. If the bid block is six months in duration, the Company will procure the requirements for the first three-month period through the ISO-NE spot market. The Company will include the remaining three months as a bid block in the next quarterly RFP. If that RFP is not successful, the Company will continue to procure the requirements through the ISO-NE spot market for the balance of the period;
5. The Company will set retail rates for the immediate rate period using estimated market prices as a proxy for spot market purchases. This is the same process as the 10% requirements purchased for the Residential and Commercial Groups; and
6. If the bid block does not start in the immediate rate period, the Company will solicit the bid block in the next quarterly competitive procurement. If the bid block is not yet awarded and it is needed for the immediate rate period, the Company will then purchase the requirements through the ISO-NE spot market.

Thank you for your attention to this transmittal. If you have any questions, please contact me at (781) 907-2121.

Very truly yours,



Raquel J. Webster

cc: Leo Wold, Esq.
Steve Scialabba, Division