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**Adam M. Ramos**  
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October 8, 2015

***VIA ELECTRONIC MAIL and HAND DELIVERY***

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

**Re: 2015 Gas Cost Recovery Filing – Docket No. 4576**

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter are an original and nine (9) copies of The Narragansett Electric Company d/b/a National Grid's ("National Grid" or the "Company") Responses to Requests 1-1 through 1-9 of the Division's First Set of Data Requests, issued on September 18, 2015.

This filing also contains a Motion for Protective Treatment in accordance with Rule 1.2(g) of the Commission's Rules of Practice and Procedure and R.I.G.L. § 38-2-2(4)(B). The Company seeks protection from public disclosure of certain confidential and proprietary information, which is contained in: (1) the Company's responses to Division Data Requests 1-2, 1-3, 1-4, 1-5, 1-7, 1-8, and 1-9, and (2) Attachments DIV 1-2(d), DIV 1-3(d), DIV 1-4(d), DIV 1-5(c), DIV 1-7(c), DIV 1-8(c), DIV 1-9(d). Accordingly, the Company has also provided the PUC with the unredacted, confidential versions of these documents for review, and has included redacted copies in the filing.

Thank you for your attention to this filing. If you have any questions, please contact me at (401) 457-5164.

Very truly yours,

A handwritten signature in black ink, appearing to read "A. Ramos", written over a horizontal line.

Adam M. Ramos

Enclosures

cc: Docket 4576 Service List (via electronic mail)

▶ ALBANY ▶ BOSTON ▶ CONCORD ▶ HARTFORD ▶ NEW YORK ▶ PROVIDENCE

**Docket No. 4576 – National Grid – 2015 Annual Gas Cost Recovery Filing  
 (“GCR”) - Service List as of 9/18/15**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
Jennifer Brooks Hutchinson, Esq. National Grid 280 Melrose St. Providence, RI 02907	<a href="mailto:Jennifer.hutchinson@nationalgrid.com">Jennifer.hutchinson@nationalgrid.com</a> ;	401-784-7288
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
Ann E. Leary Elizabeth D. Arangio Stephen A. McCauley National Grid 40 Sylvan Road Waltham, MA 02541	<a href="mailto:Ann.Leary@nationalgrid.com">Ann.Leary@nationalgrid.com</a> ;	
	<a href="mailto:Elizabeth.Arangio@nationalgrid.com">Elizabeth.Arangio@nationalgrid.com</a> ;	
	<a href="mailto:Stephen.Mccauley@nationalgrid.com">Stephen.Mccauley@nationalgrid.com</a> ;	
	<a href="mailto:Theodore.poe@nationalgrid.com">Theodore.poe@nationalgrid.com</a>	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	<a href="mailto:Lwold@riag.ri.gov">Lwold@riag.ri.gov</a> ;	401-222-2424
	<a href="mailto:Steve.scialabba@dpuc.ri.gov">Steve.scialabba@dpuc.ri.gov</a> ;	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a> ;	
	<a href="mailto:Jmunoz@riag.ri.gov">Jmunoz@riag.ri.gov</a> ;	
Bruce Oliver Revilo Hill Associates 7103 Laketree Drive Fairfax Station, VA 22039	<a href="mailto:Boliver.rha@verizon.net">Boliver.rha@verizon.net</a> ;	703-569-6480
<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Patricia.lucarelli@puc.ri.gov">Patricia.lucarelli@puc.ri.gov</a> ;	
	<a href="mailto:Sharon.ColbyCamara@puc.ri.gov">Sharon.ColbyCamara@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
Office of Energy Resources Christopher Kearns Nicholas Ucci	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ;	
	<a href="mailto:Nicholas.ucci@energy.ri.gov">Nicholas.ucci@energy.ri.gov</a> ;	

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

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**Annual Gas Cost Recovery Filing 2015  
Docket No. 4576**

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**NATIONAL GRID'S REQUEST  
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

National Grid<sup>1</sup> hereby requests that the Rhode Island Public Utilities Commission (PUC) provide confidential treatment and grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by PUC Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(B). National Grid also hereby requests that, pending entry of that finding, the PUC preliminarily grant National Grid's request for confidential treatment pursuant to Rule 1.2 (g)(2).

**I. BACKGROUND**

On October 8, 2015, National Grid filed with the PUC responses to data requests issued by the Division of Public Utilities and Carriers. Division Data Requests 1-2, 1-3, 1-4, 1-5, 1-7, 1-8, and 1-9 request the names of bidders who submitted bids in response to the Requests for Proposals issued by the Company for its gas purchases, as referenced in the pre-filed testimony of Elizabeth D. Arangio. In response to Division Data Requests 1-2, 1-3, 1-4, 1-5, 1-7, 1-8, and 1-9, the Company is providing redacted and un-redacted versions of the responses and the corresponding bid analyses identified as Attachments

DIV 1-2(d), DIV 1-3(d), DIV 1-4(d), DIV 1-5(c), DIV 1-7(c), DIV 1-8(c), DIV 1-9(d). The responses and the corresponding Attachments contain confidential and proprietary pricing and bidder information, as well as bid evaluation information. Therefore, National Grid requests that the PUC give the information contained in the un-redacted versions of the responses to Division Data Requests 1-2, 1-3, 1-4, 1-5, 1-7, 1-8 and 1-9, as well as un-redacted versions of the corresponding Attachments DIV 1-2(d), DIV 1-3(d), DIV 1-4(d), DIV 1-5(c), DIV 1-7(c), DIV 1-8(c), DIV 1-9(d) confidential treatment pursuant to Rule 1.2(g)(2).

## **II. LEGAL STANDARD**

The Commission's Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act (APRA), R.I.G.L. §38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the PUC falls within one of the designated exceptions to the public records law, the PUC has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(B) provides that the following types of records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

The Rhode Island Supreme Court has held that this confidential information exemption applies where disclosure of information would be likely either (1) to impair the Government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001).

The first prong of the test is satisfied when information is voluntarily provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. Providence Journal, 774 A.2d at 47.

## **II. BASIS FOR CONFIDENTIALITY**

The information contained in the un-redacted versions of the responses to Division Data Requests 1-2, 1-3, 1-4, 1-5, 1-7, 1-8, and 1-9, and the un-redacted versions Attachments DIV 1-2(d), DIV 1-3(d), DIV 1-4(d), DIV 1-5(c), DIV 1-7(c), DIV 1-8(c), DIV 1-9(d) contain confidential and proprietary bidder information, including pricing information and bid-evaluation information. National Grid is providing the un-redacted versions of these responses and the corresponding Attachments to the PUC and the Division on a voluntary basis to assist the PUC with its decision-making in this proceeding. Disclosure of this information would impact the competitive position of these parties, and such disclosure would impede National Grid's future ability to obtain bids and/or this type of proprietary information.

**III. CONCLUSION**

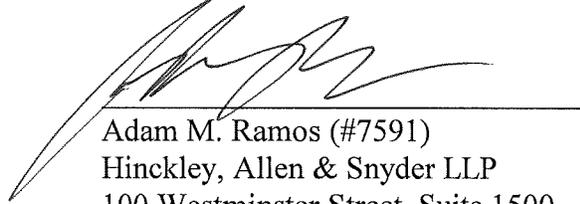
Accordingly, the Company requests that the PUC grant protective treatment to the un-redacted versions of the responses to Division Data Requests 1-2, 1-3, 1-4, 1-5, 1-7, 1-8, and 1-9, and Attachments DIV 1-2(d), DIV 1-3(d), DIV 1-4(d), DIV 1-5(c), DIV 1-7(c), DIV 1-8(c), DIV 1-9(d).

**WHEREFORE**, the Company respectfully requests that the PUC grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

NARRAGANSETT ELECTRIC  
COMPANY D/B/A NATIONAL  
GRID,

By its Attorney,



Adam M. Ramos (#7591)  
Hinckley, Allen & Snyder LLP  
100 Westminster Street, Suite 1500  
Providence, RI 02903  
Telephone: (401) 274-2000  
Facsimile: (401) 277-9600

Dated: October 8, 2015

Division 1-1

Request:

Instruction: Each request for workpapers should be understood to include a request for all electronic spreadsheet files with all cell formulas and cell references in tact.

Re: The Direct Testimony of witness Arangio, filed September 1, 2015.

Re: Witness Arangio's Direct Testimony at page 5, lines 11 through 13, please:

- a. Provide the expected basis differentials for each location that are used in the SENDOUT@ model runs relied upon by the Company in its September 1, 2015 testimony in this docket;
- b. Explain the appropriateness of using expected basis differentials to the Henry Hub for locations in the Marcellus region when the Company has recognized that Marcellus region gas prices may not correlate well with Henry Hub gas prices;
- c. Provide a numeric example of the use of "the expected basis differential to the Henry Hub" to determine the "expected difference."

Response:

- a. Please see Attachment DIV 1-1(a).
- b. It is appropriate to use the expected basis differentials to Henry Hub for locations in the Marcellus region because forward prices at any receipt location in the US and Canada are expressed in two pieces; a NYMEX Henry Hub component and a basis differential component. Therefore, at any receipt location the forward price in any month is calculated by adding the NYMEX Henry Hub price for that month and the basis differential to NYMEX Henry Hub for that same month and receipt location.

The Company's discussions about NYMEX not being correlated with supplies purchased in the Marcellus region was the analysis comparing the historical price relationship of NYMEX and the price of supplies purchased in the Marcellus region. It was because the price of supplies in the Marcellus region and the NYMEX price were no longer correlated that the company recommended that both pieces, the NYMEX component and the basis differential component, be hedged to fix the total price of supply of purchases in the Marcellus region. The Company now fixes both the price of NYMEX and the basis differential in order to lock in the total price.

**FORWARD BASIS SUMMARY**

November 2015 - October 2016  
07/31/15 NYMEX Basis Report

<u>Supply Area</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>
Tennessee Gas Pipeline, zone 0	(\$0.090)	(\$0.102)	(\$0.120)	(\$0.112)	(\$0.102)	(\$0.042)	(\$0.050)	(\$0.043)	(\$0.020)	(\$0.020)	(\$0.025)	(\$0.035)
Tennessee Gas Pipeline, zone 1	(\$0.072)	(\$0.080)	(\$0.077)	(\$0.046)	(\$0.077)	(\$0.080)	(\$0.104)	(\$0.083)	(\$0.061)	(\$0.067)	(\$0.096)	(\$0.078)
Tennessee Gas Pipeline, zone 4-200 leg	(\$0.802)	(\$0.760)	(\$0.729)	(\$0.618)	(\$0.668)	(\$0.879)	(\$1.199)	(\$1.214)	(\$1.198)	(\$1.297)	(\$1.430)	(\$1.362)
Tennessee Gas Pipeline, Niagara	(\$0.166)	(\$0.078)	(\$0.102)	(\$0.019)	\$0.022	(\$0.299)	(\$0.404)	(\$0.403)	(\$0.434)	(\$0.544)	(\$0.545)	(\$0.544)
Tennessee Gas Pipeline, Dracut	\$2.546	\$6.318	\$9.155	\$8.941	\$4.592	\$0.888	(\$0.594)	\$0.045	(\$0.201)	(\$0.471)	(\$0.834)	(\$0.198)
Tennessee Gas Pipeline, zone 6 delivered	\$2.484	\$6.378	\$9.308	\$9.089	\$4.602	\$0.721	(\$0.763)	(\$0.123)	(\$0.369)	(\$0.641)	(\$1.004)	(\$0.366)
Texas Eastern, East Louisiana zone	(\$0.080)	(\$0.085)	(\$0.082)	(\$0.085)	(\$0.092)	(\$0.070)	(\$0.075)	(\$0.077)	(\$0.074)	(\$0.064)	(\$0.084)	(\$0.078)
Texas Eastern, East Texas zone	(\$0.122)	(\$0.128)	(\$0.125)	(\$0.101)	(\$0.108)	(\$0.047)	(\$0.067)	(\$0.073)	(\$0.032)	(\$0.027)	(\$0.049)	(\$0.026)
Texas Eastern, South Texas zone	(\$0.085)	(\$0.095)	(\$0.115)	(\$0.108)	(\$0.098)	(\$0.010)	(\$0.020)	(\$0.010)	\$0.012	\$0.013	\$0.007	(\$0.002)
Texas Eastern, West Louisiana zone	(\$0.080)	(\$0.085)	(\$0.082)	(\$0.085)	(\$0.092)	(\$0.038)	(\$0.043)	(\$0.034)	(\$0.040)	(\$0.037)	(\$0.045)	(\$0.045)
Texas Eastern, M-2 receipts	(\$0.919)	(\$0.880)	(\$0.721)	(\$0.660)	(\$0.816)	(\$0.937)	(\$1.341)	(\$1.333)	(\$1.295)	(\$1.401)	(\$1.533)	(\$1.579)
Texas Eastern, M-3	(\$0.712)	\$0.318	\$3.618	\$2.690	(\$0.222)	(\$0.858)	(\$1.123)	(\$1.207)	(\$0.980)	(\$1.083)	(\$1.473)	(\$1.290)
Columbia Gas Transmission, Appalachia	(\$0.135)	(\$0.150)	(\$0.190)	(\$0.170)	(\$0.200)	(\$0.122)	(\$0.175)	(\$0.175)	(\$0.205)	(\$0.205)	(\$0.375)	(\$0.358)
Transcontinental Gas Pipe Line, zone 6 non-N.Y. North	(\$0.142)	\$0.902	\$4.982	\$3.965	\$0.058	(\$0.568)	(\$0.877)	(\$0.960)	(\$0.732)	(\$0.825)	(\$1.217)	(\$1.042)
Transcontinental Gas Pipe Line, Leidy Line receipts	(\$1.459)	(\$1.414)	(\$1.380)	(\$1.269)	(\$1.320)	(\$1.190)	(\$1.514)	(\$1.547)	(\$1.511)	(\$1.611)	(\$1.745)	(\$1.678)
Algonquin Citygates	\$2.528	\$6.415	\$9.340	\$9.120	\$4.642	\$0.748	(\$0.757)	(\$0.120)	(\$0.365)	(\$0.635)	(\$0.997)	(\$0.362)
Dawn, Ontario	\$0.240	\$0.330	\$0.315	\$0.390	\$0.430	\$0.085	(\$0.020)	(\$0.020)	(\$0.050)	(\$0.114)	(\$0.120)	(\$0.147)
Iroquois, receipts	\$0.524	\$2.088	\$5.688	\$5.384	\$1.362	(\$0.285)	(\$0.625)	(\$0.545)	(\$0.605)	(\$0.606)	(\$0.700)	(\$0.592)

**Redacted**  
Division 1-2

Request:

Re: Witness Arangio's Direct Testimony at page 9, lines 12 through 16, for the Dawn firm capacity, please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued July 22, 2015;
- b. A list of the companies that submitted bids in response to the RFP.
- c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2014;
- d. The basis for the Company's selection of the winning bidder.

Response:

- a. Please see Attachment DIV 1-2(a) for the RFP issued on July 22, 2015.
- b. Bids were submitted to the Company by [REDACTED]
- c. The Company is currently in the process of finalizing the Asset Management and Gas Supply Agreement. Once, finalized the Company will submit to the PUC.
- d. The Company expects to receive [REDACTED] over the term of the AMA Agreement. Please see Attachment DIV 1-2(d) for the analysis in support of selecting Repsol North America as the winning bidder.



**Request for Proposals (“RFP”) for  
Asset Management Arrangement  
July 22, 2015**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for an Asset Management Arrangement (“AMA”) as more fully set forth below. The successful bidder (“Seller” or “Asset Manager”) shall have the right to optimize the assigned assets (“Assets”) subject to satisfying Buyer’s Gas Supply Requirements set forth below.

**I. Provisions:**

**Term:** November 1, 2015 through October 31, 2016.

**Delivery Period:** November 1, 2015 through and including March 31, 2016.

**Assignment of Assets:** The Assets to be assigned are set forth below. The Assets shall be assigned by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets (except any potential loss of discount related to activities of Seller). Notwithstanding the forgoing, Seller shall initially pay the demand charges and Buyer shall reimburse Seller for 100% of the demand charges related to the Assets; reimbursement for such charges shall be paid to Seller in U.S. dollars and based on Bank of Canada’s Monthly Average of Exchanges Rates for the month of delivery. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the assignment of the Assets from Buyer to Seller. All assignments shall be subject to recall in the event that the Seller fails to meet its gas supply obligation to Buyer.

**Assigned Assets:** During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited (“Union Gas”)  
TransCanada Pipelines Limited (“TransCanada”)

Please see table below for contract details.

Pipeline	Contract	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	M12164	1,025	1,081	Dawn	Parkway
TransCanada	42386	1,012	1,068	Parkway	Waddington

**Delivery Point:**

The interconnection between the facilities of TransCanada and Iroquois Gas Transmission System at Waddington, N.Y.

**Gas Supply Requirements:**

Firm base-load supplies - Each day during the period from December 1, 2015 through and including February 29, 2016, Seller shall deliver, at the Delivery Point, a firm base-load quantity up to 1,012 dt at the Delivery Point; at the beginning of the Month of the Term, such quantity may be adjusted based upon the deliverability of the Assets.

Daily Call – During the Months of November 2015 and March 2016, Buyer shall have the right to call on a quantity of Gas at the Delivery Point up to the MDQ delivered by the assets.

**Nominations:**

Buyer shall make all nominations for delivery of Gas hereunder prior to 9:00 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday).

Subject to satisfaction of the Gas Supply Requirements, Asset Manager shall have the right to optimize the assigned capacity for its own account. Seller shall communicate to Buyer any changes to firm base-load supplies no later than 11:30 AM prevailing East Standard Time on the Day prior to the Day of Gas flow. Acceptance of changes to firm base-load supplies communicated by Seller of Buyer after 11:30 AM prevailing East Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

**Price:**

Proposed pricing for the base-load quantities shall be based on Inside FERC's Gas Market Report first of month index for Dawn, Ontario. Proposed pricing for Daily Call quantities shall be based on the Gas Daily Daily Midpoint Index for Dawn, Ontario.

NOTE: Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

**Asset Management Fee:**

Subject to satisfying the Gas Supply Requirements associated with the AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In exchange for such right, Seller shall pay Buyer an Asset Management Fee. **As part of their Proposal, Bidders should specify the total proposed Asset Management Fee to be paid to Buyer for the Term.**

**Form of Agreement:**

Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Contract or ISDA Gas Annex. Included with this RFP is the form of Transaction Confirmation that National Grid proposes for execution. **As part of their Proposal, Bidders must clearly identify any required Special Conditions or exceptions to the Transaction Confirmation including, but not limited to, language related to FERC, the CFTC and any other applicable regulatory body.**

**Import/Export Reporting:**

Any import/export reporting requirements applicable to the quantities of natural gas delivered to Buyer hereunder, whether of the National Energy Board, the U.S. Department of Energy Office of Fossil Energy, the U.S. Customs Service or any other regulatory body having jurisdiction over the volumes, are the responsibility of Asset Manager.

**Submission of Proposals:**

Proposals must be submitted by the date specified in the Schedule below. Proposals must include: **(a) Seller's proposed Asset Management Payment or Price for the AMA Package, (b) any proposed exceptions to the Transaction Confirmation and (c) whether Seller shall require receipt of any additional internal approvals prior to accepting an award pursuant to this RFP.**

**II. Instructions to Bidders:**

Proposals must be submitted by the date specified in the Schedule below via email to the following email address:

[GasRFP@nationalgrid.com](mailto:GasRFP@nationalgrid.com).

Any questions in connection with this RFP should be sent via email to the email address provided above.

### **III. Schedule (all times are Eastern Standard Time):**

- |               |   |
|---------------|---|
| July 27, 2015 | All questions must be submitted in writing by 12 noon.  |
| July 28, 2015 | National Grid will respond to Bidders' questions in writing by 5:00 PM.   |
| July 29, 2015 | Proposals must be received by National Grid by 1:00 PM.   |
| July 31, 2015 | National Grid will endeavor to select Proposal and parties will confirm deal in writing by 12 noon. Such confirmation will reflect agreement of parties to execute the Transaction Confirmation attached hereto along with any exceptions that were proposed by Bidder and accepted by Buyer. |

### **IV. Credit Requirements:**

Buyer's supplemental credit requirements are set forth in the attached form of Transaction Confirmation.

### **V. Form of Agreement:**

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Contract or ISDA Gas Annex. Please be advised that if the Winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the CSA.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

### **VI. Compliance with National Grid's Supplier Code of Conduct:**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to

improve the environment. In furtherance of this goal, National Grid has developed a “Supplier Code of Conduct” which describes our company’s values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”. This section explains National Grid’s expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

**John Allocca**  
**Director of FERC Compliance and Contracting**  
**Telephone: 516-545-3108**

**Liz Arangio**  
**Director of Gas Supply Planning**  
**Telephone: 781-907-1639**

**Nancy Culliford**  
**Manager of Gas Supply Planning New England**  
**Telephone: 781-907-1638**

**Samara Jaffe**  
**Program Manager of FERC Compliance and Contracting**  
**Telephone: 516-545-5408**

**Janet Prag**  
**Senior Contract Specialist of FERC Compliance and Contracting**  
**Telephone: 516-545-5463**



in a form reasonable acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

#### **B. Gas Service and Capacity Assignment**

1. **Assignment of Assets:** During the Term, Buyer will assign, on a pre-arranged, non-biddable basis, the Assets to Seller. Seller shall initially pay the demand charges to TransCanada and Union and Buyer shall reimburse Seller for such charges. Buyer shall reimburse Seller for demand charges in U.S. dollars using the Bank of Canada's monthly Average of Exchange Rates for the production month.
2. **Gas Supply Requirements:**
  - i. **Firm Base-load Supplies:** Each Day during the period from December 1, 2015 through and including February 29, 2016, Seller shall deliver and sell, and Buyer shall receive and purchase Firm Base-load supplies of 1,012 dt/Day; such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.
  - ii. **Daily Call:** During the Months of November 2015 and March 2016, Buyer shall have the right to call on a quantity of Gas at the Delivery Point up to the MDQ delivered by the assets.

Subject to the delivery obligations herein, Seller shall have the right to optimize the assigned capacity for its own account. Seller shall communicate to Buyer any changes to Firm Base-load supplies no later than 11:30 a.m. prevailing Eastern Standard Time on the Day prior to the Day of Gas flow. Acceptance of changes to Firm Base-load supplies communicated by Seller of Buyer after 11:30 a.m. prevailing Eastern Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

3. **Termination Right:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

#### **C. Nominations**

Buyer shall make all nominations for all delivery of Gas hereunder prior to 9:30 a.m. prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday).

Subject to Gas Supply Requirements, Seller shall have the right to optimize the assigned capacity for its own account. Asset Manager shall communicate to Buyer any changes to supply contracts no later than 11:30 a.m. prevailing Eastern Standard Time on the Day prior to the Day of Gas flow. Acceptance of changes to supply contracts communicated by Seller of Buyer after 11:30 a.m. prevailing Eastern Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

#### **D. Price**

- i. **Firm Base-load Supplies:** For gas purchased pursuant to 2(i), the price shall be equal to *Inside FERC's Price Index* for Dawn, Ontario plus fuel to transport such quantity from Dawn to the Delivery Point using the Assets.
- ii. **Daily Call:** For gas purchased pursuant to 2(ii), the price shall be equal to *Platts Gas Daily Price Survey* Dawn, Ontario Index plus fuel to transport such quantity from Dawn to the Delivery Point using the Assets.

#### **E. Asset Management Fee**

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of \$\_\_\_\_\_ per Month.

#### **F. Credit Provisions**

**Independent Amount.** In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided, however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

**Collateral Requirement.** The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of

drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

**F. Import/Export Reporting**

Any import/export reporting requirements applicable to the quantities of natural gas delivered to Buyer hereunder, whether of the National Energy Board, the U.S. Department of Energy Office of Fossil Energy, the U.S. Customs Service, or any other regulatory body having jurisdiction over the volumes, are the responsibility of Asset Manager.

**G. Changes in Law**

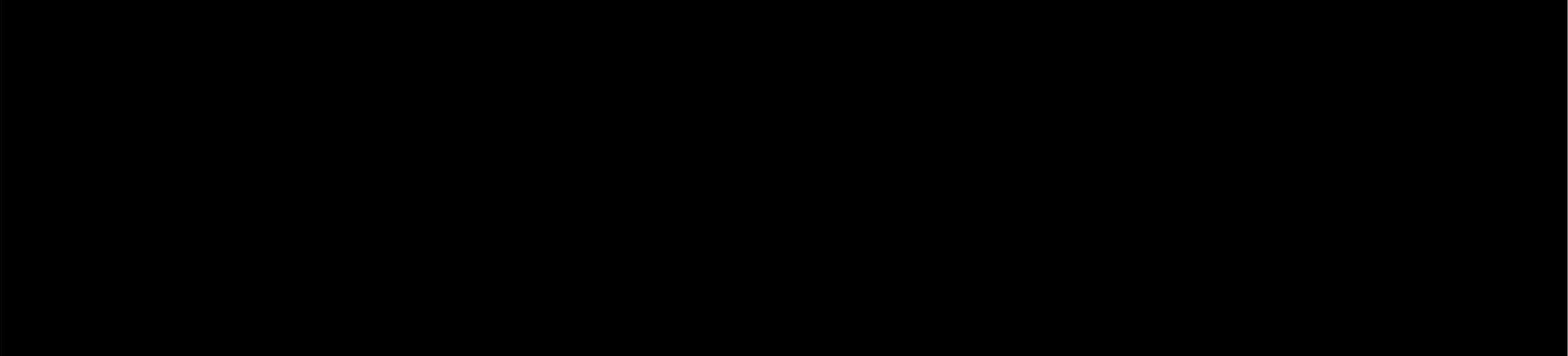
If the FERC, CFTC, or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Transaction Confirmation or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

<p>Seller:</p> <p>By: _____</p> <p>Name:</p> <p>Title:</p> <p>Date:</p>	<p>Buyer: The Narragansett Electric Company d/b/a National Grid</p> <p>By: _____</p> <p>Name: John V. Vaughn</p> <p>Title: Authorized Signatory</p> <p>Date:</p>
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**RFP Details:**

<u>Pipeline</u>	<u>Contract</u>	<u>National Grid Entity</u>	<u>Receipt Point</u>	<u>Delivery Point</u>	<u>Quantity (dt/day)</u>	<u>Quantity (qi/day)</u>
Union	M12164	Narragansett	Dawn	Parkway	1,025	1,081
TransCanada	42386	Narragansett	Parkway	Waddington	1,012	1,068

This RFP was for an AMA arrangement with supply Nov - Mar.  
The term of the deal is November 1, 2015 - October 31, 2016.  
The above assets will be release for the term to the winning bidder.  
Baseload supply will be December 2015 - February 2016 (1,012 dths/day)  
Daily Call during November 2015 and March 2016 (1,012 dths/day)  
Volumes will be delivered at Iroquois/TransCanada interconnect at Waddington, NY.  
Successful bidder will also be the supplier.

	<u>Bids:</u>	<u>AMA Fee</u>	<u>Supply</u>	<u>Total Cost at 100% LF Including AMA Fee</u>	<u>Total Cost at BL Only Including AMA Fee</u> [Note 1]
1					
2					
3					
4					
5					
6					

Note 1: Total cost is based on previous winter prices.

**Redacted**  
Division 1-3

Request:

Re: Witness Arangio's Direct Testimony at page 10, lines 7 through 13, for the East-to-West capacity, please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued August 14, 2015;
- b. A list of the companies that submitted bids in response to the RFP.
- c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2015;
- d. The basis for the Company's selection of Shell Energy North America as the winning bidder.

Response:

- a. Please see Attachment DIV 1-3(a) for the RFP issued on August 14, 2015.
- b. Bids were submitted to the Company by [REDACTED].
- c. The Company is currently in the process of finalizing the Asset Management and Gas Supply Agreement. Once finalized, the Company will submit to the PUC.
- d. The Company expects to receive [REDACTED] over the term of the AMA Agreement. Please see Attachment DIV 1-3(d) for the analysis in support of selecting Shell Energy North America U.S., L.P as the winning bidder.



**Request for Proposals (“RFP”) for  
The Narragansett Electric Company d/b/a National Grid  
For Asset Management Arrangement  
August 14, 2015**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for an Asset Management Arrangement (“AMA”) as more fully set forth below. The successful bidder (“Seller”) shall have the right to optimize the released assets (“Assets”) subject to satisfying Buyer’s Gas Supply Requirements.

**I. Provisions**

**Term:** November 1, 2015 through and including October 31, 2016.

**Release of Assets:** During the Term, Buyer shall release, at no cost to Seller, 10,000 dt/Day of its Firm Transportation Contract No. 510511-R1 with Algonquin Gas Transmission, LLC (“Algonquin”), having a maximum delivered quantity (“MDQ”) of 10,0000 dt/Day, primary receipts at Meter # 00215 Salem, Massachusetts and Primary Delivery Points as follows:

Primary Delivery Point	Maximum MDQ (MMBtu/day)
Meter # 00012 Warren, RI	2,000
Meter # 00013 Portsmouth, RI	6,000
Meter # 00033 Tiverton, RI	500
Meter # 00059 Montville, CT	1,500

Assets shall be released by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets (except any potential loss of discount related to activities of Seller). Seller shall be responsible for all variable costs in connection with the Assets during the Term. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the release of the Assets from Buyer to Seller. The parties intend that any transaction entered into pursuant to this RFP shall be structured as an Asset Management Agreement pursuant to FERC Order 712 and any other applicable rules or regulations. All releases shall be subject to recall in the event that the Seller fails to meet its Gas supply obligation to Buyer.

**Delivery Point(s):** Primary Delivery Points of interconnection between Buyer’s facilities and the facilities of Algonquin as set forth in the attached Algonquin Firm

Transportation Contract No. 510511-R1 or secondary delivery points of interconnection between Buyer’s facilities and the facilities of Algonquin as mutually agreed to by Buyer and Seller.

**Gas Supply Requirements:**

Seller shall be obligated to deliver and sell Gas to Buyer at the Delivery Points in the quantities and during the periods specified below. Such Gas supply obligation shall consist of a Base-Load Supply and a Daily Call.

Base-Load Supply – Each Day during the period from December 1, 2015 through and including February 29, 2016, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

Daily Call – Each Day during the Term Seller shall sell and Deliver and Buyer shall purchase and receive the quantity of Gas requested by Buyer up to the Maximum Daily Quantity and subject to the Maximum Monthly Quantity set forth in the table below.

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2015		10,000	200,000
December 2015	3,000	7,000	177,000
January 2016	3,000	7,000	226,000
February 2016	3,000	7,000	226,000
March 2016		10,000	200,000
April 2016		10,000	200,000
May 2016		0	0
June 2016		0	0
July 2016		0	0
August 2016		0	0
September 2016		0	0
October 2016		10,000	200,000

**Additional Call:**

In addition to the Gas Supply Requirements specified above, on any Day during the period from June 1, 2016 through and including October 31, 2016, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt at the Delivery Point(s). Seller’s delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Gas Supply Requirements provision above shall not be cumulative (*i.e.*, Buyer’s right to request Gas pursuant to the Gas Supply Requirements provision shall be reduced by quantities requested pursuant to the

Additional Call provision on any Day and only after Buyer has exhausted its rights under the Baseload and Daily Call options).

**Price:**

The price paid for Gas hereunder shall be:

Base-Load Supply Price - For the Base-Load Supply, the price shall be the First of Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Algonquin City Gates.

Daily Call Price - For Gas delivered pursuant to the Daily Call option, the price will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates, for the applicable Day.

Additional Call Price - For Gas delivered pursuant to Additional Call option, the price shall be the greater of (a) *Platts Gas Daily* -Daily Price Survey (\$MMBtu) Midpoint index for Algonquin, City Gates plus \$0.20 per dt or (b) the Base-Load Price set forth above.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

**Nominations:**

Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. A Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday). National Grid, upon its discretion, may arrange for the awarded bidder's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased.

On any Day where Buyer requests Seller to deliver Gas to Montville, CT Meter # 00059 and unless otherwise agreed to, Seller shall utilize the capacity released pursuant to an AMA executed as a result of this RFP for such deliveries requested by Buyer at Montville, CT; any request to utilize alternative capacity to deliver Gas purchased at Montville, CT must be communicated by Seller to Buyer no later than 11:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Acceptance of changes after 11:30 a.m. prevailing Eastern Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

**Asset Management**

**Fee:** Subject to satisfying the Gas Supply Requirements associated with the AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In exchange for such right, Seller shall pay Buyer an Asset Management Fee.

**Form of Agreement:** Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Included with this RFP is the form of Transaction Confirmation that National Grid proposes for execution. **As part of their Proposal, Bidders must clearly identify any required Special Conditions or exceptions to the attached Transaction Confirmation including, but not limited to, language related to FERC, the CFTC and any other applicable regulatory body.**

**Submission of Proposals:** Proposals must be submitted by the date specified in the Schedule below. Proposals must include: **(a) Seller's proposed Asset Management Payment or Price for the AMA Package, (b) any proposed exceptions to the Transaction Confirmation and (c) whether Seller shall require receipt of any additional internal approvals prior to accepting an award pursuant to this RFP.**

## **II. Instructions to Bidders**

Proposals must be submitted by the date specified in the Schedule below via email to the following email address:

[GasRFP@nationalgrid.com](mailto:GasRFP@nationalgrid.com).

Any questions in connection with this RFP should be sent via email to the email address listed above.

## **III. Schedule (all times are Eastern Standard Time)**

August 17, 2015	All questions should be submitted via email on or before 2:00 PM
August 18, 2015	National Grid will respond to Bidders' questions in writing by 5:00 PM. <i>All questions and responses will be distributed to all potential bidders.</i>
August 19, 2015	Proposals must be received by National Grid by 5:00 PM. <b>All proposals shall expressly provide that they will remain binding and in effect, without modification, until 4:00 PM on August 21, 2015.</b>

August 21, 2015      Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 4:00 PM.

#### **IV. Miscellaneous**

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the Credit Support Annex.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression of communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. The winning bid(s), if any, will be selected based on the proposal(s) that yield(s) the least cost, consistent with concerns for reliability of service and other business factors applied by National Grid in its sole discretion. Potential Sellers shall be subject to satisfactory credit review by National Grid.

#### **V. Compliance with National Grid's Supplier Code of Conduct**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed a "Supplier Code of Conduct" which describes our company's values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - "Protecting the Environment". This section explains National Grid's expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

**John Allocca**  
**Director of FERC Compliance and Contracting**  
**Telephone: 516-545-3108**

**Liz Arangio**  
**Director of Gas Supply Planning**  
**Telephone: 781-907-1639**

**Nancy Culliford**  
**Manager of Gas Supply Planning New England**  
**Telephone: 781-907-1638**

**Samara Jaffe**  
**Program Manager of FERC Compliance & Contracting**  
**Telephone: 516-545-5408**

**Janet Prag**  
**Senior Contract Specialist**  
**Telephone: 516-545-5463**



**Asset Management Arrangement (“AMA”)  
Transaction Confirmation  
The Narragansett Electric Company d/b/a National Grid**

**TRANSACTION CONFIRMATION**

	Date: _____ Transaction Confirmation #: _____
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _____. This Transaction Confirmation will not become binding until executed by both parties.	
<b>SELLER:</b> _____ Attn: _____	<b>BUYER:</b> The Narragansett Electric Company 100 East Old County Road



Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

**3 Daily Call:** On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2015		10,000	200,000
December 2015	3,000	7,000	177,000
January 2016	3,000	7,000	226,000
February 2016	3,000	7,000	226,000
March 2016		10,000	200,000
April 2016		10,000	200,000
May 2016		0	0
June 2016		0	0
July 2016		0	0
August 2016		0	0
September 2016		0	0
October 2016		10,000	200,000

- 4 Additional Call:** In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2016 through and including October 31, 2016, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (*i.e.*, Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day and only after Buyer has exhausted its rights under the Baseload and Daily Call options).
- 5 Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

**C. Price**

- 1. Base-Load Price:** The price for and Base-Load supplies purchased on any Day pursuant to B.2. above shall be the First of Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Algonquin, City Gates.
- 2. Daily Call Price:** The price for any Daily Call supplies purchased on any Day pursuant to B.3. above shall be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.
- 3. Additional Call Price:** The price for any Additional Call supplies purchased on any Day pursuant to B.4. above shall be the greater of (a) *Platts Gas Daily* - Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates plus \$0.20 per dt or (b) the Base-Load Price set forth above.

**D. Nominations**

Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday.) Buyer, upon its discretion, may arrange for Seller's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased under this Transaction

Confirmation.

On any Day where Buyer requests Seller to deliver Gas to Montville, CT Meter # 00059 and unless otherwise agreed to, Seller shall utilize the capacity released pursuant to this AMA for such deliveries requested by Buyer at Montville, CT; any request to utilize alternative capacity to deliver Gas purchased at Montville, CT must be communicated to Buyer no later than 11:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Acceptance of changes after 11:30 a.m. prevailing Eastern Standard Time on the Day prior to the Day of Gas flow shall be at Buyer's discretion.

**E. Asset Management Fee**

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the released capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of \$\_\_\_\_\_ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

**F. Credit Provisions**

**Independent Amount.** In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

**Collateral Requirement.** The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred and is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "Collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
- (iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

**G. Asset Management Arrangement**

The Parties agree that the transactions hereunder constitute an Asset Management Arrangement, as defined by FERC in Order No. 712 (as modified and clarified) and in accordance with FERC's rules and regulations, and that Seller is acting as Asset Manager as defined in 18 CFR 284.8(h)(3).

**H. Changes in Law**

If the FERC, CFTC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) Days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller:

Buyer: The Narragansett Electric Company d/b/a National Grid

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Title: Date:	Name: John V. Vaughn Title: Authorized Signatory Date:
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**Rhode Island Hubline - East to West AMA**

**RFP Details:**

Term: November 2015 - October 2016

Delivery Point: Primary Delivery Points on Contract No. 510511

MDQ: 10,000 dt per day, plus the fuel required by AGT to deliver 10,000 dt to our citygate

Base-Load: 3,000 dt per day, plus the fuel required by AGT to deliver 3,000 dt to our citygate

MSQ: Shown in chart below

Price:

Base-Load (Dec-Feb): [REDACTED]

Nominations:

Primary Delivery Point	MDQ
Meter # 00012 Warren, RI	2,000
Meter # 00013 Portsmouth, RI	6,000
Meter # 00033 Tiverton, RI	500
Meter # 00059 Montville, CT	1,500



MDQ: 10,000 10,000 10,000 10,000 10,000

MSQ: [REDACTED]

AMA Fee: [REDACTED]

12-Month Payment: [REDACTED]

Commodity: [REDACTED]

Ratable: [REDACTED]

Notification time: [REDACTED]

Must take all volumes: [REDACTED]

Delivery Point: Primary Points Primary Points Primary Points Primary Points Primary Points

Notes: [REDACTED]

Base-Load (Dec-Feb)



MDQ: 3,000 3,000 3,000 3,000 3,000

Commodity: [REDACTED]

Delivery Point: Primary Points Primary Points Primary Points Primary Points Primary Points

Notes: [REDACTED]

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
Nov-2015	0	10,000	200,000
Dec-2015	3,000	7,000	177,000
Jan-2016	3,000	7,000	226,000
Feb-2016	3,000	7,000	226,000
Mar-2016	0	10,000	200,000
Apr-2016	0	10,000	200,000
May-2016	0	0	0
Jun-2016	0	0	0
Jul-2016	0	0	0
Aug-2016	0	0	0
Sep-2016	0	0	0
Oct-2016	0	10,000	200,000

**Redacted**  
Division 1-4

Request:

Re: Witness Arangio's Direct Testimony at page 12, lines 3 through 12, for the Algonquin HubLine path, please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued August 14, 2015;
- b. A list of the companies that submitted bids in response to the RFP
- c. The basis for the Company's selection of the winning bidder.
- d. The basis for the Company's selection of Emera Energy as the winning bidder.

Response:

- a. Please see Attachment DIV 1-4(a) for the RFP issued on August 14, 2015.
- b. Bids were submitted to the Company by [REDACTED].
- c. The Company evaluates both price and non-price factors for each bid received. In addition, the Company will consider the flexibility, diversity, and reliability and contract term to determine the least-cost, most reliable option to meet the Company's resource need.
- d. Please see Attachment DIV 1-4(d) for the analysis in support of selecting Emera Energy as the winning bidder. Because Attachment DIV 1-4(d) contains confidential information, the Company is providing a redacted version of Attachment DIV 1-4(d) for the public version.



**National Grid  
Request for Proposals (“RFP”) for  
Peaking Gas Service  
August 14, 2015**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for Peaking Gas Service. The winning bidder(s) (“Seller(s)”) shall deliver the required gas supply to National Grid at the Delivery Point.

**I. Gas Supply Requirements**

**Package #1**

**Term:** December 1, 2015 through March 31, 2016.

**Delivery Point:** The “Delivery Point” shall be the interconnection between Maritimes US and Algonquin Gas Transmission, Meter #00215, located in Salem, Massachusetts (Essex County).

**Quantity:** The maximum daily quantity shall be up to 8,000 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 200,000 dt, plus the quantity of fuel required by Algonquin Gas Transmission to transport 8,000 dt from the Delivery Point to National Grid’s interconnection(s) with Algonquin Gas Transmission. Each Day during the Term, Seller shall deliver, at the Delivery Point, the quantity of gas requested by Buyer up to the MDQ provided, however, that Seller’s delivery obligation shall be limited to the MSQ during the Term.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:** **Commodity Charge:**  
Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:  
To be proposed by Seller.

**Nominations:**

Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday).

**Package #2**

**Term:**

December 1, 2015 through March 31, 2016.

**Delivery Point:**

The "Delivery Point" shall be the point(s) of interconnection between Buyer's Rhode Island facilities and Algonquin Gas Transmission, as mutually agreed to by Buyer and Seller.

**Quantity:**

The maximum daily quantity shall be up to 5,200 dt/day ("MDQ") and the maximum seasonal quantity ("MSQ") shall be 168,000 dt.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:**

Commodity Charge:  
Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:  
To be proposed by Seller

**Nominations:**

Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*,

nominated ratably on Business Day prior to the Holiday). National Grid, upon its discretion, may arrange for the awarded bidder's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased.

## II. Instructions to Bidders

Any questions in connection with this RFP should be sent via email to the following email address:

[GasRFP@nationalgrid.com](mailto:GasRFP@nationalgrid.com)

All proposals in connection with this RFP should also be sent via email to the email address listed above. Proposals must be submitted by the date specified in the Schedule below. Proposals must include: **(a) Seller's proposed Price for Package 1 & 2, (b) any specialized language Seller requires in the Transaction Confirmation pertaining to the FERC or to the CFTC, and (c) whether Seller shall require receipt of any additional internal approvals prior to accepting an award pursuant to this RFP.**

## III. Schedule (all times are Eastern Standard Time)

- |                 |   |
|-----------------|---|
| August 17, 2015 | All questions should be submitted via email on or before 2:00 PM  |
| August 18, 2015 | National Grid will respond to Bidders' questions in writing by 5:00 PM. <i>All questions and responses will be distributed to all potential bidders.</i>  |
| August 19, 2015 | Proposals must be received by National Grid by 5:00 PM. <b>All proposals shall expressly provide that they will remain binding and in effect, without modification, until 4:00 PM on August 21, 2015.</b> |
| August 21, 2015 | Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 4:00 PM.   |

## IV. Miscellaneous

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the Credit Support Annex.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression of communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. The winning bid(s), if any, will be selected based on the proposal(s) that yield(s) the least cost, consistent with concerns for reliability of service and other business factors applied by National Grid in its sole discretion. Potential Sellers shall be subject to satisfactory credit review by National Grid.

## **V. Compliance with National Grid’s Supplier Code of Conduct**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed a “Supplier Code of Conduct” which describes our company’s values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”. This section explains National Grid’s expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

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**Liz Arangio**  
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**Nancy Culliford**  
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**Janet Prag**  
**Senior Contract Specialist**  
**Telephone: 516-545-5463**

**Rhode Island Peaking Supply at Salem**

**RFP Details:**

Term: December 2015 - March 2016

Delivery Point: AGT Meter #00215 located in Salem, MA

- SUPPLY NEEDS TO BE DELIVERED TO SALEM SO WE CAN DELIVER FIRM GAS TO MONTVILLE (3,500 dths)

MDQ: 8,000 dt per day, plus the fuel required by AGT to deliver 8,000 dt to our citygate

MSQ: 200,000 dt

Price: Algonquin City Gate Gas Daily

Nominations: Must be done by 9:30 am and must be ratable

MDQ:	8,000	8,000
MSQ:	200,000	200,000
Commodity:		
Total Demand (Dec - Feb):	[REDACTED]	
Demand price per dth:	[REDACTED]	
Ratable:	[REDACTED]	
Notification time:	[REDACTED]	
Delivery Point:	Salem	Salem
Notes:	[REDACTED]	
NOTES:	[REDACTED]	

**Redacted**  
Division 1-5

Request:

Re: Witness Arangio's Direct Testimony at page 13, lines 1 through 4, for the Dracut Tennessee path, please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued August 14, 2015;
- b. A list of the companies that submitted bids in response to the RFP.
- c. The basis for the Company's selection of BP Energy as the winning bidder.

Response:

- a. Please see Attachment DIV 1-5(a) for the RFP issued on August 14, 2015.
- b. Bids were submitted to the Company by [REDACTED].
- c. Please see Attachment DIV 1-5(c) for the analysis in support of selecting BP Canada Energy Group ULC as the winning bidder.



**National Grid  
Request for Proposals (“RFP”) for  
Gas Peaking Service Supply  
August 14, 2015**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for Gas Peaking Service and optional Base-Load Supply. The winning bidder(s) (“Seller(s)”) shall deliver the required gas supply to National Grid at the Delivery Point.

**I. Gas Supply Requirements**

**Package #1**

**Term:**

December 1, 2015 through March 31, 2016.

**Delivery Point:**

The Delivery Point shall be the interconnection between Tennessee Gas Pipeline and Maritimes & Northeast Pipeline, LLC, DART Meter No. 412538, located in Dracut, Massachusetts.

**Quantity:**

Daily Call: The maximum daily quantity shall be up to 15,000 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 900,000 dt, plus the quantity of fuel required by Tennessee Gas Pipeline to transport 15,000 dt from the Delivery Point to National Grid’s interconnection(s) with Tennessee Gas Pipeline. Each Day during the Term, Seller shall deliver, at the Delivery Point, the quantity of gas requested by Buyer up to the MDQ provided, however, that Seller’s delivery obligation shall be limited to the MSQ during the Term.

Optional Base-Load Supply: Each Month during the Term, Buyer shall have a first of month base-load supply option for a portion of the MDQ up to 3,000 dt/day, plus the quantity of fuel required by Tennessee Gas Pipeline to transport 3,000 dt from the Delivery Point to National Grid’s interconnection(s) with Tennessee Gas Pipeline. Buyer’s exercise of this provision shall reduce Seller’s Daily Call obligation by the volume purchased under this provision.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:**

Commodity Charge:

Daily Call: Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Tennessee Zone 6 delivered for the applicable Day.

Optional Base-Load Supply: Proposed pricing for the Optional Base-Load Supply quantities will be the First of Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Tennessee, Zone 6 delivered.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:

To be proposed by Seller.

**Nominations:**

Daily Call: Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday).

Optional Base-Load Supply: To elect such option for any Month, Buyer shall notify Seller no later than 9:30 AM, five business days prior to the beginning of such Month.

**Package #2**

**Term:**

December 1, 2015 through March 31, 2016.

**Delivery Point:**

The “Delivery Point” shall be the point(s) of interconnection between Buyer’s Rhode Island facilities and Tennessee Gas Pipeline, as mutually agreed to by Buyer and Seller.

**Quantity:**

The maximum daily quantity shall be up to 7,800 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 252,000 dt.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:**

Commodity Charge:

Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Tennessee Zone 6 delivered for the applicable Day.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:

To be proposed by Seller.

**Nominations:**

Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday). National Grid, upon its discretion, may arrange for the awarded bidder’s access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased.

**II. Instructions to Bidders**

Any questions in connection with this RFP should be sent via email to the following email address:

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All proposals in connection with this RFP should also be sent by email to the email address listed above. Proposals must be submitted by the date specified in the Schedule below. Proposals must include: **(a) Seller’s proposed Price for Package 1&2, (b) any specialized language**

**Seller requires in the Transaction Confirmation pertaining to the FERC or to the CFTC, and (c) whether Seller shall require receipt of any additional internal approvals prior to accepting an award pursuant to this RFP.**

### **III. Schedule (all times are Eastern Standard Time)**

- August 17, 2015 All questions should be submitted via email on or before 2:00 PM
- August 18, 2015 National Grid will respond to Bidders' questions in writing by 5:00 PM. *All questions and responses will be distributed to all potential bidders.*
- August 19, 2015 Proposals must be received by National Grid by 5:00 PM. **All proposals shall expressly provide that they will remain binding and in effect, without modification, until 4:00 PM on August 21, 2015.**
- August 21, 2015 Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 4:00 PM.

### **IV. Miscellaneous**

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the Credit Support Annex.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression of communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. The winning bid(s), if any, will be selected based on the proposal(s) that yield(s) the least cost, consistent with concerns for reliability of service and other business factors applied by National Grid in its sole discretion. Potential Sellers shall be subject to satisfactory credit review by National Grid.

### **V. Compliance with National Grid's Supplier Code of Conduct**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future

activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed a “Supplier Code of Conduct” which describes our company’s values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”. This section explains National Grid’s expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

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**Rhode Island Peaking Supply at Dracut**

**RFP Details:**

Term: December 2015 - March 2016

Delivery Point: TGP Meter #412538 located in Dracut, MA

MDQ: 15,000 dt per day, plus the fuel required by TGP to deliver 15,000 dt to our citygate

Optional Base-Load: 3,000 dt per day, plus the fuel required by TGP to deliver 3,000 dt to our citygate

MSQ: 900,000 dt

Price: Tennessee Zone 6 delivered Gas Daily

Optional Base-Load: IFERC TGP Z6 delivered

Nominations: Must be done by 9:30 am and must be ratable

MDQ:	15,000	15,000	15,000
MSQ:	900,000	900,000	900,000
Commodity:	[REDACTED]		
Total Demand (Dec - Mar):	[REDACTED]		
Demand price per dth:	[REDACTED]		
Ratable:	YES	YES	YES
Notification time:	[REDACTED]		
Must take all volumes:	NO	NO	NO
Delivery Point:	[REDACTED]		
Notes:	[REDACTED]		
<b><u>Optional Base-Load</u></b>			
MDQ:	Up to 3,000 per day	Up to 3,000 per day	Up to 3,000 per day
Commodity:	[REDACTED]		
Notification time:	[REDACTED]		
Delivery Point:	[REDACTED]		
Notes:	[REDACTED]		

Division 1-6

Request:

Re: Witness Arangio's Direct Testimony at page 13, lines 17 through 19, for the Dracut Tennessee path, please provide the data, analyses, workpapers, and assumptions upon which the Company relied to assess that it required "additional resources ... over and above the available assets in the Company's portfolio" for the 2015/16 winter season. Please include in this response the forecasted service requirements upon which this determination was made, explain the origins of that forecast, and identify all significant differences between that forecast and the forecast used for the prior winter.

Response:

In the preparation of the gas supply planning requirements for the planning year 2015/16 and beyond, the Company utilized the SENDOUT Model® incorporating the following key inputs and assumptions:

- 2015/2016 design year and design day customer requirements forecast (includes sales customer load, capacity eligible FT-1 pipeline load and FT-2 pipeline, storage and peaking load);
- Forward curves from July 31, 2015;
- 2015/2016 assumes 700,000 MMBtu off peak season LNG refill;
- 2015/2016 assumes 125,000 MMBtu peak season LNG refill; and
- Design year/design day weather.

The results of the model indicated that the Company required an incremental resource in the amount of approximately 420,000 MMBtu in order to meet peak season sendout requirements. Please see the Company's response to Division 1-7 and Division 1-8 for Tennessee and Algonquin citygate supplies procured for the 2015/16 peak season.

Attachment DIV 1-6 shows the Company's monthly forecasted design year wholesale citygate requirements for the current forecast (prepared in 2015Q2) and a comparison to the same forecast prepared in 2014Q2. Each forecast begins with the historical just-ended heating season and shows four forecasted years. Attachment DIV 1-6 shows that the Company had forecasted a design total throughput for 2014/15 of 44.663 MMDth in its 2014Q2 forecast but analysis of the winter of 2014/15 in its 2015Q2 analysis showed that it would have been a higher-than-forecast 46.689 MMDth. This increased trend is also seen in the Company's Sales and Customer Choice Planning Load as well as its Sales-only forecasts. The Company attributes this increase in load to economic recovery and higher use per customer driven by the combination of the severe 2014/15 winter weather and low natural gas prices.

The Narragansett Electric Company d/b/a National Grid  
Design Year Gas Supply Requirements Forecast

2015Q2 Forecast

Date	RI HDDd	RI Total Throughput (dth)						RI Sales and Customer Choice Planning Load (dth)						RI Sales (dth)					
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Nov	716	-	4,233,871	4,249,854	4,267,280	4,327,955	4,370,267	-	3,326,833	3,337,419	3,384,978	3,460,680	3,459,130	-	2,592,969	2,602,758	2,635,316	2,708,032	2,674,453
Dec	1,044	-	6,616,110	6,641,087	6,668,318	6,763,132	6,829,251	-	5,562,062	5,578,292	5,629,806	5,697,755	5,755,476	-	4,480,703	4,497,618	4,531,951	4,557,577	4,601,444
Jan	1,195	-	7,713,146	7,742,265	7,774,010	7,884,546	7,961,629	-	6,681,523	6,705,019	6,703,477	6,817,478	6,898,745	-	5,491,543	5,512,274	5,453,781	5,551,350	5,616,862
Feb	1,030	-	6,614,507	6,639,478	6,666,702	6,761,493	6,827,597	-	5,887,150	5,904,423	5,937,192	6,020,111	6,082,510	-	4,848,057	4,866,360	4,894,344	4,949,062	4,986,963
Mar	912	-	5,750,343	5,772,051	5,795,718	5,878,126	5,935,592	-	5,049,911	5,065,615	5,085,829	5,156,365	5,210,201	-	4,161,296	4,177,005	4,167,096	4,213,101	4,244,588
Apr	546	-	3,484,168	3,498,454	3,548,197	3,582,885	3,620,579	-	3,012,794	3,042,590	3,086,577	3,112,030	3,130,975	-	2,476,345	2,496,488	2,525,938	2,532,268	2,531,390
May	217	-	2,321,156	2,330,673	2,363,812	2,386,922	2,412,034	-	1,871,201	1,895,255	1,933,163	1,949,485	1,983,530	-	1,490,751	1,503,476	1,536,146	1,544,850	1,572,830
Jun	35	-	1,804,037	1,811,434	1,837,190	1,855,151	1,874,668	-	1,334,086	1,362,766	1,378,884	1,398,416	1,408,223	-	1,018,341	1,039,502	1,043,546	1,059,503	1,059,460
Jul	5	-	1,738,431	1,745,559	1,770,378	1,787,686	1,806,493	-	1,143,268	1,169,722	1,180,817	1,186,500	1,214,646	-	794,035	814,035	812,991	811,593	826,518
Aug	10	-	1,728,167	1,735,253	1,759,926	1,777,132	1,795,828	-	1,058,637	1,079,374	1,103,443	1,104,265	1,146,131	-	727,600	737,771	755,616	746,580	778,603
Sep	88	-	1,730,593	1,737,689	1,762,397	1,779,626	1,798,349	-	1,105,376	1,120,817	1,135,847	1,142,844	1,168,701	-	771,054	776,157	781,851	780,553	795,376
Oct	370	-	2,954,681	2,966,796	3,008,980	3,038,397	3,070,362	-	1,991,004	2,032,625	2,045,875	2,067,660	2,087,209	-	1,343,287	1,378,634	1,371,394	1,382,421	1,376,814
Total	6,168	-	46,689,208	46,870,593	47,222,907	47,823,051	48,302,650	-	38,023,843	38,293,919	38,605,888	39,113,590	39,545,478	-	30,195,981	30,402,079	30,509,971	30,836,891	31,065,301

2014Q2 Forecast

Date	RI HDDd	RI Total Throughput (dth)						RI Sales and Customer Choice Planning Load (dth)						RI Sales (dth)					
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Nov	716	3,899,689	3,954,398	3,967,853	3,996,875	4,054,855	-	3,129,681	3,173,064	3,179,086	3,219,095	3,294,954	-	2,451,320	2,485,709	2,472,738	2,507,196	2,582,969	-
Dec	1,044	6,291,767	6,380,035	6,401,744	6,448,567	6,542,113	-	5,352,441	5,426,039	5,438,510	5,499,505	5,590,987	-	4,340,999	4,401,900	4,380,569	4,431,963	4,507,578	-
Jan	1,195	7,406,115	7,510,016	7,535,570	7,590,686	7,700,800	-	6,476,940	6,565,748	6,599,061	6,637,346	6,754,105	-	5,353,985	5,429,097	5,444,810	5,441,144	5,549,358	-
Feb	1,030	6,331,146	6,419,966	6,441,811	6,488,927	6,583,059	-	5,482,258	5,557,324	5,585,368	5,640,400	5,729,318	-	4,582,727	4,647,018	4,652,866	4,707,508	4,778,691	-
Mar	912	5,416,527	5,492,516	5,511,205	5,551,515	5,632,048	-	4,628,463	4,692,448	4,734,750	4,768,443	4,843,370	-	3,825,636	3,879,306	3,920,986	3,937,613	3,996,032	-
Apr	546	3,214,459	3,225,396	3,248,987	3,296,119	3,313,253	-	2,749,800	2,750,944	2,781,713	2,828,610	2,840,199	-	2,273,697	2,272,757	2,298,029	2,335,981	2,338,872	-
May	217	2,128,136	2,135,378	2,150,996	2,182,199	2,193,543	-	1,772,243	1,751,957	1,772,490	1,808,908	1,821,500	-	1,433,901	1,395,939	1,411,714	1,446,128	1,456,361	-
Jun	35	1,734,968	1,740,872	1,753,605	1,779,043	1,788,291	-	1,302,714	1,301,916	1,323,439	1,340,975	1,358,977	-	1,018,267	1,010,016	1,030,105	1,039,151	1,057,869	-
Jul	5	1,690,099	1,695,850	1,708,253	1,733,034	1,742,043	-	1,115,373	1,129,397	1,149,714	1,164,158	1,172,442	-	802,813	814,681	832,399	838,292	842,614	-
Aug	10	1,683,017	1,688,743	1,701,095	1,725,772	1,734,743	-	1,104,383	1,108,143	1,121,030	1,147,166	1,150,889	-	777,761	774,282	781,674	804,217	801,398	-
Sep	88	1,670,552	1,676,236	1,688,496	1,712,990	1,721,895	-	1,113,867	1,135,195	1,143,673	1,163,752	1,173,658	-	779,051	799,768	801,877	814,981	821,366	-
Oct	370	2,735,093	2,744,399	2,764,472	2,804,575	2,819,154	-	1,997,418	2,006,525	2,042,081	2,066,661	2,086,419	-	1,423,951	1,423,338	1,456,814	1,465,091	1,482,411	-
Total	6,168	44,201,567	44,663,805	44,874,088	45,310,302	45,825,796	-	36,225,583	36,598,700	36,870,915	37,285,019	37,816,819	-	29,064,107	29,333,811	29,484,582	29,769,265	30,215,518	-

2015Q2 minus 2014Q2 Forecast

Date	RI HDDd	RI Total Throughput (dth)						RI Sales and Customer Choice (dth)						RI Sales (dth)					
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Nov	716	#N/A	279,473	282,001	270,405	273,099	#N/A	#N/A	153,769	158,333	165,883	165,726	#N/A	#N/A	107,260	130,020	128,120	125,063	#N/A
Dec	1,044	#N/A	236,076	239,344	219,751	221,019	#N/A	#N/A	136,023	139,782	130,301	106,767	#N/A	#N/A	78,803	117,050	99,988	49,999	#N/A
Jan	1,195	#N/A	203,130	206,695	183,324	183,746	#N/A	#N/A	115,775	105,959	66,131	63,374	#N/A	#N/A	62,446	67,464	12,637	1,993	#N/A
Feb	1,030	#N/A	194,541	197,667	177,775	178,435	#N/A	#N/A	329,825	319,056	296,793	290,792	#N/A	#N/A	201,039	213,494	186,836	170,372	#N/A
Mar	912	#N/A	257,827	260,846	244,204	246,078	#N/A	#N/A	357,463	330,865	317,386	312,996	#N/A	#N/A	281,990	256,019	229,483	217,069	#N/A
Apr	546	#N/A	258,771	249,466	252,078	269,633	#N/A	#N/A	261,850	260,877	257,967	271,831	#N/A	#N/A	203,588	198,459	189,957	193,396	#N/A
May	217	#N/A	185,778	179,678	181,613	193,379	#N/A	#N/A	119,244	122,765	124,254	127,986	#N/A	#N/A	94,811	91,762	90,018	88,489	#N/A
Jun	35	#N/A	63,165	57,829	58,146	66,860	#N/A	#N/A	32,170	39,327	37,909	39,439	#N/A	#N/A	8,326	9,396	4,395	1,634	#N/A
Jul	5	#N/A	42,581	37,305	37,344	45,643	#N/A	#N/A	13,871	20,008	16,658	14,058	#N/A	#N/A	-20,646	-18,365	-25,301	-31,020	#N/A
Aug	10	#N/A	39,424	34,158	34,154	42,389	#N/A	#N/A	-49,506	-41,656	-43,724	-46,624	#N/A	#N/A	-46,682	-43,902	-48,601	-54,818	#N/A
Sep	88	#N/A	54,357	49,193	49,406	57,732	#N/A	#N/A	-29,819	-22,856	-27,905	-30,814	#N/A	#N/A	-28,714	-25,721	-33,130	-40,812	#N/A
Oct	370	#N/A	210,281	202,324	204,405	219,243	#N/A	#N/A	-15,521	-9,456	-20,786	-18,759	#N/A	#N/A	-80,051	-78,180	-93,697	-99,991	#N/A
Total	6,168	#N/A	2,025,403	1,996,505	1,912,605	1,997,255	#N/A	#N/A	1,425,144	1,423,003	1,320,869	1,296,772	#N/A	#N/A	862,170	917,497	740,706	621,373	#N/A

**Redacted**  
Division 1-7

Re: Witness Arangio's Direct Testimony at page 14, lines 3 through 12, regarding Algonquin citygate supply, please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued August 14, 2015;
- b. A list of the companies that submitted bids in response to the RFP.
- c. The basis for the Company's selection of BP Energy as the winning bidder.

Response:

- a. Please see Attachment DIV 1-7(a) for the RFP issued on August 14, 2015.
- b. Bids were submitted to the Company by [REDACTED].
- c. Please see Attachment DIV 1-7(c) for the analysis in support of selecting BP Canada Energy Group ULC as the winning bidder. Because Attachment DIV 1-7(c) contains confidential information, the Company is providing a redacted version of Attachment DIV 1-7(c) for the public version.



**National Grid  
Request for Proposals (“RFP”) for  
Peaking Gas Service  
August 14, 2015**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for Peaking Gas Service. The winning bidder(s) (“Seller(s)”) shall deliver the required gas supply to National Grid at the Delivery Point.

**I. Gas Supply Requirements**

**Package #1**

**Term:** December 1, 2015 through March 31, 2016.

**Delivery Point:** The “Delivery Point” shall be the interconnection between Maritimes US and Algonquin Gas Transmission, Meter #00215, located in Salem, Massachusetts (Essex County).

**Quantity:** The maximum daily quantity shall be up to 8,000 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 200,000 dt, plus the quantity of fuel required by Algonquin Gas Transmission to transport 8,000 dt from the Delivery Point to National Grid’s interconnection(s) with Algonquin Gas Transmission. Each Day during the Term, Seller shall deliver, at the Delivery Point, the quantity of gas requested by Buyer up to the MDQ provided, however, that Seller’s delivery obligation shall be limited to the MSQ during the Term.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:** **Commodity Charge:**  
Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:

To be proposed by Seller.

**Nominations:**

Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday).

**Package #2**

**Term:**

December 1, 2015 through March 31, 2016.

**Delivery Point:**

The "Delivery Point" shall be the point(s) of interconnection between Buyer's Rhode Island facilities and Algonquin Gas Transmission, as mutually agreed to by Buyer and Seller.

**Quantity:**

The maximum daily quantity shall be up to 5,200 dt/day ("MDQ") and the maximum seasonal quantity ("MSQ") shall be 168,000 dt.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:**

Commodity Charge:

Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Algonquin City Gates for the applicable Day.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:

To be proposed by Seller

**Nominations:**

Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday). National Grid, upon its discretion, may arrange for the

awarded bidder's access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased.

## II. Instructions to Bidders

Any questions in connection with this RFP should be sent via email to the following email address:

[GasRFP@nationalgrid.com](mailto:GasRFP@nationalgrid.com)

All proposals in connection with this RFP should also be sent via email to the email address listed above. Proposals must be submitted by the date specified in the Schedule below. Proposals must include: **(a) Seller's proposed Price for Package 1 & 2, (b) any specialized language Seller requires in the Transaction Confirmation pertaining to the FERC or to the CFTC, and (c) whether Seller shall require receipt of any additional internal approvals prior to accepting an award pursuant to this RFP.**

## III. Schedule (all times are Eastern Standard Time)

- |                 |   |
|-----------------|---|
| August 17, 2015 | All questions should be submitted via email on or before 2:00 PM  |
| August 18, 2015 | National Grid will respond to Bidders' questions in writing by 5:00 PM. <i>All questions and responses will be distributed to all potential bidders.</i>  |
| August 19, 2015 | Proposals must be received by National Grid by 5:00 PM. <b>All proposals shall expressly provide that they will remain binding and in effect, without modification, until 4:00 PM on August 21, 2015.</b> |
| August 21, 2015 | Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 4:00 PM.   |

## IV. Miscellaneous

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the Credit Support Annex.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and

neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression of communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. The winning bid(s), if any, will be selected based on the proposal(s) that yield(s) the least cost, consistent with concerns for reliability of service and other business factors applied by National Grid in its sole discretion. Potential Sellers shall be subject to satisfactory credit review by National Grid.

## **V. Compliance with National Grid’s Supplier Code of Conduct**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed a “Supplier Code of Conduct” which describes our company’s values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”. This section explains National Grid’s expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

**John Allocca**  
**Director of FERC Compliance and Contracting**  
**Telephone: 516-545-3108**

**Liz Arangio**  
**Director of Gas Supply Planning**  
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**Nancy Culliford**  
**Manager of Gas Supply Planning New England**  
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**Samara Jaffe**  
**Program Manager of FERC Compliance and Contracting**  
**Telephone: 516-545-5408**

**Janet Prag**  
**Senior Contract Specialist**  
**Telephone: 516-545-5463**

**Rhode Island AGT Peaking Supply**

**RFP Details:**

Term: December 2015 - March 2016

Delivery Point: AGT Citygate Meter

MDQ: 5,200 dt per day

MSQ: 168,000 dt

Price: Algonquin City Gate Gas Daily

Nominations: Must be done by 9:30 am and must be ratable

<p>MDQ: MSQ: Commodity: Total Demand (Dec - Mar): Demand price per dth: Delivery Point: Ratable: Notes:</p> <p>NOTES:</p>	
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**Redacted**  
Division 1-8

Request:

Re: Witness Arangio's Direct Testimony at page 14, lines 3 through 12, regarding Tennessee citygate supply for the 2015/16 winter season, please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued August 14, 2015;
- b. A list of the companies that submitted bids in response to the RFP.
- c. The basis for the Company's selection of BP Energy as the winning bidder.

Response:

- a. Please see Attachment DIV 1-8(a) for the RFP issued on August 14, 2015.
- b. Bids were submitted to the Company by [REDACTED].
- c. Please see Attachment DIV 1-8(c) for the analysis in support of selecting BP Canada Energy Group ULC as the winning bidder.



**National Grid  
Request for Proposals (“RFP”) for  
Gas Peaking Service Supply  
August 14, 2015**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Buyer”) is seeking proposals (“Proposals”) for Gas Peaking Service and optional Base-Load Supply. The winning bidder(s) (“Seller(s)”) shall deliver the required gas supply to National Grid at the Delivery Point.

**I. Gas Supply Requirements**

**Package #1**

**Term:** December 1, 2015 through March 31, 2016.

**Delivery Point:** The Delivery Point shall be the interconnection between Tennessee Gas Pipeline and Maritimes & Northeast Pipeline, LLC, DART Meter No. 412538, located in Dracut, Massachusetts.

**Quantity:** Daily Call: The maximum daily quantity shall be up to 15,000 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 900,000 dt, plus the quantity of fuel required by Tennessee Gas Pipeline to transport 15,000 dt from the Delivery Point to National Grid’s interconnection(s) with Tennessee Gas Pipeline. Each Day during the Term, Seller shall deliver, at the Delivery Point, the quantity of gas requested by Buyer up to the MDQ provided, however, that Seller’s delivery obligation shall be limited to the MSQ during the Term.

Optional Base-Load Supply: Each Month during the Term, Buyer shall have a first of month base-load supply option for a portion of the MDQ up to 3,000 dt/day, plus the quantity of fuel required by Tennessee Gas Pipeline to transport 3,000 dt from the Delivery Point to National Grid’s interconnection(s) with Tennessee Gas Pipeline. Buyer’s exercise of this provision shall reduce Seller’s Daily Call obligation by the volume purchased under this provision.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:**

Commodity Charge:

Daily Call: Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Tennessee Zone 6 delivered for the applicable Day.

Optional Base-Load Supply: Proposed pricing for the Optional Base-Load Supply quantities will be the First of Month price posted in *Inside FERC's* First of Month Report for the applicable Month for Tennessee, Zone 6 delivered.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:

To be proposed by Seller.

**Nominations:**

Daily Call: Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday).

Optional Base-Load Supply: To elect such option for any Month, Buyer shall notify Seller no later than 9:30 AM, five business days prior to the beginning of such Month.

**Package #2**

**Term:**

December 1, 2015 through March 31, 2016.

**Delivery Point:**

The “Delivery Point” shall be the point(s) of interconnection between Buyer’s Rhode Island facilities and Tennessee Gas Pipeline, as mutually agreed to by Buyer and Seller.

**Quantity:**

The maximum daily quantity shall be up to 7,800 dt/day (“MDQ”) and the maximum seasonal quantity (“MSQ”) shall be 252,000 dt.

*Bidders wishing to submit offers less than the MDQ may adjust the MSQ of both proportionately.*

**Price:**

Commodity Charge:

Proposed pricing for the Daily Call quantities will be equal to *Platts Gas Daily* – Daily Price Survey (\$MMBtu) Midpoint index for Tennessee Zone 6 delivered for the applicable Day.

**NOTE:** Bidders may propose alternative index based pricing with their bids but are advised that Buyer is unable to consider proposals which may be regarded as a fixed price contract, including those proposals containing a price floor.

Reservation Charge:

To be proposed by Seller.

**Nominations:**

Buyer shall make all nominations for delivery of Gas prior to 9:30 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (*i.e.*, nominated ratably on Business Day prior to the Holiday). National Grid, upon its discretion, may arrange for the awarded bidder’s access and use of the National Grid Electronic Bulletin Board solely for the purpose of confirmation at the Delivery Point of supplies purchased.

**II. Instructions to Bidders**

Any questions in connection with this RFP should be sent via email to the following email address:

[GasRFP@nationalgrid.com](mailto:GasRFP@nationalgrid.com).

All proposals in connection with this RFP should also be sent by email to the email address listed above. Proposals must be submitted by the date specified in the Schedule below. Proposals must include: **(a) Seller’s proposed Price for Package 1&2, (b) any specialized language**

**Seller requires in the Transaction Confirmation pertaining to the FERC or to the CFTC, and (c) whether Seller shall require receipt of any additional internal approvals prior to accepting an award pursuant to this RFP.**

### **III. Schedule (all times are Eastern Standard Time)**

- August 17, 2015 All questions should be submitted via email on or before 2:00 PM
- August 18, 2015 National Grid will respond to Bidders' questions in writing by 5:00 PM. *All questions and responses will be distributed to all potential bidders.*
- August 19, 2015 Proposals must be received by National Grid by 5:00 PM. **All proposals shall expressly provide that they will remain binding and in effect, without modification, until 4:00 PM on August 21, 2015.**
- August 21, 2015 Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 4:00 PM.

### **IV. Miscellaneous**

National Grid will consider proposals only from bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Please be advised that if the winning Bidder utilizes an ISDA with a Gas Annex, this transaction will be specifically excluded from margining calculation under the Credit Support Annex.

Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any other written or oral expression of communication. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. The winning bid(s), if any, will be selected based on the proposal(s) that yield(s) the least cost, consistent with concerns for reliability of service and other business factors applied by National Grid in its sole discretion. Potential Sellers shall be subject to satisfactory credit review by National Grid.

### **V. Compliance with National Grid's Supplier Code of Conduct**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to the protection and enhancement of the environment, always seeking ways to minimize the environmental impact of our past, present and future

activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment. In furtherance of this goal, National Grid has developed a “Supplier Code of Conduct” which describes our company’s values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. More specifically, we refer you to Section 4 - “Protecting the Environment”. This section explains National Grid’s expectations with respect to its suppliers. In connection with the purchase of natural gas, we will reject proposals from parties that fail to adhere to these requirements or who knowingly produce or purchase gas that was produced in violation of applicable laws and regulations.

**John Allocca**  
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**Samara Jaffe**  
**Program Manager of FERC Compliance and Contracting**  
**Telephone: 516-545-5408**

**Rhode Island TGP Peaking Supply**

**RFP Details:**

Term: December 2015 - March 2016

Delivery Point: TGP Citygate Meter

MDQ: 7,800 dt per day

MSQ: 252,000 dt

Price: Tennessee, Zone 6 City Gate Gas Daily

Nominations: Must be done by 9:30 am and must be ratable

<p>MDQ: MSQ: Commodity: Total Demand (Dec - Mar): Demand price per dth: Delivery Point: Ratable: Notes:</p>	
<p>NOTES:</p>	

**Redacted**  
Division 1-9

Request:

Re: Witness Arangio's Direct Testimony at page 15, lines 7 through 17, for the arrangement of firm liquid service please provide:

- a. A complete copy of the Request for Proposal ("RFP") issued March 5, 2015;
- b. A complete copy of the Agreement with GDF Suez for the 2015 off-peak refill season;
- c. A list of the companies that submitted bids in response to the RFP.
- d. The basis for the Company's selection of the winning bidder.

Response:

- a. Please see Attachment DIV 1-9(a) for the RFP issued on March 5, 2015.
- b. Please see Attachment DIV 1-9(b) for a copy of the Agreement with GDF Suez for the 2015 off-peak refill season.
- c. Bids were submitted to the Company for dedicated LNG trucking by [REDACTED]
- d. Please see Attachment DIV 1-9(d) for the analysis in support of selecting the winning bidders.



National Grid USA Service Company, Inc.

Request for Proposals

for

LNG Transportation

**March 5, 2015**

# Request for Proposal

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- 10. LNG Truck Transfer Requirements

## **I Introduction and Overview**

National Grid USA Service Company, Inc. (“National Grid” or “Company”) is requesting proposals for Liquefied Natural Gas (“LNG”) transportation service during the period from on or around April 1, 2015, through on or around November 30, 2015 (the “Refill Period”) primarily from the facilities of GDF Suez NA, LLC (“Suez”) located in Everett, Massachusetts<sup>1</sup>, to the LNG storage facilities of National Grid’s gas distribution affiliates in Massachusetts and in Rhode Island. From time to time during the Refill Period, National Grid may also receive additional supplies of LNG from Gaz Metro’s LNG facility in Montreal, Canada.

### **A. Objective of the Request for Proposals**

The purpose of this Request for Proposals (“RFP”) is to solicit, evaluate and select, through a competitive bidding process, agreements for Firm 2015 Refill LNG Trucking Services to facilities set forth in Exhibit 1. The agreement between National Grid and the successful Bidder shall be documented under a duly executed Transaction Confirmation, in the form attached hereto (**Exhibit 8**) and subject to a base agreement as previously executed between Transporter and National Grid, which shall incorporate the terms and conditions contained in this RFP and all exhibits hereto.

### **B. Requirements**

#### **LNG Transportation Requirements**

The successful Bidder (“Transporter”) will receive and transport LNG from the LNG facilities of either Suez or Gaz Metro (the “Supply Facility”) to the Massachusetts and Rhode Island facilities of Company’s gas distribution affiliates during the 2015 Refill Period. Transporter will coordinate final scheduling with a designated representative of the Company. **Exhibit 1** also sets forth the hours of operation and restrictions for each of the facilities.

During the 2015 Refill Period, Transporter shall receive supply from the Supply Facility. Transporter shall deliver, at the locations specified by Company, the Firm quantity of LNG requested by **National Grid up to forty trucks per day for a total of approximately 6 Bcf for the 2015 Refill Period. Please be aware that National Grid anticipates that from time to time it may require cancellation of scheduled trucks less than 24-hour’s notice.** National Grid may request Transporter to deliver additional Trucks of LNG from the Supply Facility.

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<sup>1</sup> The physical address of the plant is 18 Rover Street, Everett, MA 02149

### C. Operational and Procedural Requirements

Transporter shall comply with Gaz Metro's, Suez's and Company's operational requirements in connection with the loading, transportation and unloading of LNG.

Trailer Capacity - In its performance under the Agreement, Transporter shall only utilize tractors and trailers that are consistent with Buyer's operational requirements. Unless otherwise agreed to between Transporter and National Grid, Transporter shall use trucks that have a rated unloading pressure of not more than 60 psig and whose maximum volume is equal to or less than the LNG impoundment area commitment at the particular LNG plant it is delivering to. Where National Grid may require additional restrictions on trailer weight or length at an individual facility, National Grid has indicated such restrictions in **Exhibit 1** of this RFP.

Reconfiguration of Equipment - Transporters shall not reconfigure equipment from its original design and shall not make any unapproved changes to the vehicle. National Grid will perform an assessment of any changes/modifications and, if required, conduct testing on site at Transporter's facility to ensure that any such revisions comply with National Grid's Operational and Procedural Requirements. Further, where National Grid reasonably determines or is made aware that Transporter's equipment falls in need of repair, a Deficiency Management Communication must be sent to National Grid (in accordance with the requirements of *Exhibit 10, Carrier Personnel, #8*) before the equipment is allowed back into service for transportation of LNG to any National Grid facility.

Swapping of Trailers – Transporter shall not attach and detach loaded trailers carrying product intended for delivery to a National Grid facility unless it is due to equipment failure or similar emergency/unplanned issue necessitating the swap to move the LNG to a safe location. Swapping loaded trailers is not permitted as part of routine operations.

Refusal of Loads – National Grid shall have the right to refuse trailers that do not meet its Operational, Procedural or Safety Requirements. If, for any reason, National Grid refuses to accept a load at one of its facilities, National Grid shall provide Transporter instructions in connection with the disposition of the affected trailer and Transporter shall follow such procedures.

Qualification of New Trailers – In the event Transporter desires to utilize new trailers that may be inconsistent with National Grid's Operational and Procedural Requirements, Transporter will work with National Grid to seek qualification of the new trailer type in accordance with National Grid's equipment qualification procedures outlined in Exhibit 10. New equipment shall be discussed and verified with National Grid's LNG Plants prior to sending untested or unverified equipment to the facilities for unloading.

Scheduling Notifications – For Transporters wishing to utilize email to communicate planned schedules or subsequent changes to the planned schedule with National Grid personnel, National Grid shall provide Transporter with email addresses for both Plant and

Gas Control operators. In the event Transporter shall require late delivery of scheduled load, Transporter shall use best efforts to notify National Grid immediately upon gaining knowledge of potential delivery delays, so the affected delivery location can plan accordingly. This notification is required whenever delivery is expected to be late by one hour or more past its scheduled delivery time.

Communications – Transporter shall notify National Grid of any incident that occurs during the course of loading, transportation or unloading in connection with Transporter’s performance under the Agreement. Such notification shall be made as soon as practical following such incident and Transporter shall follow National Grid’s instruction. All notifications concerning any incident during the course of loading, transportation or unloading in connection with Transporter’s performance under the Agreement should be addressed to:

Attn: Chad Martin  
Title: Director, Safety Management- National Grid  
Address: 40 Sylvan Road  
Waltham, MA 02451  
Phone: (781) 907-3706

#### **D. Compliance with National Grid’s Safety and Insurance Requirements**

Successful Bidder shall provide completed Exhibits prior to submission of proposals on the date indicated in the Schedule; additionally, successful Bidder shall provide and maintain insurance policies in accordance with the Contractor Insurance Schedule included as **Exhibit 7**. **For this refill period we are asking that all Bidders resubmit all information requested in this RFP to ensure we have the most updated and accurate information on file related to your company’s commitment to safe operations. Additionally, Bidders should ensure their safety information is up to date with ISNetworld prior to submitting their bids with the information National Grid historically requested as exhibit 2.**

ISNetworld LNG Trucking Services Provider shall subscribe to and receive an acceptable rating from ISNetworld for their health, safety and environmental oversight and review for the duration of the Agreement resulting from this RFP; acceptable shall be considered a rating by ISN of “C” or higher.

<http://www.isnetworld.com/isn/asp/ISNMainFrameSet.asp>

Emergency

Contact: Bidder shall provide National Grid with a current list of 24 hour Emergency Contacts and provide updates as necessary during the term of the Agreement.

## **E. Proposals – Pricing Arrangements**

Company requests that Bidders submit pricing on an individual facility basis for each facility it seeks to be awarded **on a price per pound basis**. Bidders must submit pricing options in the format included as **Exhibit 9**. Bidder must submit bids based on current fuel costs. Bidders must also indicate the number of trucks they are able to make available on a firm basis to the Company as part of their proposal.

## **F. RFP Evaluation Criteria**

We ask that all Bidders bid rates to each facility as specified in **Exhibit 1**. All Bids are evaluated and should be submitted based on the current fuel costs. Bidders' demonstrated compliance with Company's Risk, Safety and Insurance requirements shall be evaluated as a threshold matter. Such compliance shall be assessed by Company's Safety and Risk organizations, respectively. Information provided to ISNetwork and information provided, where applicable, pursuant to **Exhibits 3, 4, 5, and 6 & 10** will be reviewed by Company's Safety organization. Information provided pursuant to **Exhibit 7** and associated responses will be reviewed by Company's Risk organization. In addition to the Safety and Insurance requirements, Company shall consider Bidder's pricing information and any stated exceptions to the proposed Transaction Confirmation attached as **Exhibit 8**.

## **G. Compliance with National Grid's Supplier Code of Conduct**

At National Grid we are always seeking to improve our reputation as a sustainable and responsible company. We believe that a responsible approach to doing business is fundamental to what we do. In all of our activities we operate within Global Standards of Ethical Conduct. These standards include a commitment to both safety and the protection and enhancement of the environment and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities for improvement. In furtherance of this goal, National Grid has developed the "Supplier Code of Conduct" which describes our company's values and can be accessed at <https://www.nationalgrid.com/NR/rdonlyres/027656B7-ABDB-40C0-9886-B527962B60A6/46631/SupplierCodeofConductFinalUK2011.pdf>.

We value the business relationships we have with you and we believe that you are an important and central part of our success. This means that we expect you to carry out your business in line with these values. National Grid expects all of its suppliers to execute a Supplier Ethics Certification Statement (a copy which is included with this RFP as a separate document entitled "Supplier Ethics Certification"). Through this certification statement, you are confirming that you have read and understand the Global Supplier Code of Conduct and that you will communicate the same information to all of

your employees and any subcontractors that you retain on behalf of National Grid. **This certification statement needs to be signed prior to performing any work for National Grid with participation in each RFP.**

## II General Procedures

### A. Submission of Proposals

Proposals must be submitted electronically. National Grid reserves the right to reject any proposal at its discretion. All proposals must be sent to the National Grid contacts listed below and must include contact information in the event that National Grid has questions related to the Proposal.

Should Bidder have any questions, they must submit them to the National Grid contacts listed below via email. All questions and responses will be distributed to all potential Bidders.

#### **National Grid Contacts:**

John E. Allocca  
Director Gas Contracting and Compliance  
100 E. Old Country Road  
Hicksville, NY 11801  
Telephone: (516) 545-3108  
Email address: [john.allocca@nationalgrid.com](mailto:john.allocca@nationalgrid.com)

Elizabeth D. Arangio  
Director Gas Supply Planning  
40 Sylvan Road E1  
Waltham, MA 02451  
Telephone: (781) 907-1639  
Email address: [Elizabeth.arangio@nationalgrid.com](mailto:Elizabeth.arangio@nationalgrid.com)

Nancy G. Culliford  
Manager Gas Supply Planning  
40 Sylvan Road E1  
Waltham, MA 02451  
Telephone: (781) 907-1638  
Email address: [nancy.culliford@nationalgrid.com](mailto:nancy.culliford@nationalgrid.com)

Dino C. Papetti  
Lead Planner  
40 Sylvan Road E1  
Waltham, MA 02451  
Telephone: (781) 907-1636  
Email address: [Dino.Papetti@nationalgrid.com](mailto:Dino.Papetti@nationalgrid.com)

Samara Jaffe  
Lead Program Manager  
100 E. Old Country Road  
Hicksville, NY 11801  
Telephone: (516) 545-5408  
Email address: [samara.jaffe@nationalgrid.com](mailto:samara.jaffe@nationalgrid.com)

Janet A. Prag  
Contract Specialist  
100 E. Old Country Road  
Hicksville, NY 11801  
Telephone: (516) 545-5463  
Email address: [janet.prag@nationalgrid.com](mailto:janet.prag@nationalgrid.com)

## **B. Schedule**

- |                |   |
|----------------|---|
| March 11, 2015 | Bidders' questions must be submitted <i>electronically</i> to National Grid by 2:00 PM EST.   |
| March 13, 2015 | Bidders shall provide National Grid with information requested pertaining to Exhibits 3-7 & 10 and Supplier's Code of Conduct certification by 5:00 PM EST. |
| March 16, 2015 | National Grid will respond to Bidders' questions in writing by 5:00 PM EST.   |
| March 18, 2015 | Proposals must be submitted <i>electronically</i> to National Grid by 12:00 PM EST. The RFP will be rewarded by 5 PM EST.                                   |
| March 24, 2015 | National Grid and Transporter shall endeavor to execute a definitive Transaction Confirmation.  |

## **C. Confidentiality**

A Bidder may request that specific information contained in or relative to its proposal be treated by National Grid on a confidential basis. Such a request shall be clearly stated on every page of the portion of the proposal on which confidential information may appear and identify the specific information sought to be protected. National Grid and its representatives shall take reasonable steps to protect the information that is clearly identified as confidential from disclosure to third parties. Bidders should

understand that National Grid might deem it necessary to disclose non-proprietary information regarding the RFP and/or to disclose confidential information in connection with any necessary submission to the appropriate regulatory authorities.<sup>1</sup> Upon request by Bidder, National Grid shall request that information designated as confidential by the Bidder be treated as confidential and proprietary in accordance with the provisions of applicable laws and regulations and protected from disclosure to third parties. National Grid will request, but cannot ensure that such treatment will be granted by any of these regulatory authorities.

In no event shall National Grid be liable for damage resulting from an inadvertent disclosure of confidential information during the period of review and analysis of proposals, during subsequent contract negotiations or from disclosure mandated by any relevant regulatory authority.

#### **D. Regulatory Approvals**

Commencement of and payment for any LNG transportation service contemplated by this RFP is subject to all valid applicable governmental laws, orders, regulatory authorizations, directives, rules and regulations of any governmental body or official having jurisdiction over the parties, their facilities for the gas or the agreement between the parties or any party thereof, including but not limited to the Massachusetts Department of Public Utilities (“MA DPU”), the Rhode Island Public Utilities Commission and the Division of Public Utilities and Carriers (together, “RI PUC”) and Federal Energy Regulatory Commission. In particular, but without limitation, to the extent the successful Bidder is an affiliate of National Grid, the successful Bidder acknowledges and agrees that it must also comply with any and all applicable affiliate transaction rules, statutes or regulations in Massachusetts and Rhode Island and as promulgated by FERC, including, without limitation, the MA DPU Standards of Conduct for Distribution Companies and Their Affiliates, 220 CMR 12.00, *et seq.* Successful Bidders agree to take all reasonable steps, at National Grid’s request, including the provision of testimony before appropriate regulatory agencies, in support of (i) their agreements with National Grid; and (ii) National Grid’s right to regulatory recovery of all associated costs.

#### **E. Company’s Rights**

National Grid reserves the right to reject any and all bids or to terminate this RFP process at its sole discretion. National Grid may elect to delay all or part of the contract award schedule and to request re-bids if necessary. The issuance of this RFP in no way obligates National Grid to negotiate a contract with any Bidder. National Grid reserves the right to negotiate with any Bidder any provision of its bid or contract proposal.

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<sup>1</sup>Including, but not limited to the Massachusetts Department of Public Utilities, the Rhode Island Division of Public Utilities and Carriers, FERC, DOE, NEB.

National Grid shall be under no obligation to accept the lowest cost proposal or to return any proposals or materials submitted in response to the RFP. National Grid reserves the right to select all or portions of any completed bids. Proposals will be evaluated on the basis of quantitative and qualitative factors at National Grid’s sole discretion. National Grid reserves the right to purchase services at any time from any source outside of the context of this RFP.

We look forward to receiving your proposal.

**Exhibit 1**  
**LNG Delivery Locations**

<b>Facility</b>	<b>Address</b>	<b>Normal Operating Hours (See Note 1)</b>
Dorchester (Commercial Point)(See Note 2)	220 Victory Road Dorchester, MA	24 Hours
Haverhill	373 North Avenue Haverhill, MA	7:00 AM to 2:00 PM
Lynn	255 Blossom Street Lynn, MA	6:00 AM to 5:00 PM
Salem	20 Pierce Avenue Salem, MA	7:00 AM to 6:00 PM
South Yarmouth	127 Whites Path South Yarmouth, MA	7:00 AM to 2:00 PM
Tewksbury	50 Chapman Road Tewksbury, MA	7:00 AM to 6:00 PM (See Note 3)
Wareham	2598 Cranberry Highway Wareham, MA	Requires scheduling
Cumberland	1595 Mendon Road Cumberland, RI	Mon-Fri 7:00 AM to 1:30PM
Exeter	53 South County Trail Exeter, RI	Mon-Fri 7:00 AM to 2:00 PM
Providence (See note 4)	121 Terminal Road Providence, RI	24 Hours

Notes:

1. Normal Operating Hours reflect time in which first and last truck may arrive at Facility in order to unload volume; from time to time, the Company may require deliveries outside of Normal Operating Hours.
2. There are two unloading bays at this location, and only one truck at a time with a wheel base longer than 60 ft. can be accepted.
3. No deliveries between 11:00 PM and 6:00 AM, unless granted a waiver by the town of Tewksbury.
4. To ensure that a trailer combination can properly fit and be weighed on the Facility scale, Transporter will NOT utilize a tractor/trailer combination with a total wheel base length exceeding 60 ft. and this combination will not exceed 99,999 lbs. total vehicle/LNG cargo weight.

**Exhibits 2-4, 6,7 &10**  
**Provided with RFP as a PDF**

**Exhibit 5**  
**Provided with RFP as an Excel file**

**Exhibit 8**  
**Transaction Confirmation**

**Date:**

**This Transaction Confirmation is subject to the LNG Transportation Services Agreement between National Grid and \_\_\_\_\_ (“Transporter”), dated \_\_\_\_\_ (“Agreement”).**

**All capitalized terms used in this Transaction Confirmation and not otherwise defined shall have the meanings assigned to them in the Agreement.**

**The table below sets forth the Receipt Points, Delivery Points, Cost per lb., and Estimated Cost per Load.**

<b>Delivery Point (Nat. Grid Awarded Facility)</b>	<b>Receipt Point</b>	<b>Cost (\$ per lb)</b>	<b>Estimated Cost per Load</b>
Providence, RI NGRID-RI			
Dorchester, MA			
Exeter, RI			
Lynn, MA			
So. Yarmouth, MA			
Salem, MA			
Haverhill, MA			
Wareham, MA			
Tewksbury, MA			
Cumberland, RI			

**Delivery Period:** On any Day during April 1, 2015 through on or around November 30, 2015, Transporter shall make available to National Grid \_\_\_\_ Trucks per day for deliveries to the Nat. Grid Awarded Facility.

**Pricing:** For Loads transported hereunder, National Grid shall pay Transporter the Cost identified above plus such additional charges agreed to by the Parties and set forth in Attachment A to this Transaction Confirmation.

**Special Conditions:** This Transaction Confirmation was awarded pursuant to National Grid’s Request for Proposals for LNG Transportation Services Agreements

dated March 5, 2015 and the exhibits attached thereto, which is incorporated into and made a part hereof.

Agreed to as of the date first written above by:

**National Grid USA Service Company, Inc.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit 9**  
**Provided with RFP as Excel Spreadsheet**

**Exhibit 9**  
**Portable Vaporizers**  
**For LNG Transportation from Distrigas**  
**To National Grid Massachusetts, New Hampshire and Rhode Island**  
**LNG Facilities**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
Package Number	National Grid Destinations	Loaded Route Mileage from Distrigas	Transportation Rate (¢ per cwt)	Assumed Payloads	¢ per dth also equals ¢ MMBtu	¢ per mcf (1 Mcf = 1.05 dth)	Estimated Cost Per Load
8	Chatham, MA (Portable Vaporizer)	126 mi		40,000 lbs			
8	Eastham, MA (Portable Vaporizer)	132 mi		40,000 lbs			
8	Middleton/Newport, RI (Portable Vaporizer)	117 mi		40,000 lbs			

**Column A:** National Grid facility destinations.

**Column B:** Loaded mileages are based upon the actual load routes taken from the Distrigas facility as described by National Grid operating personnel and the local municipal authorities.

**Column C:** In response to this RFP please provide the transportation rate that the bidder will charge to each destination.

**Column D:** Assumed payloads of 40,000 lbs. (Approx. 950 dth) are used for MA & RI loads where overweight permits are available for LNG trailers; and 36,000 lbs. (Approx. 850) for NH loads where no overweight permits are available for LNG trailers.

**Column E:** The conversion from ¢/cwt to ¢/dth is based upon the conversion factor of 23,700 btu/lb.; hence there are 2.37 dth per cwt.

**Column F:** The conversion from ¢/dth to ¢/mcf is based upon an average historical heating value of the LNG that is trucked out of Distrigas of at least 1,050 btu/scf, i.e., 1 mcf=1.05 dth.

**Column G:** Estimates the cost per load by multiplying columns C and D.

In addition, Proposals must include any and all charges applicable for the transportation service of the product to the Company's LNG facilities. Bidders are requested to submit all charges pertaining to the transportation of LNG to each facility including but not limited to the following:

- 1) Cancellation rates
- 2) Waiting Time rates
- 3) Fuel rates
- 4) Saturday, Sunday or Holiday Shipment rates
- 5) Short notice ordering
- 6) Short notice cancellations
- 7) Other

**Exhibit 9**  
**Off Peak Season**  
**For LNG Transportation from GDF Suez**  
**To National Grid Massachusetts and Rhode Island**  
**LNG Facilities**

A	B	C	D	E	F	G
Peak National Grid Destinations	Transportation Rate (\$ per lb)	Estimated Fuel Surcharge (%) if applicable	Estimated Fuel Surcharge (\$ per lb) "B" times "C"	Total Rate "B" plus "D"	Assumed Payloads (lbs.)	Estimated Cost Per Load times "F"
Providence, RI NGRID-RI	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Dorchester, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Exeter, RI	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Lynn, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
So. Yarmouth, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Salem, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Haverhill, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Wareham, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Tewksbury, MA	\$ -	0.00%	\$ -	\$ -	40,000	\$ -
Cumberland, RI	\$ -	0.00%	\$ -	\$ -	40,000	\$ -

The physical address of the GDF Suez Facility      18 Rover Street  
Everett, MA 02149

**Number of Firm Trucks Available:**

In addition, Proposals must include any and all charges applicable for the transportation service of the product to the Company's LNG facilities. Bidders are requested to submit all charges pertaining to the transportation of LNG to each facility including but not limited to the following:

- 1) Cancellation rates
- 2) Waiting Time rates
- 3) Current Fuel Costs
- 4) Saturday, Sunday or Holiday Shipment rates
- 5) Short notice ordering
- 6) Short notice cancellations
- 7) Other
- 8) Diesel Fuel Surcharge\*

\*If applicable, provide the Estimated Diesel Fuel Surcharge Charge. The acceptable calculation is as follows:  
The commodity rates shall be increased by a Weekly Diesel Fuel Surcharge ("Surcharge"). The Surcharge is determined each Monday and is based upon the Weekly Retail On-Highway Diesel Prices for New England (the "Price") as published each Monday by the U.S. Department of Energy, Energy Information Administration on their website at <http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp>. The Surcharge for a given Monday shall apply to work performed during the 7-day weekly period commencing on Monday's.

**Exhibit 9**  
**Off Peak Season**  
**For LNG Transportation from Gaz Metro**  
**To National Grid Massachusetts and Rhode Island**  
**LNG Facilities**

A	B	C	D	E	F	G
Peak National Grid Destinations	Transportation Rate per lb)	(\$ Estimated Fuel Surcharge (%) if applicable	Estimated Fuel Surcharge (\$ per lb) "B" times "C"	Total Rate "B" plus "D"	Assumed Payloads (lbs.)	Estimated Cost Per Load times "F"
Providence, RI NGRID-RI	\$	-	0.00%	\$ -	\$ -	40,000
Dorchester, MA	\$	-	0.00%	\$ -	\$ -	40,000
Exeter, RI	\$	-	0.00%	\$ -	\$ -	40,000
Lynn, MA	\$	-	0.00%	\$ -	\$ -	40,000
So. Yarmouth, MA	\$	-	0.00%	\$ -	\$ -	40,000
Salem, MA	\$	-	0.00%	\$ -	\$ -	40,000
Haverhill, MA	\$	-	0.00%	\$ -	\$ -	40,000
Wareham, MA	\$	-	0.00%	\$ -	\$ -	40,000
Tewksbury, MA	\$	-	0.00%	\$ -	\$ -	40,000
Cumberland, RI	\$	-	0.00%	\$ -	\$ -	40,000

The physical address of the Gaz Metro Facility      11201 Henri-Bourassa Blvd.  
East Montreal

**Number of Firm Trucks Available:**

In addition, Proposals must include any and all charges applicable for the transportation service of the product to the Company's LNG facilities. Bidders are requested to submit all charges pertaining to the transportation of LNG to each facility including but not limited to the following:

- 1) Cancellation rates
- 2) Waiting Time rates
- 3) Current Fuel Costs
- 4) Saturday, Sunday or Holiday Shipment rates
- 5) Short notice ordering
- 6) Short notice cancellations
- 7) Other
- 8) Diesel Fuel Surcharge\*

\*If applicable, provide the Estimated Diesel Fuel Surcharge Charge. The acceptable calculation is as follows:  
The commodity rates shall be increased by a Weekly Diesel Fuel Surcharge ("Surcharge"). The Surcharge is determined each Monday and is based upon the Weekly Retail On-Highway Diesel Prices for New England (the "Price") as published each Monday by the U.S. Department of Energy, Energy Information Administration on their website at <http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp>. The Surcharge for a given Monday shall apply to work performed during the 7-day weekly period commencing on Monday's.

**Exhibit 5 - LNG Trucking Process Safety Requirements- Feb 23, 2015**

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1a. The LNG transportation company shall have conducted formal risk assessments of their assets and activities and process reviews of each stage of the end to end process needed to transport LNG to National Grid. The review includes identifying the potential hazard scenarios, consequences and safeguards used to manage each of the risks to a tolerable level and to ensure that the processes are working effectively. These assessments shall be submitted to National Grid as part of the bid.

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1b. The LNG transportation company shall have an effective management of change procedure to ensure that safety and process safety related risks are evaluated from potential changes before the changes are approved and implemented. A copy of the management of change procedure shall be submitted as part of the bid.

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1c. The LNG transportation company shall have a written procedure for inspecting, testing, inventorying, controlling and maintaining all protective devices which includes all gas or LNG related alarms, shutdowns, relief valves, safety's and instrumentation as per regulations or as per original equipment mfg recommendations where regulations do not address it. Their personnel who perform the inspecting, testing inventory, control and maintenance must be trained and competent to do these tasks. A copy of this procedure shall be submitted as part of the bid.

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1d. The LNG transportation company shall have a written procedure for the pre start up safety review of their tractors before they are placed into service or after they are returned to service from significant maintenance work or significant time out of service. Their personnel who perform this task shall be trained and competent to do it. A copy of this procedure shall be submitted as part of the bid.

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1e. The LNG transportation company shall have a continuous improvement or audit program where it proactively monitors its LNG transportation process performance in order to identify and mitigate risks that otherwise could result in potential safety related incidents.

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1f. Sub contractors including, owner operators, shall not be permitted to transport LNG for National Grid.

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2. All drivers, contractor personnel, including mechanics, who operate or perform maintenance on LNG trucks entering National Grid plants shall have received LNG Awareness training and LNG related safety training including, but not limited to: first aid, cpr, frost bite training and hands on fire extinguisher training. Drivers must carry proof of training with them at all times. A list of qualified personnel names and training dates shall be submitted with the bid. All drivers coming to any National Grid site must have and use the appropriate level of ppe needed for LNG transfer operations and shall adhere to the standards of care and competence for working with LNG.

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3. All drivers shall demonstrate their competency in performing driving, unloading and related tasks. Any drivers that cannot demonstrate their competency shall be removed from the list of active drivers until they can demonstrate it. DOT FMCSA Driver SMS scores for the transportation company shall be in top 35% for each driver category (Unsafe Driving, Hours of Service, Driver Fitness and Controlled Substance and Alcohol) to ensure safe drivers. Drivers with 2 or more collisions or 3 or more on the road incidents including collisions and other on the road driving infractions within any rolling 36 month period shall not be permitted to deliver to National Grid facilities until after they have taken and passed an accredited on the road driver training course with documentation submitted to National Grid. Copies of the current driver Motor Vehicle Report issued by the state of their driver license(s) shall be submitted for each driver as part of the bid, and the Trucking Company is responsible to advise National Grid in an email within 24 hours of any driver collisions or on the road infractions involving those drivers and vehicles, irrespective of whether they were transporting LNG at the time of the event. Drivers must be within legal limits of work hours unless the particular state of the Plant being delivered to declares a waiver for these hours for LNG. In the event of a state waiver, the trucking company and any sub contractors shall use any of its drivers that are below the legal limit before they allocate the work to other drivers at or above the limit. If they have no other drivers within the normal regulated limit during a waiver, they shall notify National Grid before making any pickup or delivery on our behalf. National Grid retains the right to not allow drivers above the limit in times of state waivers to make deliveries to our plant if other drivers within the limits are available.

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4. All LNG tractor and trailers shall have a reliable means of communicating with their base terminal / dispatch center, National Grid and respective filling and unloading points. Drivers shall have a secondary means of communication immediately available to them if needed. If an LNG tractor / trailer deviates from its schedule significantly or is suspected to be missing, the LNG Transportation company shall notify National Grid's Gas Control immediately. Each bidder shall submit their programs and any technology it has for monitoring tractor / trailer locations.

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5. Each LNG transportation company shall be able to monitor the progress of trucks to their destinations in real time and at all times that their trucks are on the road. Each bidder shall submit the process that they use for real time monitoring as part of their bid package.

**Exhibit 5 - LNG Trucking Process Safety Requirements- Feb 23, 2015**

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6. The LNG transportation company shall have an effective fleet operations and maintenance program in place for all tractors, trailers, portable vaporizers and other equipment used to transport, store or carry LNG. This shall be submitted as part of the bid. Transportation company DOT Vehicle Maintenance SMS scores shall be in the 1st Quartile 25% or better

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7. The LNG transportation company shall not leave loaded LNG trailers anywhere unless they are attended by at least one qualified individual. The LNG transportation company shall factor in the specifics of the situation, its location and the driver's remaining available hours for a particular situation. Attended refers to someone being awake, not in a sleeper berth and within 100 ft of unobstructed view of the vehicle at all times. Pre loading and leaving the vehicle is not permitted.

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8. The LNG transportation company shall not leave empty, non-purged LNG trailers in a non-secured area. Minimum acceptable security shall consist of full and contiguous perimeter controls including security fencing, preferably with barbed wire on top, and an access controlled gate so that the tractor and trailer are not accessible to the public. Any other additional security measures are to be submitted to National Grid as part of the bid. A list of all overnight parking locations shall be submitted with the bid, along with a statement from the contractor stating these overnight parking location(s) do not pose a safety risk to the public, and accompanied by a notarized letter granting permission from/of the property owner where the vehicles are parked and the local Fire Marshall/Department. National Grid reserves the right to review all secured staging locations for non-purged vehicles. If additional parking locations are added by the transportation company after the bid is awarded, National Grid shall be notified of their locations and that they meet the minimum acceptable security criteria before they can be used in this contract.

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9. The LNG transportation company shall develop delivery routes to meet the following criteria.

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a. Routes shall meet all US federal, state and applicable local requirements including but not limited to: Mass Turnpike, City of Everett, City of Boston, City of Providence, Town of Tewksbury, City of Lynn, City of Salem regulations and ordinances all those of any other municipalities it drives through.

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b. When alternative roads exist, routes shall be developed to avoid highest population areas, and any areas known to have sensitive potential receptors ( for example, hospitals, schools, nursing homes, sporting stadiums, mercantile establishments) and places where high density crowds are reasonably expected to be present.

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c. Diverse, contingency routes shall be developed for each National Grid plant to reduce security related risks of repeated routes.

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d. Routes shall always be filed with National Grid. They shall also be filed by the LNG transportation company with the local fire marshall or governing jurisdiction(s) for any new delivery locations if requested by National Grid.

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e. Transportation provider is responsible to have a process in place to evaluate road conditions that are reasonably expected to occur as part of major roadway construction projects or after severe weather which could potentially impact the ability to safely deliver the LNG or change the route. The transportation provider is responsible to make recommendations to National Grid Gas Control as to how to address.

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10. The LNG transportation company shall develop and submit their Emergency Response Plan for LNG tractor / trailer / vaporizer related incidents that could occur while loading, transporting or unloading LNG, including roles and responsibilities, training frequency and dates of drills within last 24 months with attendees. All drivers delivering LNG to National Grid and those having emergency response roles within the Transportation company shall have received emergency response training and have a minimum of OSHA 8-HOUR HAZWOPER initial training with the requisite annual refresher plus the US-DOT required training which has a required minimum 3 year refresher. Emergency response training shall be focused on LNG type emergency scenarios. This includes tractor, trailer, travelling, loading and unloading related emergencies.

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11. LNG trucks shall arrive at National Grid plants as scheduled by National Grid. The trucks are not permitted to be staged outside the Plant gate on public roads waiting to be unloaded beyond a brief initial and reasonable time for the LNG Production Operator to provide them access into the Plant. If delays in delivery and unloading occur that could impact future deliveries, the LNG transportation provider shall coordinate mitigations with National Grid's Gas Control to prevent the staging of vehicles outside the plant.

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**Exhibit 5 - LNG Trucking Process Safety Requirements- Feb 23, 2015**

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12. Prompt and accurate information shall be given to National Grid Safety and Plant Management regarding vehicle related incidents. LNG truckers shall notify National Grid operators prior to unloading the LNG at the National Grid location of any operational or safety related issues experienced during transit. LNG transportation company shall cooperate with National Grid to complete all incident investigations in a timely and thorough manner according to National Grid's procedure.

13. National Grid reserves the right to review all LNG transportation, loading and unloading processes and practices performed by the LNG transportation company at any point during the contract to determine if they are potentially higher risk to personnel or to the public. If National Grid determines the practices or processes to be higher risk, we will require the transportation company to stop this practice until the risk is brought to a tolerable level as determined by National Grid. Note : the swapping of tractors for non-empty trailers containing LNG is considered a high risk activity by National Grid and is not allowed unless there is an equipment failure, or other abnormal emergency situation making the unit inoperable and it is a greater risk not to swap it. If a swap is deemed necessary, National Grid must be contacted in advance and provided details as to where, when and why a swap is required. Transportation providers must have a written procedure for performing swaps of this type and their personnel performing the swap must be trained in this procedure. Appropriate safeguards must be in place to reduce the risk to the personnel performing the swap and to members of the public that could be impacted by a release of LNG.

14. The LNG transportation company drivers shall be trained and competent in identifying any potentially unsafe conditions that would require their vehicle to be removed from service. Drivers shall be also be trained and have the appropriate tools, such as non sparking when working on LNG and gas, to perform necessary minor maintenance, adjustments or repairs so that the vehicle can be safely offloaded while minimizing chances of ignition.

15. Each LNG transportation company shall be required to have a competent and appropriately skilled cryogenic technician arrive within two to four hours of notification, for instances where a small or simple repair can not be carried out by the driver or the plant site and it is deemed unsafe to keep the trailer on the road or to unload it. The technician should be able to make more complicated repairs or be able to have the vehicle removed to a safe location that same day. If the technician comes to a National Grid site to effect a repair, the technician shall be in the appropriate level of ppe needed for that type of repair and shall adhere to the standards of care and competence for working on LNG materials. If the technician is performing work and is not observed to be following safe work practices, they will be requested to make the job safe and stop work immediately. National Grid will notify the transportation provider and request a replacement.

16. Each LNG transportation company to provide a monthly safety report to National Grid. Minimum information to include monthly counts and Year to Date counts for: # Road Traffic Collisions, # Lost Time Incidents, # Restricted Work Day Cases, # OSHA Reportables. If this information is provided into ISNET monthly, it will not be necessary to submit separately.

## SUPPLIER ETHICS CERTIFICATION

Name of supplier: \_\_\_\_\_

I hereby certify on behalf of \_\_\_\_\_ (name of supplier) that I have read and understand the terms of the National Grid Global Supplier Code of Conduct. I affirm that I will distribute the National Grid Global Supplier Code of Conduct to all employees and subcontractors we utilize to work for/on behalf of National Grid.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

EXHIBIT A

Transaction Confirmation  
For Immediate Delivery

GDF SUEZ GAS NA LLC		Date: April 1, 2015 Transaction Confirmation: NSB042-7
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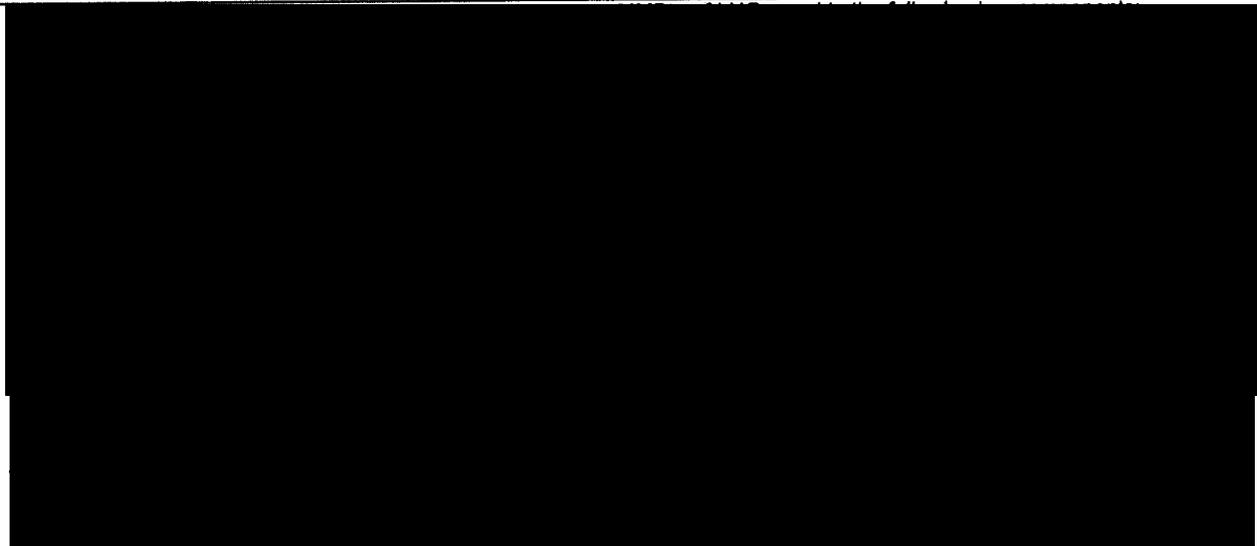
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated December 19, 2011. The terms of this Transaction Confirmation are binding unless disputed in writing within two (2) Business Days of receipt unless otherwise specified in the Base Contract.

**Seller or Party A:**

GDF SUEZ Gas NA LLC  
20 City Square, Suite 3  
Charlestown, MA 02129  
Attn: Contract Administration  
Telephone: (617) 886-8705  
Facsimile: (617) 381-8605  
Base Contract No.: NSB042

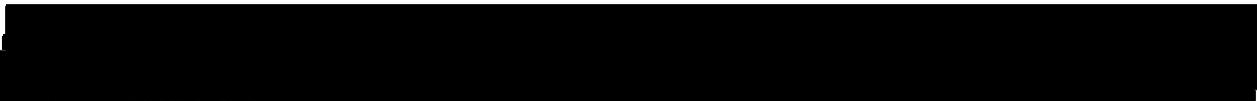
**Buyer or Party B:**

The Narragansett Electric Company d/b/a National Grid  
c/o National Grid  
40 Sylvan Road, E3/606  
Waltham, MA 02451  
Attn: Director Gas Supply Planning  
Telephone: (781) 907-1639  
Electronic Mail: john.algoza@NationalGrid.com



**Delivery Period:** April 1, 2015, at 10:00 a.m. Eastern Time (ET) through and including December 1, 2015, at 9:59 a.m. ET.

**Performance Obligation and Contract Quantity:** Firm Liquid Service



**Delivery Point(s):**

For Firm delivery service of LNG, at the truck loading flange of the Distrigas of Massachusetts LLC marine LNG Terminal located in Everett, Massachusetts ("Facility").

**Special Conditions:**



7) Dodd-Frank Reporting: The parties agree that for purposes of this Transaction Confirmation and as of the Trade Date each party is a producer, processor, commercial user of, or a merchant handling the commodity that is the subject of the Transaction Confirmation and is entering into this Transaction Confirmation solely for purposes related to its business as such. The parties confirm their intention that if any such commodity option transaction be physically settled, such that if exercised, it results in the sale of a commodity for either immediate or deferred delivery.

[REDACTED]

10) Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Base Contract, as amended by any Special Provisions, and the LNG Annex.

<b>Seller or Party A:</b>  GDF SUEZ Gas NA LLC By: <u>Juan M. Restrepo</u> Name: Juan M. Restrepo Title: Vice President Date: April 1, 2015	<b>Buyer or Party B:</b>  The Narragansett Electric Company d/b/a National Grid By: <u>Mark J. Leippert</u> Name: Mark J. Leippert Title: Director, Wholesale Gas Supply Date: April 8, 2015
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*Handwritten initials*

*JAW-CPM*

*Handwritten initials*

4/24/2015

2015 Off-Peak LNG Trucking Analysis from GDF Suez Facility to National Grid Facilities

	RHODE ISLAND		
	Providence, RI		
	NGRID LNG	Cumberland	Exeter
Est. Refill Volumes:			
Total Loads needed:			
Loads needed / day <sup>2</sup> :			
Est. Trucks needed / day <sup>2</sup> :			
Loads needed / day <sup>3</sup> :			
Est. Trucks needed / day <sup>3</sup> :			

Notes:

1. Total loads needed is volumes divided by 950 MMBtu per load.
2. Loads / day is # of trucks divided by 166 (business days between April 1st and November 30th).
3. Loads / day is # of trucks divided by 201 (business days between April 1st and November 30th plus Saturdays).
4. Prices are based on assumed payload of 40,000 lbs.
- 5
- 6

8. Cancellation rates:
9. Waiting time rates:
10. Current fuel costs:
11. Sat/Sun/Holiday shipment rates:
12. Short notice ordering:
13. Short notice cancellations:
14. Other:
15. Diesel fuel surcharge:

Trucker specific notes:

