

Memorandum

To: L. Massaro
Commission Clerk

From: Alberico Mancini
Division of Public Utilities & Carriers

Date: 5/1/2017

Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4605

On April 13, 2017 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Proposed Standard Offer Service Rates for the Industrial Group for the Months of July 2017 through September 2017 and the Results of Competitive Procurement for the Months of October 2017 through September 2018 for the Residential Group, for the Months of October 2017 through September 2018 for the Commercial Group, and for the Months of July 2017 through September 2017 for the Industrial Group. A Request for Confidential Treatment for detailed bid results was submitted. The Confidential materials were submitted to the Division for our review.

Included in the filing are the Results of Competitive Procurement for the following groups and time periods:

Industrial Group: 100% of the load for July 2017 through September 2017.

Commercial Group: 20% of the load for October 2017 through September 2018.

With this most recent solicitation for another 20% of the load requirements for the October 2017 through March 2018 period, 70% of the load requirements for the Commercial Group for the October 2017 through March 2018 period have now been procured (15% in 1/16, 20% in 7/16, 15% in 1/17, and 20% in 4/17). For the October 2017 through March 2018 period, the Company will procure another 20% in the third quarter of 2017. Those procurements will total 90% for the October 2017 through March 2018 period and the Company will purchase the remaining 10% of the load in the spot market per the approved plan.

Also, 20% of the Commercial Group’s load requirements for the April 2018 through September 2018 period have been procured in the April 2017 solicitation. With this most recent solicitation, 35% of the load requirements have been purchased for the April 2018 through September 2018 period (15% in 1/17 and 20% in 4/17). For the April 2018 through September 2018 period, the Company will procure another 20% in the third quarter of 2017, 20% in the fourth quarter of 2017 and 15% in the first quarter of 2018. Those procurements will total 90% for the April 2018 through September 2018 period and 10% will be made in the spot market.

Residential Group: 20% of the load for October 2017 through September 2018.

With this most recent solicitation for another 20% of the load requirements for the October 2017 through March 2018 period, 70% of the load requirements for the Residential Group for the October 2017 through March 2018 period have now been procured (15% in 1/16, 20% in 7/16, 15% in 1/17, and 20% in 4/17). For the October 2017 through March 2018 period, the Company will procure another 20% in the third quarter of 2017. Those procurements will total 90% for the October 2017 through March 2018 period and the Company will purchase the remaining 10% of the load in the spot market per the approved plan.

Also, 20% of the Residential Group's load requirements for the April 2018 through September 2018 period have been procured in the April 2017 solicitation. With this most recent solicitation, 35% of the load requirements have been purchased for the April 2018 through September 2018 period (15% in 1/17 and 20% in 4/17). For the April 2018 through September 2018 period, the Company will procure another 20% in the third quarter of 2017, 20% in the fourth quarter of 2017 and 15% in the first quarter of 2018. Those procurements will total 90% for the April 2018 through September 2018 period and 10% will be made in the spot market.

Included in the filing as well are:

- A calculation of the Standard Offer Service ("SOS") retail rates for the Industrial Group for each month of the service period;
- A RIPUC Tariff No. 2096 Rate Summary, Reflecting the proposed rates for the period July 2017 through September 2017.
- A typical bill analysis for the SOS Industrial Customer Group.
- A copy of SOS Request for Proposals ("RFPs") to solicit SOS supply issued on March 3, 2017 for the period July 2017 through September 2017 for the Industrial Group, October 2017 through September 2018 for the Commercial Group, and October 2017 through September 2018 for the Residential Group;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for July 2017 through September 2017 for the Industrial Group, October 2017 through September 2018 for the Commercial Group, and October 2017 through September 2018 for the Residential Group.

Un-redacted versions of the Procurement Summary, an amendment to a Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

Industrial Group Rates

The Standard Offer rates proposed for the **Industrial Customer Group** for the July 2017 through September 2017 period, including the current per-kWh Standard Offer Adjustment Factor of (\$0.00507), the Administrative Cost Factor of \$0.00122, and the Renewable Energy Charge of \$0.00040 are:

- July 2017: \$0.06554/kWh.
- August 2017: \$0.06398/kWh.
- September 2017: \$0.05926/kWh.

The three month average of the proposed July 2017 through September 2017 Industrial Group SOS rate is \$0.06293, which results in a 29% increase compared with the April 2017 through June 2017 average Industrial Standard Offer rate of \$0.04888/kWh. Compared to the previous year's July 2016 through September 2016 Industrial Group SOS average rate of \$0.04589/kWh, the proposed rate results in a 37% increase from the same three month period in the previous year.

In calendar year 2017, the Rhode Island load covered by the filed RFP is subject to an 11.5% Renewable Energy Standard ("RES") requirement per R.I. Gen. Laws 39-26.1-5(d). The Company's New Renewable Energy Certificates (RECs) obtained through Long-Term Renewable Contracts are expected to be used to fulfill all of the Company's RES obligations in 2017. As a result, the Company will no longer attempt to procure RECs through its SOS RFP's.

After review, the Division believes the filing is in compliance with Order number 21826 issued in the Standard Offer Procurement Plan, Docket 4490 as modified by the Commission at open meeting June 27, 2016 in Docket number 4605.

Cc: Stephen Scialabba, Chief Accountant