

Robert J. Munnely, Jr.

May 29, 2015

BY EMAIL AND MAIL

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

Re: Docket No. 4556 – In Re: National Grid’s Proposed 2016 Standard Offer Supply
Procurement Plan and 2016 Renewable Energy Supply Procurement Plan

Dear Ms. Massaro:

NextEra Energy Power Marketing, LLC (“NEPM”), a party to this Standard Offer Supply Procurement proceeding, hereby submits this letter to the Rhode Island Public Utilities Commission (“Commission”) in lieu of surrebuttal testimony.

In its 2016 filings, National Grid proposed changes to its procurement practices by limiting bids to “flat pricing” for any months in a solicitation period, preventing wholesale generation providers from offering “shaped pricing” bids, as is current practice. On April 17, 2015, NEPM submitted written comments in lieu of direct testimony explaining why National Grid and, ultimately, the Commission should maintain the longstanding policy of allowing providers to submit shaped bids as a means of maximizing participation in Rhode Island procurements and minimizing risk premiums, both to the benefit of Rhode Island consumers. Similarly, the Division of Public Utilities and Carriers (“Division”) submitted an April 17, 2015 memorandum from Mr. Hahn recommending that the Commission eliminate the fixed to variable billing adjustment, but continue accepting both shaped and flat bids. See Hahn Memorandum, p. 13 (“I believe that a combination of these approaches makes sense, namely immediately eliminate the billing adjustment, track its impact, and seek both flat and monthly bids from suppliers in upcoming solicitations.....”) (emphasis added).¹ The other parties did not address this issue.

NEPM was pleased to see that National Grid has withdrawn the problematic flat bid pricing proposal. See Response to Comm. 3-6; Janzen Rebuttal Testimony at pp. 7-8, 20-21. NEPM

¹ The Division’s May 22, 2015 response to the Commission’s Second Set of Data Requests (Comm. 2-1) clarified that Mr. Hahn’s recommendation was to seek flat bids from suppliers, but to continue to allow shaped bids in case the risk premiums associated with flat bids proved to be excessive. See id. NextEra has no position on the Division’s preference for flat bids, so long as the Commission continues to permit suppliers to submit shaped bids. Commissions generally find shaped bids to be preferable to flat bids when the two are considered head-to-head. To the extent that the Division seeks to require flat bids, NEPM opposes this position for the reasons stated herein.

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
May 29, 2015
Page 2

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ATTORNEYS AT LAW

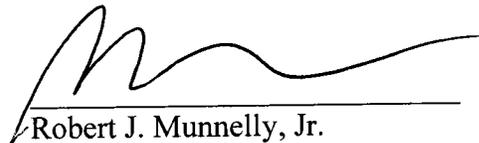
strongly supports this change, and requests that the Commission reaffirm the ability of wholesale generation providers to continue to submit shaped bids for standard offer service in Rhode Island.

For all of these reasons, retention of shaped bids is good for the generation providers, as they get to submit procurements in their preferred format, whether shaped or flat, and minimizes the need for costly risk premiums that may be incorporated when bids must be submitted in less preferred formats, and good for Rhode Island consumers. It is also good for consumers due to reduced bid premiums that otherwise lead to higher standard offer prices. Given that this issue represented NEPM's key concern in this docket, and it has been fully addressed on the record, NEPM at this point does not plan to attend the upcoming hearing on this matter.

An original and nine copies of this letter and a certificate of service are filed herewith. Please let me know if you have any questions.

Respectfully submitted,

NEXTERA ENERGY POWER
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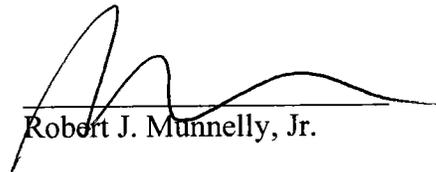
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CERTIFICATE OF SERVICE

I, Robert J. Munnely, Jr., hereby certify that on the date hereof I served a true copy of the foregoing letter in lieu of surrebuttal testimony for NextEra Energy Power Marketing, LLC, by first class mail and/or email upon the service list in this Docket 4556.

Date: May 29, 2015



Robert J. Munnely, Jr.