

May 21, 2015

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4556 - 2016 Standard Offer Service Procurement Plan
2016 Renewable Energy Standard Procurement Plan
Responses to PUC Data Requests – Set 4**

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's¹ responses to the fourth set of data requests issued by the Rhode Island Public Utilities Commission in the above-referenced matter.

Please be advised that the Company's response to COMM 4-12 will be forthcoming.

Thank you for your attention to this transmittal. If you have any questions, please contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosure

cc: Docket 4556 Service List
Leo Wold, Esq.
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

May 8, 2015

Date

**Docket No. 4556 - National Grid – 2016 Standard Offer Service (SOS) and Renewable Energy Standard (RES) Procurement Plans
Service List updated 4/29/15**

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COMM 4-1

Request:

What analysis of expected price, if any, does the Company conduct prior to issuing an RFP?

Response:

The Company does not create expected bid prices prior to issuing the Request for Proposals (RFP). During the RFP process, the Company creates expected bid prices three times: on the RFP issue date, the indicative bid date, and the final bid date.

COMM 4-2

Request:

Once the Company has received indicative bids, what analysis, if any, does the Company conduct to determine if the bids are reasonable?

Response:

Indicative bid pricing is used to determine current market prices, to prepare an initial ranking of bids and to identify any bidding anomalies. Historically, the Company's expected bid prices more accurately predict the final bid prices than the indicative bid prices. This may occur because the indicative bids are not binding to the suppliers.

The most valuable information obtained from the indicative bid round is a reflection of the number of bidders that will participate in the final bid round. The Company reviews the number of bidders for each bid block to determine the robustness of the competitive solicitation. A robust competitive solicitation with multiple suppliers vying for the opportunity to serve Standard Offer Service customers provides the best indication of market pricing.

However, if the Company thinks there is the potential of inadequate participation for a particular bid block as the result of the indicative bid round, then it will notify the Rhode Island Division of Public Utilities and Carriers (Division). Per the contingency plans approved in the 2015 Standard Offer Service Procurement Plan¹, the Company will request the Division to be available on the final bid date to review final bids. Prior to the final bid date, the Division and the Company will agree to a threshold to determine if the bid is acceptable in the event that the Division is not available on the final bid date. A comparison of the indicative bids received and the Company's expected bid prices may assist in the determination of this threshold.

¹ Docket No. 4490.

COMM 4-3

Request:

If all indicative bids come in below the expected or spot market futures prices, what does the Company understand its options to be under the current procurement plan? For example, consider a situation in which bids for power three months from delivery were significantly lower than spot market futures for that same time period.

Response:

Schedule 5 (SOS RFP Notice (Template)) of each Standard Offer Service (SOS) Procurement Plan provides the Company flexibility to change the RFP process:

“National Grid, in consultation with or at the request of the RIPUC or Division of Public Utilities and Carriers, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.”

Under the current procurement plan, if there were two or more bidders for each block, then the Company would not alter its plan to award final bids due the following week, regardless of the market's projection of spot market futures. The Company would seek a robust competitive solicitation for SOS contracts, rather than trying to time the market.

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COMM 4-4

Request:

Conversely, if all indicative bids come in above the expected or spot market futures prices, what does the Company understand its options to be under the current SOS procurement plan?

Response:

Schedule 5 (SOS RFP Notice (Template)) of each Standard Offer Service (SOS) Procurement Plan provides the Company flexibility to change the RFP process:

“National Grid, in consultation with or at the request of the RIPUC or Division of Public Utilities and Carriers, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.”

Under the current procurement plan, if there is a market event that effects bidder participation or pricing, the Company would contact the Division and execute the contingency plan in order to procure contracts in a competitive manner. If there were two or more bidders for each block to effect a robust solicitation, and there is not a market event, the Company would not alter its plan to award final bids due the following week.

COMM 4-5

Request:

What threshold in price separation between bids and expected prices, or any other benchmark the Company uses, would trigger the Company to exercise its options explained in the Company's responses to COMM 4-4 and COMM 4-5?

Response:

The Company does not utilize a threshold in price separation between indicative bids and expected bid prices to exercise its options described in its responses to data requests COMM 4-4 and COMM 4-5. After receipt of indicative bids, the Company will contact the Division of Public Utilities and Carriers (Division) if there is an indication that inadequate bidder participation in the final bid round is possible. Additionally, the Company will contact the Division if there is a market event that may impact bid prices and bidder participation. These market events are infrequent and can be natural (e.g., hurricane) or market-based (e.g., ISO-NE Winter Reliability Program).

The Company has consistently stated that, in its SOS procurement plans, it relies upon the competitive solicitation process to determine the winning bids. The Company does not use its estimate of expected bid prices as a means to evaluate the bids or to determine whether or not bids received were excessive and should be rejected. The lowest overall cost is the basis for determining the winning bidders. An estimated market price is simply an informational data point, which contains assumptions about various market prices and risk premiums under normal market conditions. If market conditions are not normal, assumptions regarding components based on normal market events may no longer be valid.

The Company has previously stated the difficulty in establishing a threshold to determine if bids should be accepted or rejected. In its Rebuttal Testimony in the 2015 Standard Offer Service Procurement Plan docket (Docket No. 4490), the Company stated that a "threshold to determine whether a bid is excessive would be an arbitrary amount. For example, if a single submitted bid is 10% higher than the Company's estimated bid price, some may believe that the price is excessive, while others may believe it is acceptable." The Company later stated that "it is difficult to determine a specific threshold that would be reasonable and acceptable to all stakeholders."

COMM 4-6

Request:

Recent SOS procurement plans have FRS load-following contracts summing to 90% of residential and commercial load for every calendar month; this leaves 10% to be purchased on the spot market. Is the exposure to price volatility in the ISO-NE wholesale energy market the same for every calendar month?

Response:

Price volatility in the ISO-NE spot market is different for different calendar months. For example, price volatility during January and February is relatively higher than other months.

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COMM 4-7

Request:

If not, then is there a month-to-month change in risk associated with price volatility?

Response:

Please see below a table of statistics on ISO-NE electric market prices for the Rhode Island zone for the period January 2012 through April 2015, which shows the month-to-month volatility of prices. The prices shown are daily averages of the energy market prices only; the prices do not include capacity or ancillary services and are not load-weighted (load-weighted prices reflect costs associated with the applicable customer usage pattern). The "Volatility" metric shown as a percentage, also known as the coefficient of variation, is defined as the standard deviation of the daily averages divided by the mean, which is useful in comparing level of price variability in one month to another month.

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COMM 4-7, page 2

	Day-Ahead Market			Real-Time Market		
	Average \$/MWh	Std Dev \$/MWh	Volatility %	Average \$/MWh	Std Dev \$/MWh	Volatility %
January-12	40.42	10.54	26%	36.89	8.99	24%
February-12	30.78	4.18	14%	29.95	4.57	15%
March-12	26.54	6.04	23%	25.74	7.41	29%
April-12	25.84	2.93	11%	25.34	4.42	17%
May-12	25.86	3.38	13%	27.59	6.20	22%
June-12	37.03	23.22	63%	33.78	21.76	64%
July-12	41.59	10.41	25%	41.57	11.75	28%
August-12	38.06	5.83	15%	42.25	15.47	37%
September-12	31.76	4.59	14%	33.28	11.64	35%
October-12	35.72	4.26	12%	34.23	5.89	17%
November-12	54.99	13.27	24%	56.25	19.37	34%
December-12	46.03	12.91	28%	43.42	12.06	28%
January-13	86.56	59.56	69%	84.22	59.58	71%
February-13	134.49	86.72	64%	110.00	49.77	45%
March-13	53.30	11.94	22%	54.08	15.33	28%
April-13	46.44	6.59	14%	42.49	4.80	11%
May-13	40.88	6.30	15%	38.45	9.29	24%
June-13	36.89	7.04	19%	39.36	13.00	33%
July-13	51.70	21.96	42%	56.81	42.89	76%
August-13	35.11	4.72	13%	34.88	11.89	34%
September-13	38.60	7.48	19%	35.83	20.17	56%
October-13	34.65	2.76	8%	35.65	8.30	23%
November-13	45.33	16.68	37%	45.96	25.11	55%
December-13	94.93	58.61	62%	98.73	64.69	66%
January-14	170.33	101.51	60%	163.45	92.38	57%
February-14	156.41	44.14	28%	152.87	54.59	36%
March-14	112.49	64.93	58%	116.58	74.44	64%
April-14	44.54	5.01	11%	40.94	7.19	18%
May-14	36.98	4.96	13%	35.45	6.04	17%
June-14	37.76	5.86	16%	37.82	11.74	31%
July-14	37.37	8.70	23%	34.67	14.30	41%
August-14	30.35	5.84	19%	30.00	12.24	41%
September-14	35.29	8.47	24%	36.05	18.49	51%
October-14	32.24	6.79	21%	30.35	12.01	40%
November-14	47.90	7.71	16%	44.77	10.24	23%
December-14	43.92	13.67	31%	42.71	35.70	84%
January-15	71.05	20.24	28%	65.67	27.20	41%
February-15	122.73	35.22	29%	127.05	34.79	27%
March-15	65.36	29.18	45%	57.65	31.67	55%
April-15	29.03	7.69	26%	26.03	10.20	39%

COMM 4-8

Request:

Is there a benefit to requiring 90% of commercial and residential load be hedged in contracts for each month? Conversely, is there a benefit to varying the monthly exposure to the wholesale market to align with the expected price volatility?

Response:

The benefit of having most of the commercial and residential load hedged in contracts is the price certainty. In other words, the majority of the SOS rates are locked in with firm fixed price contracts. Maintaining the 90% level across the months allows the FRS suppliers to contract for a fixed percentage of load as the Company layers in the FRS contracts over time. Varying the monthly exposure would require varying monthly loads within contracts, complicating the pricing of the FRS contract. As the price volatility varies each month, the SOS rate remains the same for the six-month rate period, and the reconciliation of the spot market component is trued up regularly. Thus there is no need to vary the monthly exposure to the wholesale market in order to align with expected price volatility.

COMM 4-9

Request:

On page 55 of the Margaret Janzen's pre-filed testimony, the witness explains:

"The bid prices submitted in the RFP are significantly based on NYMEX electric futures prices. These bid prices reflect the market conditions expected for the time period and obligation and reflect fundamental conditions such as expected demand, weather, and expected supply."

Please provide the data and any analysis that this statement is based on.

Response:

FRS bids reflect market prices for the components of energy, capacity and ancillary services. Of these components, energy is the largest and reflects the variable component of electricity costs. Electricity cannot be stored on a large scale, so this component of energy represents what needs to be generated in real time to match demand. Thus, NYMEX electric futures, that reflect the forecast for this component of energy, are driven largely by forecasted fuel prices (such as natural gas and oil) to be used by generating units, which impacts the supply side of the equation. Weather is another factor, which impacts the demand side of the equation.

As described in the Company's response to COMM 3-8, a winning bidder may enter several financial transactions to hedge its obligation if it does not own generation. NYMEX electric futures prices are public and provide suppliers with market prices when transacting their offsetting hedges. Therefore, the bid prices submitted in the RFP are significantly based on NYMEX electric future prices.

A future is a contractual agreement between two parties through a regulated futures exchange (NYMEX). Parties agree to buy or sell a standardized product at a mutually agreed upon price for a certain time period in the future. The term "NYMEX electric futures prices" used on page 55 of Ms. Janzen's testimony describes the public prices at the time of the RFP for the months solicited in the bid blocks. The NYMEX electric futures are financially settled using the locational marginal prices (LMPs) of an ISO-NE zone or the Internal Hub (the standardized product) for a particular month. LMPs are the wholesale electricity prices calculated by the ISO-NE based on supply and demand at a point in time for the various pricing zones within the ISO-NE control area.

COMM 4-9, page 2

In each RFP Summary document that the Company files after every RFP, there is a section called "Description of Market Conditions" in which the Company describes the market conditions at the time of the final and indicative bids. In this section, the values and percentage changes in the NYMEX electric futures prices for different periods are calculated and shown. This section helps explain the changes in expected retail SOS rates by comparing them to the market changes in NYMEX electric futures prices.

Finally, a recent publication from ISO-NE¹ states: "...in general, the two main drivers of wholesale electricity prices in New England are the cost of fuel used to produce electricity and consumer demand." It is also later stated: "...demand is driven primarily by weather as well as economic factors."

Therefore, because FRS bid prices reflect NYMEX electric futures prices, which are based on LMPs, it can be concluded that bid prices reflect demand, weather, and supply for the solicited bid periods.

¹ "Wholesale electricity prices and demand in New England", ISO NEWSWIRE: A Wholesale Electricity Industry Update, April 17, 2015.

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COMM 4-10

Request:

Is it the Company's understanding that increased risk of gas supply constraints to electric suppliers increases, decreases, or does not affect the cost of residual compensation in FRS and block power contracts?

Response:

In Docket No. 4041, in compliance with PUC Order No.19839, the Company filed a report entitled, "National Grid's Report Regarding its Comprehensive Review of Standard Offer Service Procurement Strategies." The Company engaged The NorthBridge Group (NorthBridge), a consulting firm with extensive expertise regarding electricity market pricing and Standard Offer Service (SOS) procurement, to assist with the comprehensive review of procurement approaches for SOS. NorthBridge's quantitative analysis utilized an extensive Monte Carlo simulation approach to replicate market uncertainty based on actual market data, including the prices for many different SOS products solicited by different utilities. In its analysis, NorthBridge provided residual compensations for the managed portfolio and the Full Requirements Service approaches. The residual compensation represents difficult-to-quantify costs and risks.

The Company has not replicated this original analysis, and cannot state if the residual compensation has changed due to increased risk of gas supply constraints.

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COMM 4-11

Request:

Please calculate what the fixed-price SOS rates for A-16 and C-06 customers since January 2013 if the six-month rates began in April and October, rather than January and July. Do not include the RES charge or the PUC order to defer collections of energy costs in Docket 4393. For these same months, please calculate the per-kWh difference between the monthly commodity charges and the fixed-price charges that would be used to calculate billing adjustments. Please provide the information in the following chart form for (one for A-16, one for C-06) along with the other information requested:

A-16				
Month	SOS \$/kWh (Jan/Jul)	SOS \$/kWh (Apr/Oct)	Monthly Diff. \$/kWh (Jan/Jul)	Monthly Diff. \$/kWh (Apr/Oct)
January 2013	0.06935	#####	0.01468	#####
February 2013	0.06935	#####	0.01223	#####
Etc.	Etc.	Etc.	Etc.	Etc.

Please also provide the chart in a live spreadsheet file, CSV file, or tab or space delimited text file.

Response:

Please see Attachment COMM 4-11 for the requested chart. The Company is also providing the live Excel file of Attachment COMM 4-11 on CD-ROM.

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A-16				
Month	SOS \$/kWh (Jan/Jul)	SOS \$/kWh (Apr/Oct)	Monthly Difference \$/kWh (Jan/Jul)	Monthly Difference \$/kWh (Apr/Oct)
January-13	\$0.06935	\$0.07314	\$0.01468	\$0.01089
February-13	\$0.06935	\$0.07314	\$0.01223	\$0.00844
March-13	\$0.06935	\$0.07314	(\$0.00459)	(\$0.00838)
April-13	\$0.06815	\$0.06175	(\$0.00777)	(\$0.00137)
May-13	\$0.06815	\$0.06175	(\$0.00988)	(\$0.00348)
June-13	\$0.06815	\$0.06175	(\$0.00987)	(\$0.00347)
July-13	\$0.06567	\$0.06175	(\$0.00038)	\$0.00354
August-13	\$0.06567	\$0.06175	(\$0.00120)	\$0.00272
September-13	\$0.06567	\$0.06175	(\$0.00411)	(\$0.00019)
October-13	\$0.06567	\$0.08433	(\$0.00266)	(\$0.02132)
November-13	\$0.06567	\$0.08433	(\$0.00072)	(\$0.01938)
December-13	\$0.06567	\$0.08433	\$0.00930	(\$0.00936)
January-14	\$0.08372	\$0.08433	\$0.02398	\$0.02337
February-14	\$0.08372	\$0.08433	\$0.02192	\$0.02131
March-14	\$0.08372	\$0.08433	(\$0.00687)	(\$0.00748)
April-14	\$0.08681	\$0.07125	(\$0.01580)	(\$0.00024)
May-14	\$0.08681	\$0.07125	(\$0.01924)	(\$0.00368)
June-14	\$0.08681	\$0.07125	(\$0.01556)	\$0.00000
July-14	\$0.07879	\$0.07125	(\$0.00317)	\$0.00437
August-14	\$0.07879	\$0.07125	(\$0.00543)	\$0.00211
September-14	\$0.07879	\$0.07125	(\$0.01154)	(\$0.00400)
October-14	\$0.07879	\$0.12523	(\$0.00940)	(\$0.05584)
November-14	\$0.07879	\$0.12523	\$0.00329	(\$0.04315)
December-14	\$0.07879	\$0.12523	\$0.02842	(\$0.01802)
*January-15	\$0.12225	\$0.12523	\$0.06446	\$0.06148
*February-15	\$0.12225	\$0.12523	\$0.05545	\$0.05247
*March-15	\$0.12225	\$0.12523	(\$0.01489)	(\$0.01787)
*April-15	\$0.12088	\$0.07344	(\$0.04156)	\$0.00588
*May-15	\$0.12088	\$0.07344	(\$0.05301)	(\$0.00557)
*June-15	\$0.12088	\$0.07344	(\$0.04461)	\$0.00283

* Jan/Jul for rates for January-2015 through June-2015 reflect 6-month rate as initially filed and do not reflect 12-month rate

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C-06				
Month	SOS \$/kWh (Jan/Jul)	SOS \$/kWh (Apr/Oct)	Monthly Difference \$/kWh (Jan/Jul)	Monthly Difference \$/kWh (Apr/Oct)
January-13	\$0.06833	\$0.06901	\$0.01749	\$0.01681
February-13	\$0.06833	\$0.06901	\$0.01316	\$0.01248
March-13	\$0.06833	\$0.06901	(\$0.00460)	(\$0.00528)
April-13	\$0.06729	\$0.06247	(\$0.00787)	(\$0.00305)
May-13	\$0.06729	\$0.06247	(\$0.01178)	(\$0.00696)
June-13	\$0.06729	\$0.06247	(\$0.00946)	(\$0.00464)
July-13	\$0.06950	\$0.06247	\$0.00034	\$0.00737
August-13	\$0.06950	\$0.06247	(\$0.00157)	\$0.00546
September-13	\$0.06950	\$0.06247	(\$0.00848)	(\$0.00145)
October-13	\$0.06950	\$0.09180	(\$0.00636)	(\$0.02866)
November-13	\$0.06950	\$0.09180	\$0.00006	(\$0.02224)
December-13	\$0.06950	\$0.09180	\$0.01722	(\$0.00508)
January-14	\$0.08564	\$0.09180	\$0.03624	\$0.03008
February-14	\$0.08564	\$0.09180	\$0.03498	\$0.02882
March-14	\$0.08564	\$0.09180	(\$0.00733)	(\$0.01349)
April-14	\$0.08901	\$0.07295	(\$0.02224)	(\$0.00618)
May-14	\$0.08901	\$0.07295	(\$0.02682)	(\$0.01076)
June-14	\$0.08901	\$0.07295	(\$0.02178)	(\$0.00572)
July-14	\$0.08801	\$0.07295	(\$0.00275)	\$0.01231
August-14	\$0.08801	\$0.07295	(\$0.00672)	\$0.00834
September-14	\$0.08801	\$0.07295	(\$0.01752)	(\$0.00246)
October-14	\$0.08801	\$0.13850	(\$0.01716)	(\$0.06765)
November-14	\$0.08801	\$0.13850	\$0.00528	(\$0.04521)
December-14	\$0.08801	\$0.13850	\$0.04333	(\$0.00716)
*January-15	\$0.12895	\$0.13850	\$0.07452	\$0.06497
*February-15	\$0.12895	\$0.13850	\$0.06914	\$0.05959
*March-15	\$0.12895	\$0.13850	(\$0.00473)	(\$0.01428)
*April-15	\$0.12804	\$0.07588	(\$0.04832)	\$0.00384
*May-15	\$0.12804	\$0.07588	(\$0.06132)	(\$0.00916)
*June-15	\$0.12804	\$0.07588	(\$0.04733)	\$0.00483

* Jan/Jul for rates for January-2015 through June-2015 reflect 6-month rate as initially filed and do not reflect 10% deferral

COMM 4-13

Request:

Please provide the all-in monthly average prices of spot market purchases for the Residential and Commercial classes from January 2012 through the most recent data available.

Response:

The following table includes the All-In Spot Cost (including energy, capacity, and ancillary services) for the 10% Standard Offer Service (SOS) procured in the spot market for the Residential and Commercial Groups.

This analysis includes final (90-day) resettlement load data from January 2012 through January 2015 and initial (37-hour) settlement loads for February 2015 through April 2015. Some of these costs will be revised when resettlement load data becomes available. March 2015 ancillary services and capacity costs are used as an estimate for April 2015 costs.

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	Residential Group	Commercial Group
	All-In Spot Cost \$/MWh	All-In Spot Cost \$/MWh
January-12	57.62	56.51
February-12	48.70	46.77
March-12	45.60	43.08
April-12	46.64	43.82
May-12	45.89	43.43
June-12	59.06	55.70
July-12	56.64	56.36
August-12	53.72	52.74
September-12	47.69	46.17
October-12	53.04	50.20
November-12	73.06	70.83
December-12	61.02	59.74
January-13	106.99	104.04
February-13	166.72	158.90
March-13	68.56	66.76
April-13	63.88	60.51
May-13	59.17	56.40
June-13	53.32	51.56
July-13	70.99	70.75
August-13	48.29	48.06
September-13	56.46	54.75
October-13	52.21	49.43
November-13	63.14	60.58
December-13	116.58	114.59
January-14	197.40	194.58
February-14	178.68	177.30
March-14	134.87	132.11
April-14	61.50	59.63
May-14	53.67	51.63
June-14	57.36	53.84
July-14	53.95	52.58
August-14	47.51	46.76
September-14	57.56	53.28
October-14	51.76	47.49
November-14	67.28	64.34
December-14	62.73	60.35
January-15	88.33	86.72
February-15	140.44	138.88
March-15	85.21	81.24
April-15	49.58	45.90

COMM 4-14

Request:

R.I.P.U.C 2130 Terms and Conditions for Distribution Service states: "Payments made through the Company for electricity purchased from a non-regulated power supplier will be applied first to any Narragansett charges or arrearages." Please confirm whether or not payments are actually applied to all amounts owed to the Company before any part of the payment is applied to any amounts owed to the NPP.

Response:

Payments and other credits are applied first to Company charges and then to competitive supplier charges within the two higher prioritized categories of "arrears" and "current charges" with only two exceptions - reinstated bad debt and deposits.

In the National Grid billing system, posting payments to an individual customer account involves creating one "credit source" record for the payment and one or more "credit activity" records recording how the payment is split and applied. Each credit activity record corresponds to and satisfies (completely or partially) an account debit. Satisfaction of debits is done according to a priority scheme (discussed in some detail below). If a credit still exists after all debits are satisfied, the remaining balance creates an excess credit on the account which is typically held as such until the next billing cycle. When a payment is posted to a "summary billing" account, the system pools all of the open debits for all subordinate accounts and satisfies debits according to the same posting priority scheme as it would for a single account. Any remaining excess credit is applied to one of the subordinate accounts chosen at random.

Pre-determined posting priority rules are used to allocate payments against open debits. For the Company's electric business, the system prioritizes payments to the types of debits in the following manner (parenthetical numbers included for internal sorting reference).

1. Reinstated bad debt, electric service related (1,2) – arrears then current, oldest to newest
2. Deposits (30) – arrears and current, oldest to newest
3. Distribution company arrears (35) – oldest to newest
4. Reinstated bad debt, other (51, 52) – arrears then current, oldest to newest
5. Rental arrears (60) – oldest to newest
6. Miscellaneous arrears (65) – oldest to newest
7. Premium services arrears (70) – oldest to newest
6. Supplier arrears (75) – oldest to newest
7. Distribution company current (80) – oldest to newest

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8. Rental current (85) – oldest to newest
9. Miscellaneous current (90) – oldest to newest
10. Premium services current (95) – oldest to newest
11. Supplier current (105) – oldest to newest

If several debits “tie” in this prioritization process and insufficient cash exists to pay off all of them, the cash is prorated across the “tied” debits.