

March 1, 2016

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: 2017 Standard Offer Service Procurement Plan  
2017 Renewable Energy Standard Procurement Plan  
Docket No. 4605**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's<sup>1</sup> Standard Offer Service (SOS) procurement plan for 2017, as well as the Company's Renewable Energy Standard (RES) procurement plan for 2017. The SOS Procurement Plan is submitted in compliance with the provisions of R.I. Gen. Laws § 39-1-27.8. The RES Procurement Plan is submitted in compliance with the provisions of R.I. Gen. Laws § 39-26-4 and the Rules and Regulations Governing the Implementation of a Renewable Energy Standard promulgated by the Rhode Island Public Utilities Commission (PUC). In support of its 2017 SOS and RES procurement plans, the Company is submitting the pre-filed testimony and schedules of Margaret M. Janzen.

**SOS Procurement Plan**

For 2017, the Company is proposing to continue to follow the method of procuring SOS supply through full requirements service contracts for the Residential, Commercial, and Industrial Groups of SOS customers. The pre-filed testimony of Margaret M. Janzen includes the approved SOS procurement plan for 2016 (Schedule 1), the proposed Procurement Plan for 2017 for each of three customer groups (Schedule 2), historical wholesale loads (Schedule 3), the standard Master Power Agreement (Schedule 4), the SOS Request for Proposal (RFP) Notice template (Schedule 5), and the SOS RFP Summary template (Schedule 6). The Company is seeking PUC approval of its proposed Procurement Plan, the Master Power Agreement, and the RFP documents. The Company's proposed RFP documents remain the same with the exception of limited changes that have been redlined in the documents.

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

In Docket No. 4149, the PUC approved, starting in April 2011, the establishment of three customer groups consisting of an Industrial Group, a Commercial Group, and a Residential Group. The Company is proposing to continue to procure supply by customer group. The specific 2017 procurement schedules for each of the three customer groups are found in Schedules 2A, 2B, and 2C to the testimony of Ms. Janzen. As shown on Schedule 2A, the Company is proposing to continue to procure supply for the Industrial Group through three-month full requirements service contracts, solicited quarterly, for 100% of the load. The final contract for the Industrial Group will be executed in the fourth quarter of 2017 for the three-month period ending March 31, 2018. The Company proposes procuring SOS supply for the Commercial and Residential Groups separately through full requirements service contracts as shown in Schedules 2B and 2C.

The proposed SOS Procurement Plan includes the following adjustments to the current plan approved in 2016:

- Elimination of spot market purchases from the portfolio for the Residential and Commercial Groups.
- A modification to the procurement schedule for the Residential and Commercial Groups. Instead of contracts of four different durations, the Company is proposing two different durations of 12 months and 18 months.
- The solicitation of one 12 month “flat” bid price and one 6 month “shaped” bid price for the 18 month contract term for each Residential and Commercial Group bid block, and a two “shaped” bid price bid blocks for the 12 month contract term. The combination of a “flat” bid price proposal for bid blocks longer than 6 months and a “shaped” bid price proposal for shorter term bid blocks will help reduce rate volatility, while still providing seasonal market price signals.
- The Company is also requesting to extend the 75-day notice requirement for pending rate changes for the Residential Group by up to 7 days when an RFP is impacted by a holiday period.

### **RES Procurement Plan**

The Company is seeking approval of its 2017 RES Procurement Plan (Schedule 7). The Company also seeks approval for its standard RES Certificate Purchase Agreement (CPA) (Schedule 8), its standard RES RFP Notice template (Schedule 9), and the standard RES RFP Summary template (Schedule 10). The Company’s proposed CPA, RES RFP Notice, and RES RFP Summary remain the same with the exception of limited changes that have been redlined in the documents.

Under the Company’s proposed 2017 RES Procurement Plan New Renewable Energy Certificates (RECs) obtained through Long-Term Renewable Contracts will be used to fulfill most of the Company’s RES obligations in 2016 and exceed the RES obligations in 2017, in accordance with R.I. Gen. Laws § 39-26.1-5(d). As a result, the Company is no longer proposing to procure RECs through its SOS RFPs.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer Brooks Hutchinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jennifer Brooks Hutchinson

Enclosure

cc: Leo Wold, Esq.  
Steve Scialabba, Division

National Grid

The Narragansett Electric Company

**2017 Standard Offer Supply  
Procurement Plan**

**2017 Renewable Energy  
Standard Procurement Plan**

March 1, 2016

Docket No. 4605

**Submitted to:**  
Rhode Island Public Utilities Commission

Submitted by:

**nationalgrid**



**Testimony of  
Margaret M. Janzen**

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN**

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**DIRECT TESTIMONY**

**OF**

**MARGARET M. JANZEN**

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC DOCKET NO. 4605**  
**2017 STANDARD OFFER SERVICE PROCUREMENT PLAN**  
**2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN**  
**WITNESS: MARGARET M. JANZEN**

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Margaret M. Janzen, and my business address is 100 East Old Country Road,  
4 Hicksville, NY 11801.

5 **Q. Please state your position with and describe your duties at National Grid.**

6 A. I am the Director of Wholesale Electric Supply for National Grid USA Service Company,  
7 Inc. (National Grid). I oversee the procurement of energy, capacity and ancillary  
8 services, portfolio hedging strategies, and other energy supply related activities for  
9 National Grid's operating companies, including The Narragansett Electric Company d/b/a  
10 National Grid (Narragansett or the Company). For Narragansett, these activities include  
11 the procurement of power for SOS as well as the procurement of renewable energy  
12 certificates (RECs).

13 **Q. Will you describe your educational background and training?**

14 A. I have a Bachelor of Engineering Degree in Civil Engineering from The Cooper Union. I  
15 also have received a Master of Business Administration Degree in Finance from Baruch  
16 College.

17 **Q. What is your professional experience?**

18 A. I joined The Brooklyn Union Gas Company as a management trainee in 1993, and have  
19 held various positions of increasing responsibility at KeySpan Corporation and National  
20 Grid in the areas of Engineering, Strategic Planning, Treasury, Investor Relations, and

1 Regulatory. In 2008, I assumed my current role as Director of Wholesale Electric  
2 Supply.

3 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**  
4 **(PUC)?**

5 A. Yes, in several dockets.

6 **Q. Have you testified before any other state regulatory agencies?**

7 A. Yes. I have testified before the Massachusetts Department of Public Utilities and the  
8 New Hampshire Public Utilities Commission, and have also presented to the New York  
9 Public Service Commission regarding electric supply, portfolio hedging, and renewable  
10 procurement activities.

11 **II. Purpose of Testimony**

12 **Q. What is the purpose of your testimony?**

13 A. First, regarding Standard Offer Service, I will provide an overview of the existing 2016  
14 Standard Offer Service Procurement Plan (2016 SOS Plan) approved by the PUC last  
15 year in Docket No. 4556. Second, I will discuss the SOS Procurement Plan that is  
16 proposed in this filing for 2017 and subsequent periods (2017 SOS Plan). Third, I will  
17 provide an overview of the existing 2016 Renewable Energy Standard Procurement Plan  
18 (2016 RES Plan) approved by the PUC last year, also in Docket No. 4556, and discuss  
19 the Company's proposed 2017 Renewable Energy Standard Procurement Plan (2017 RES  
20 Plan). The 2017 RES Plan is designed to meet the Company's 2017 obligations under the

1 Rhode Island Renewable Energy Standard (RES) by obtaining the statutorily established  
2 percentage of its energy supply from eligible renewable energy resources through the  
3 procurement of qualifying NEPOOL-Generator Information System (GIS) certificates.<sup>1</sup>

4 **Q. What is the basis for the Company's submission of its proposed 2017 SOS Plan for**  
5 **PUC approval?**

6 A. Rhode Island General Laws §§ 39-1-27.3 and 39-1-27.8 require the Company to arrange  
7 for a power supply for customers, who are not otherwise receiving electric service from a  
8 Non-regulated Power Producer (NPP). Specifically, pursuant to R.I. Gen. Laws § 39-1-  
9 27.8, from 2009 through 2018, the Company must file an annual supply procurement plan  
10 with the PUC that includes the procurement procedure, the pricing options being sought,  
11 and a proposed term of service for which SOS will be acquired. All such components of  
12 the procurement plan are subject to review and approval by the PUC.

13 **Q. What is the basis for the Company's submission of its proposed 2017 RES Plan for**  
14 **PUC approval?**

15 A. The RES was enacted by the Legislature on June 29, 2004, and is codified at R.I. Gen.  
16 Laws § 39-26-1 *et seq.* On December 8, 2005, the PUC promulgated Rules and  
17 Regulations Governing the Implementation of a Renewable Energy Standard, effective  
18 January 1, 2006 (RES Regulations). Pursuant to the RES, R.I. Gen. Laws § 39-26-4 and  
19 Section 4.0 of the RES Regulations, beginning on January 1, 2007, the Company and all

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<sup>1</sup> See R.I. Gen. § Laws 39-26-4.

1 other Obligated Distribution Companies (as specified in Definition 3.25 of the RES  
2 Regulations) are required to obtain a specified percentage of their energy supply from a  
3 mix of new and existing renewable energy resources. Sections 8.2 and 8.3 of the RES  
4 Regulations require the Company and all Obligated Distribution Companies to annually  
5 submit a Renewable Energy Procurement Plan to the PUC that demonstrates its  
6 procedures for obtaining resources that satisfy the Company's RES obligations.

7 **Q. Are you sponsoring any schedules in your testimony?**

8 A. Yes. I am sponsoring the following schedules:

9 Schedule 1 – Approved 2016 SOS Plan

10 Schedule 2 – Proposed 2017 SOS Plan – Industrial, Commercial, & Residential

11 Schedule 3 – SOS Wholesale Loads

12 Schedule 4 – Master Power Agreement (MPA)

13 Schedule 5 – SOS RFP Notice (Template)

14 Schedule 6 – SOS RFP Summary (Template)

15 Schedule 7 – Proposed RES Plan for 2017

16 Schedule 8 – Certificate Purchase Agreement (CPA)

17 Schedule 9 – RES RFP Notice (Template)

18 Schedule 10 – RES RFP Summary (Template)

1 **III. Current 2016 SOS Plan**

2 **Q. Please provide an overview of the approved 2016 SOS Plan.**

3 A. The 2016 SOS Plan (Docket No. 4556, approved on July 1, 2015) has three distinct  
4 classes of service:

5 (1) Industrial Group, consisting of customers receiving service on Large Demand

6 Rate G-32, Optional Large Demand Rate G-62, Backup Service Rates B-32 and

7 B62, and Electric Propulsion Rate X-01;

8 (2) Commercial Group, consisting of customers receiving service on General C&I

9 Rate G-02, Small C&I Rate C-06, Limited Private Lighting Rate S-10, Customer-

10 Owned Streetlighting Equipment Rate S-05, Decorative Street and Area Lighting

11 Service Rate S-06, and General Streetlighting Rate S-14; and

12 (3) Residential Group, consisting of customers receiving service on Basic Residential

13 Rate A-16 and Low Income Discount Rate A-60.

14 The 2016 SOS Plan for the Industrial Group involves acquiring a load-following, Full  
15 Requirements Service contract for 100% of the load through quarterly solicitations for  
16 three months in duration: January through March, April through June, July through  
17 September, and October through December. With a Full Requirements Service contract,  
18 the supplier becomes responsible for the energy, capacity, ancillary services, and  
19 miscellaneous Independent System Operator-New England (ISO-NE) charges of the  
20 particular SOS customer group for a fixed dollar per megawatt-hour (\$/MWh) price. For

1           this fixed price, the supplier assumes all price and load risks. It should be noted that the  
2           term “contract” used in this context, may in fact be several “bid blocks” or “segments”  
3           that add up to the total load solicited. The smaller bid blocks are designed to benefit  
4           pricing and supplier diversity.

5           The 2016 SOS Plan for the Residential Group and the Commercial Group involves a  
6           combination of Full Requirements Service contracts and ISO-NE spot market purchases.  
7           The Company layers Full Requirements Service contracts for the benefit of diverse  
8           pricing points in a manner that diversifies risk for customers in each customer group.  
9           Each contract for the Residential and Commercial Groups is comprised of 6 month bid  
10          blocks. For example, a 24 month contract will consist of four independent bid blocks.  
11          Dividing the contract creates the opportunity to award the bid blocks to a combination of  
12          suppliers, rather than a single supplier, if the overall cost is lower. If the single supplier  
13          has the lowest overall cost, it will win all four bid blocks.

14          Schedule 1A is the approved 2016 SOS Plan which consists of four quarterly  
15          solicitations. Each quarterly solicitation procures SOS for a specific term and load  
16          obligation, and some contracts will have delivery periods beyond 2016. The  
17          procurements resulting from the 2016 SOS Procurement Plan, in conjunction with  
18          procurements from the 2014 Standard Offer Service Procurement Plan (Docket No. 4393)  
19          and 2015 SOS Procurement Plan (Docket No. 4490), fully satisfy the Company’s SOS  
20          obligation for the period October 2016 through March 2017. The 2016 SOS Plan also

1 partially satisfies the Company's SOS obligation for April 2017 through March 2018.

2 The Company's SOS obligations for this period will be fully met in conjunction with  
3 procurements made as a result of the 2017 SOS Plan. Schedule 1B is an illustration of  
4 the various procurement plans' contracts that satisfy the SOS obligations for the October  
5 2016 through March 2018 period.

6 In Docket No. 4149 (approved on August 5, 2010), the Company proposed a Commercial  
7 Group procurement schedule for 2011 that would allow a transition to a repeating  
8 schedule. The repeating schedule consisted of quarterly solicitations, with each  
9 solicitation alternating between procuring one, 6 month contract and one, 12 month  
10 contract. Each contract was for 30% of the Commercial load. When all Full  
11 Requirements Service contracts had been acquired, each month had Full Requirements  
12 Service contracts for 90% of the Commercial load and the remaining 10% of the load was  
13 procured by the Company through ISO-NE spot market purchases. The 2016 SOS Plan  
14 amended this repeating schedule to match the Residential Group's procurement schedule.

15 In Docket No. 4149, the Company also proposed a Residential Group procurement  
16 schedule for 2011 that would allow a transition to a repeating schedule. As of the 2016  
17 SOS Plan, this repeating schedule is for both the Residential and Commercial Groups and  
18 consists of quarterly solicitations. The Full Requirements Service contracts will be for  
19 different percentages of load and four durations: 6 months, 12 months, 18 months, and  
20 24 months. When all Full Requirements Service contracts have been acquired, each

1 month will have Full Requirements Service contracts totaling 90% of the Residential and  
2 Commercial load, and the remaining 10% of the load would be procured by the Company  
3 through ISO-NE spot market purchases.

4 The additional laddering and varying lengths of the Full Requirements Service contracts  
5 allows for mitigation of price volatility because the individual contracts are procured at  
6 different times and are dollar-cost averaged to create a blended supply rate. During a  
7 decreasing electric prices market, the lower-cost most recent transactions will help offset  
8 the higher-cost older transactions. Conversely, in an increasing electric prices market,  
9 the higher-cost, most recent transactions will be partially offset by the lower-cost older  
10 transactions. Because it is effective in mitigating price volatility in all market  
11 environments, the Company is not proposing significant changes to a laddered and  
12 layered Full Requirements Service procurement approach.

13 In the 2016 SOS Plan the retail rate periods for the Residential and Commercial Groups  
14 were modified from January through June and July through December to October through  
15 March and April through September, effective October 1, 2016. The PUC also ordered  
16 National Grid to file SOS rates for the Residential and Commercial Groups for the period  
17 January 1, 2016 through September 30, 2016 in order to transition to the new rate

1 periods, and to provide a 75-day notice of impending rate changes. Unique transactions  
2 were necessary to transition to these new rate periods.<sup>2</sup>

3 **IV. Proposed 2017 SOS Plan and Subsequent Periods**

4 **Q. Please describe the Company’s approach as it developed its proposed 2017 SOS**  
5 **Plan.**

6 A. The following is a description of the Company’s underlying design principles in its  
7 development of its proposed 2017 SOS Plan. The objectives for the 2017 SOS Plan are  
8 to comply with the above-stated statutory requirements in a manner that is consistent with  
9 least-cost procurement<sup>3</sup>, and to consider the impact to the Company’s customers from  
10 electric supply prices, in addition to the risks of the market and migration, among other  
11 risks, while mitigating the impact on the competitive retail market. The Company  
12 recognizes that different customer groups have varying levels of access to the competitive  
13 retail market, as well as different levels of awareness of markets and sensitivity to rate  
14 changes. To that end, the Company has prioritized the mitigation of rate changes for its  
15 smallest customers, residential and small commercial.

16 In the development of the 2017 SOS Plan consistent with least-cost procurement, the  
17 Company has focused on the following objectives, which must be kept in balance:

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<sup>2</sup> See Open Meeting Decision Summary (July 2, 2015); see also National Grid Compliance Filing dated July 24, 2015 (enclosing a revised Schedule 2 of the 2016 SOS Plan reflecting the modified rate periods).

<sup>3</sup> See R.I. Gen. Laws § 39-1-27.7 (“Least-cost procurement shall comprise system reliability and energy efficiency and conservation procurement . . . and supply procurement as provided for in § 39-1-27.8, as complementary but distinct activities that have as common purpose meeting electrical and natural gas energy needs in Rhode Island, in a manner that is optimally cost-effective, reliable, prudent and environmentally responsible.”).

- 1 (1) Mitigate volatility for smaller customers;
- 2 (2) Diminish risks associated with wholesale procurement, and the price shock
- 3 associated with those risks;
- 4 (3) Reflect market price signal through seasonal rates, to some extent, for all
- 5 customer groups; and
- 6 (4) Encourage conservation and energy efficiency measures.

7 The proposed 2017 SOS Plan reflects the Company's careful consideration of the varied

8 objectives and a balanced approach to achieving each to some measure. For example, the

9 incorporation of a seasonal price signal increases customers' awareness of seasonal

10 prices, which can facilitate conservation and energy efficiency. At the same time, this

11 price awareness comes at the risk of rate volatility, as the New England region's

12 underlying wholesale market prices are significantly different for winter versus non-

13 winter deliveries.

14 **Q. Please summarize the Company's proposed SOS Procurement Plan for periods**

15 **subsequent to those addressed in the approved 2016 SOS Plan.**

16 A. The Company is proposing to continue the method of procuring SOS supply through Full

17 Requirements Service contracts with the mix of different duration contracts tailored to

18 meet the needs of each customer group. One change to the 2016 SOS Plan is that the

19 Company is proposing to eliminate ISO-NE spot market purchases in the 2017 SOS Plan,

20 starting in April 2017, as discussed below.

1 In this filing, the Company is requesting approval of the proposed 2017 SOS Plan to  
2 conduct Full Requirements Service solicitations for all procurement groups during  
3 calendar year 2017, recognizing that some contracts will have delivery periods beyond  
4 2017.

5 **Q. Why does the Company propose the continuation of procuring supply by customer**  
6 **group?**

7 A. The Company believes that there are differences between various types of customers, and  
8 as markets continue to develop, it is important to tailor the SOS supply portfolio for a  
9 given type of customer to the appropriate balance of price stability, given the customer's  
10 ability and willingness to respond to price signals to encourage efficient consumption,  
11 customer investment, and service decisions. Using a tailored and separate supply  
12 portfolio for each distinct customer group is also consistent with the Company's  
13 experience in other service areas and ensures proper assignment of costs and risks.

14 Industrial customers are generally the most willing and/or able to access the competitive  
15 retail supply market to meet their needs. As a result, these customers do not need to rely  
16 upon SOS to provide them price stability to the same degree as commercial and  
17 residential customers. Therefore, the SOS supply portfolio for industrial customers  
18 should comprise a greater portion of shorter-term supply products. As a result of these  
19 observations, under the Company's plan, the supply portfolio for industrial customers

1 involves the highest portion of shorter-term Full Requirements Service products (and  
2 hence the lowest level of price stability and the strongest market price signals).

3 Residential and commercial customers have different usage patterns. Additionally,  
4 commercial customers are generally more willing and/or able to access the competitive  
5 retail supply market to meet their needs than are residential customers. Therefore, it is  
6 appropriate that SOS supply for these two customer groups is procured separately.

7 **Q. How is the Company proposing to procure SOS supply for the Industrial Group in**  
8 **2017?**

9 A. For the Industrial Group, the Company is proposing to continue the approved method of  
10 procuring SOS supply through Full Requirements Service contracts, three months in  
11 duration, solicited quarterly, for 100% of the load. The final contract will be executed in  
12 the fourth quarter of 2017 for the three-month period ending March 31, 2018, as shown in  
13 Schedule 2A. This proposed plan is the same as the approved 2016 SOS Plan that the  
14 Company currently employs for the Industrial Group.

15 **Q. Why is the Company proposing to eliminate ISO-NE spot market purchases for the**  
16 **Commercial and Residential Groups in 2017?**

17 A. Removing spot market purchases from the portfolio will have the benefits of reducing  
18 anticipated deferral balances as well as minimizing winter supply cost surprises.

1 **Q. Do you have quantitative analysis that supports your statements about the benefits**  
2 **of removing spot market purchases from the SOS portfolios?**

3 A. Yes. As part of the PUC’s July 1, 2015 Open Meeting decision in Docket No. 4556, the  
4 PUC directed the Company to “conduct an analysis of whether and to what extent its  
5 SOS Procurement Plan addresses current wholesale electricity market conditions” and to  
6 “include the extent to which current market conditions are conducive to discretionary  
7 hedging of the spot market with Full Requirements Service contracts in the SOS  
8 procurement process.”<sup>4</sup> In compliance with the PUC’s decision, the Company engaged  
9 The NorthBridge Group (NorthBridge), a consulting firm with expertise regarding  
10 electricity market pricing and SOS procurement, to complete a comprehensive review of  
11 procurement approaches for SOS for residential customers. NorthBridge prepared a  
12 report for National Grid entitled, “Analysis of Rhode Island Standard Offer Service  
13 Supply Procurement” (the NorthBridge Report), which the Company filed with the PUC  
14 on January 29, 2016.<sup>5</sup> NorthBridge’s quantitative analysis utilized a Monte Carlo  
15 simulation approach to replicate market uncertainty based on actual market data. The  
16 analysis of the costs and risks associated with various procurement approaches is  
17 presented in the NorthBridge Report. Based in part on this analysis, the Company  
18 determined that removal of spot market purchases would benefit SOS customers in  
19 Rhode Island by reducing anticipated deferral balances and winter supply cost surprises.

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<sup>4</sup> Open Meeting Decision Summary (July 2, 2015).

<sup>5</sup> See National Grid’s Compliance Filing, Docket No. 4556 (January 29, 2016).

1 Winter supply cost surprise is defined as the difference (positive or negative) between the  
2 forecasted and actual supply costs during the winter.

3 **Q. What is the Company's rationale for removing spot market purchases in 2017?**

4 A. The Company has incorporated spot market purchases in its SOS portfolio since January  
5 1, 2010 and, in that time, the Company has gained significant market knowledge and  
6 experience that benefits customers. The Company can now seamlessly enact its  
7 contingency plans for future events such as supplier default or inadequate bid  
8 participation in requests for proposals (RFPs). The elimination of the spot market  
9 purchases will not negate these benefits.

10 Since January 2010 the inclusion of spot market purchases has contributed at times  
11 negative or positive impacts on SOS supply costs, and it also has contributed to deferral  
12 balances and winter supply cost surprises. New England is expected to remain pipeline-  
13 constrained for the foreseeable future. Until the regional gas pipelines constraints are  
14 resolved, the Company expects continued volatility in wholesale markets due the region's  
15 dependence upon natural gas supply. Thus, the Company's recommendation to eliminate  
16 the spot component is based on the benefit of increasing rate stability for customers.

17 **Q. What is the Company's proposal to procure SOS supply for the Commercial and  
18 Residential Groups in 2017?**

19 A. Standard Offer Service supply for the Commercial and Residential Groups will continue  
20 to be procured separately. Both portfolios will include a combination of Full

1 Requirements Service contracts with the same contract durations and frequency of dollar-  
2 cost averaging. The Residential and Commercial Groups' contracts for 100% of the  
3 obligation will consist of 12 and 18 month contracts executed over five RFPs, or five  
4 price points. It should be noted that the term "contract" used in this context, may in fact  
5 be several "bid blocks" that add up to the total load solicited.

6 **Q. Please describe the specific procurement schedules for the Industrial, Commercial,**  
7 **and Residential Groups.**

8 A. Specific procurement schedules were submitted last year in Docket No. 4556 for the 2016  
9 SOS Plan. These are updated as described below and attached as Schedule 2 to the  
10 proposed 2017 SOS Plan. Schedule 2 shows the procurement calendar for each customer  
11 group: Schedule 2A is for the Industrial Group, Schedule 2B is for the Commercial  
12 Group, and Schedule 2C is for the Residential Group. The yellow-colored blocks in the  
13 Schedule represent contracts that the Company executed pursuant to the 2016 SOS Plan.  
14 The white-colored blocks in the Schedule represent future solicitations that have been  
15 approved in the 2016 SOS Plan. The green-colored blocks in the Schedule represent  
16 solicitations for which the Company is requesting approval in the 2017 SOS Plan. The  
17 gray-colored blocks in the Schedule represent future intended solicitations, but which  
18 have not been submitted for approval in this proceeding.

19 As set forth above, Schedule 2B and Schedule 2C describe the details of the Commercial  
20 and Residential procurement schedules, respectively. As approved in Docket No. 4556,

1 through the fourth quarter of 2016, the Company will procure power for 2016 through  
2 2018 through quarterly Full Requirements Service solicitations of two years or less in  
3 duration. Starting in January 2017, quarterly Full Requirements Service solicitations are  
4 proposed to occur for contracts of various durations up to eighteen months in length that  
5 would serve customers in 2017 through 2019.

6 **Q. Is the Company proposing any modifications to the Residential and Commercial**  
7 **Groups' schedules?**

8 A. Yes, the Company is proposing a modification to the contract durations of the Residential  
9 and Commercial Groups' solicitations. The Company will continue to employ a  
10 repeating schedule similar to the one initially approved in Docket No. 4149. The  
11 repeating procurement schedule for both groups will continue to consist of quarterly  
12 solicitations that ladder and layer contracts. In the 2017 SOS Plan, the procurement  
13 schedule will be modified from contracts of four different durations (6 months, 12  
14 months, 18 months, and 24 months) to two different durations (12 months and 18  
15 months). Each of the 12 month and 18 month contracts will be for 20% of the SOS load.  
16 The 18 month contracts will consist of two bid blocks: a 12 month "flat" bid price bid  
17 block and a 6 month "shaped" bid price bid block. A "flat" bid price requires one price  
18 for every month of a bid block. A varying "shaped" bid price allows different prices for  
19 each month of a bid block. The 12 month contracts will consist of two 6 month shaped  
20 bid blocks. When all Full Requirements Service contracts have been completed, each

1 month will have five Full Requirements Service contracts for 100% of the load, and 40%  
2 of each month will consist of flat 12 month contracts.

3 **Q. Why is the Company proposing to incorporate flat bid prices?**

4 A. The NorthBridge Report highlights the benefits of including flat bid price contracts in a  
5 portfolio. Flat bid prices for bid blocks longer than 6 months will reduce rate shock and  
6 winter supply cost surprises and decrease the deferral account balance.

7 The Company's 2017 SOS Plan is designed to procure in a least-cost manner while  
8 striking an appropriate balance between rate volatility and seasonal market price signals.

9 Minimizing rate volatility and providing seasonal market price signals are competing  
10 objectives. For example, a portfolio comprised of 100% spot market purchases may  
11 provide the lowest expected average SOS rate over time, but it would expose customers  
12 to significant rate volatility. Rate volatility, on the other hand, could be mitigated by  
13 long-term flat transactions, but this would lessen the seasonal price signal in SOS rates  
14 and may result in higher expected average SOS rates. In designing its SOS Procurement  
15 Plan, the Company must also consider the effect it may have on the competitive retail  
16 market.

17 As noted in the NorthBridge Report, "while the current approach provides notable  
18 protection, our simulation modeling indicates that there is a 93% probability that at some  
19 point in a given year there will be a supply rate increase of at least 25% and a 14%

1 probability of a supply rate increase of at least 50%”.<sup>6</sup> NorthBridge concludes that flat  
2 pricing for at least 12 month bid blocks will provide greater rate stability than the 2016  
3 SOS Plan. In the Key Findings section of the NorthBridge Report, NorthBridge suggests  
4 that greater rate stability, smaller deferral balances, and greater supply cost predictability  
5 could be achieved with the elimination of spot market purchases, a reduction of contracts  
6 less than 12 months, and the incorporation of flat contracts with durations at least 12  
7 months.<sup>7</sup>

8 The 2017 SOS Plan will provide more rate stability than the 2016 SOS Plan by including  
9 12 month flat contracts for 40% of its load. The 2017 SOS Plan includes 6 month shaped  
10 bid blocks for 60% of the SOS obligations, which will continue to provide a seasonal  
11 price signal for the benefit of energy efficiency. Also, by providing more rate stability,  
12 all else being equal, the 2017 SOS Plan may have somewhat higher supply prices than the  
13 2016 SOS Plan; however, on balance, the Company believes the reduced rate volatility  
14 will provide a net benefit for customers.

15 **Q. The NorthBridge Report states a portfolio consisting of flat 24 month contracts**  
16 **would significantly reduce rate shock. Why does the Company not adopt this**  
17 **portfolio ?**

18 A. As described above, the proposed 2017 SOS Plan is designed to procure supply in a least-  
19 cost manner while balancing competing objectives of minimizing rate volatility and

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<sup>6</sup> NorthBridge Report at 7.

<sup>7</sup> See Id.

1 providing seasonal price signals. The Company concludes from the NorthBridge Report  
2 findings that laddered and layered flat 24 month bid blocks will result in lower rate  
3 volatility than the proposed design in the 2017 SOS Plan. However, flat 24 month  
4 contracts will significantly decrease seasonal price signals and may result in higher  
5 expected SOS rates than what the Company is proposing in the 2017 SOS Plan.  
6 Therefore, the Company believes that, on balance, the proposed 2017 SOS Plan  
7 appropriately balances all objectives. The NorthBridge Report also notes that flat 12  
8 month contracts would still achieve risk reduction (even if to a lesser extent).<sup>8</sup>

9 The Company notes that the PUC has continued its policy of seasonal 6 month rates, as  
10 indicated in its Open Meeting decision on July 1, 2015, in which the PUC voted to  
11 modify the start of the winter rate period (October through March) with a rate change six  
12 months later for the summer period (April through September). This decision  
13 demonstrates that seasonal price signals are important in Rhode Island. Providing price  
14 signals encourages efficient consumption, customer investment, and retail service  
15 decisions. The Company notes that 24 month flat contracts will significantly minimize  
16 price signal in the portfolio and, thus, recommends a 12 month flat contract period.

17 The Company also believes it is possible that all flat contracts may result in higher costs  
18 than its current 6 month shaped bid blocks due to increased risk premiums and decreased  
19 bidder participation. To minimize the impact to SOS rates, the Company only proposes

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<sup>8</sup>See NorthBridge Report at 24, 27.

1 the flat contracts for 12 months and only for 40% of its obligations for the Residential  
2 and Commercial Groups.

3 **Q. Is there a transition period for the Residential and Commercial Groups before each**  
4 **group reaches its proposed repeating schedule?**

5 A. Yes, Schedule 2B and Schedule 2C illustrate the actions necessary to transition from the  
6 current repeating schedule to the proposed repeating schedule. For both groups, this  
7 consists of executing a 12 month flat bid block for 25% of the SOS obligation (instead of  
8 the standard 20%) in the first quarter of 2017. From April 2017 through September 2017,  
9 25% of each month will consist of a flat bid block. From October 2017 through March  
10 2018, 45% of each month will consist of flat bid blocks. Starting April 2018, 40% of  
11 each month will consist of flat bid blocks.

12 **Q. Is the Company requesting approval to modify any additional requirements in the**  
13 **current 2016 SOS Plan as part of this filing?**

14 A. Yes. In the 2016 SOS Plan, the PUC ordered the Company to provide a notice of 75 days  
15 for pending rate changes. The Company requests the ability to delay this notice up to 7  
16 days if a RFP may be impacted by holidays. The Company interprets this notice  
17 requirement as publication in the Providence Journal as it is now required to do. The new  
18 SOS rate periods begin April and October. A 75-day notice would fall on approximately  
19 the 15<sup>th</sup> of January and July, respectively, which requires final bids in the first week of  
20 January and July. This could result in final bids close to New Year's Day and the Fourth

1 of July, which may impact supplier participation. Depending on the timing of the notice  
2 publication process and the Company's scheduling of bid dates, the Company may be  
3 required to hold a final bid date at an inopportune time in order to meet the 75-day notice  
4 requirement, unless it has the flexibility to delay the notice by up to 7 days. For this  
5 reason, the Company requests to have this flexibility going forward.

6 **Q. Does the Company intend to follow the same process established in Docket No. 4490**  
7 **for solicitations involving single bids?**

8 A. Yes, the Company intends to follow the approved contingency plan described in the  
9 Direct Testimony of Margaret M. Janzen in Docket No. 4490 (filed March 3, 2014), and  
10 later amended in a letter on June 25, 2014. This contingency plan established a  
11 procedure in the event of inadequate bidder participation, which is defined as zero or one  
12 bid for a bid block. The contingency plan also addresses a significant market event that  
13 impacts the competitiveness of pricing or bidders.

14 **Q. Is the Company proposing any changes to the currently effective SOS pricing**  
15 **provisions or to SOS rate change and reconciliation filing dates?**

16 A. No. There are no proposed changes to the dates for the SOS rate change and  
17 reconciliation filings.

18 **V. Standard Offer Service Procurement Process and Schedule**

19 **Q. What are the expected loads for the three SOS groups?**

1 A. Schedule 3A is a graph and table of the historical wholesale SOS loads since January  
2 2007. The table included in Schedule 3A also includes historical wholesale competitive  
3 supply loads. Schedule 3B is a table of the forecasted monthly SOS loads for 2017.

4 **Q. Is the Company seeking approval of certain documents used to procure Full**  
5 **Requirements Service contracts?**

6 A. Yes, the Company is seeking approval of its standard Master Power Agreement (MPA),  
7 which is included as Schedule 4. This document is redlined to show the proposed edits to  
8 the version approved in Docket No. 4556, as are all subsequent redlined schedules. All  
9 schedules include certain other minor, administrative edits, which are also redlined.  
10 There are no significant changes to the MPA from the one that the PUC approved in  
11 Docket No. 4556. The Company would only accept non-substantive changes to the  
12 standard MPA if such changes proposed by suppliers do not shift risk to the Company's  
13 customers.

14 **Q. Are there other documents for which the Company is requesting approval?**

15 A. Yes, the Company is requesting approval of the SOS RFP Notice, which is included as  
16 Schedule 5. The Company's proposed edits are necessary to implement the Company's  
17 proposal to solicit one flat bid price for the entire contract term for some of the  
18 Residential and Commercial Groups' bid blocks, instead of varying shaped bid prices for  
19 each month. Additional proposed edits remove the request for RES pricing. The  
20 Company also requests approval of the SOS RFP Summary, which is included as

1           Schedule 6. The Company's proposed edits remove the summary of the RES pricing  
2           received in the RFP.

3   **Q.    Please explain the procedure that the Company will utilize to procure Standard**  
4   **Offer Service.**

5   A.    The Company will take the following steps to procure Standard Offer Service:

6           (1) Issue an RFP to all interested wholesale power suppliers approximately 15 weeks  
7           prior to the start of the first service period;

8           (2) Require that all suppliers that will bid have an executed MPA;

9           (3) Receive initial responses to the RFP, which will include background information  
10           for each Respondent and the indicative pricing for the Full Requirements Service  
11           contracts;

12           (4) File with the PUC and Rhode Island Division of Public Utilities and Carriers (the  
13           Division) within 24 hours a summary of all indicative bids received, which shall  
14           include, without limitation, the name of the bidder, the amount of power bid, and  
15           the price;

16           (5) Receive final binding prices and evaluate final prices and security requirements  
17           within the day;

18           (6) Select a supplier(s) and execute a power supply confirmation(s);

1 (7) File with the PUC and Division within 24 hours a summary of all bids received  
2 which shall include, without limitation, the name of the bidder, the amount of  
3 power bid, and the price; and

4 (8) File the RFP Summary of the procurement process provided in Schedule 6,  
5 including bids received, on a confidential basis with the PUC for its review.

6 **Q. What form of RFP will the Company use to obtain Full Requirements Service**  
7 **contracts?**

8 A. The proposed RFP Notification document, provided in Schedule 5, will be used by the  
9 Company to obtain Full Requirements Service contracts. This document reserves the  
10 Company's right to make non-substantive changes to the form and requirements of the  
11 RFP to address any issues that may arise during the solicitation process. In addition, the  
12 Company reserves the right to make non-substantive changes to the form and  
13 requirements of the RFP to address any issues that may arise or to incorporate best  
14 practices learned between the date of the Company's filing in this Docket and the date the  
15 RFP is issued.

16 **Q. Are there any proposed changes to the RFP procedure for the proposed 2017 SOS**  
17 **Plan from what is detailed in the 2016 SOS Plan?**

18 A. Yes. As stated above, the RFP will require one flat bid price for the entire 12 months  
19 contract term for some Residential Group and Commercial Group bid blocks. In other  
20 words, the bid price will be the same for each month of the contract. This is a change

1 from the 2016 SOS Plan, in which a supplier could provide varying shaped bid prices for  
2 each month of the bid block or one flat bid price for the entire bid block. Additionally,  
3 the Company will lengthen the duration of some of its bid blocks. Previously, the  
4 Company has divided contracts into 6 month bid blocks. In the 2017 SOS Plan, the  
5 Company is proposing that two of its RFPs include 12 month flat bid blocks.

6 **Q. The Company had included a flat bid price proposal in the proposed 2016 SOS**  
7 **Plan. Please explain the rationale for that proposal.**

8 A. In order to simplify retail choice for customers, the Company proposed to procure SOS  
9 supply at flat prices in the 2016 SOS Plan in order to gradually eliminate the one-time  
10 billing adjustment for Residential and Commercial customers that switch from Standard  
11 Offer Service to a nonregulated power producer. The Company later withdrew this  
12 proposal when it agreed to immediately eliminate the billing adjustment for all  
13 customers, as reflected in the PUC's July 1, 2015 Open Meeting decision in Docket No.  
14 4556.

15 **Q. Why does the Company propose flat bid prices in the 2017 SOS Plan?**

16 A. The rationale for the flat bid proposal in the 2017 SOS Plan is different than it was in the  
17 2016 SOS Plan. As described above, the NorthBridge Report supports the inclusion of  
18 12 month flat bid blocks in order to reduce rate shock.

19 **Q. Is it possible that flat bid prices could be higher than shaped bid prices?**

1 A. Yes, it is possible; however, on balance, the Company believes the benefit from reducing  
2 rate volatility outweighs the potential increase in price and decrease in seasonal price  
3 signal.

4 **Q. Can you explain how the winning bidders will be determined in the solicitations?**

5 A. The winning bidders will be those who have offered the lowest final bid prices.

6 **Q. How would a winning bidder be determined if identical weighted average final bids  
7 are offered?**

8 A. If there are two or more bids with the identical lowest prices for shaped bid blocks, then  
9 the winning bidder will be determined by selecting the bidder with the lowest final bid  
10 price for the estimated highest volume month. If there are two or more bids with the  
11 identical lowest price for flat bid blocks, then the Full Requirements Service contract  
12 would be divided equally among the lowest bidders. If one of the lowest bidders refuses  
13 to equally split the contract, then its portion will be awarded to the other winning  
14 supplier(s).

15 **VI. Current 2016 RES Procurement Plan**

16 **Q. Please provide an overview of the existing approved 2016 RES Plan.**

17 A. The 2016 RES Plan (Docket No. 4556, approved on July 1, 2015), consists of purchasing  
18 NEPOOL-GIS Renewable Energy Certificates (New RECs) from the renewable  
19 generation projects that have executed contracts with the Company under the Long-Term  
20 Contracting Standard for Renewable Energy and Distributed Generation Standards

1           Contracts Act (collectively, Long-Term Renewable Contracts). The Company may also  
2           procure RECs through standalone RES RFPs, SOS RFPs, or through brokers.

3   **Q.    How will the Company determine the actual value of RECs from the renewable**  
4           **generation projects for the purpose of reconciling the Long-Term Contracting for**  
5           **Renewable Energy Recovery Factor (LTC Recovery Factor)?**

6   A.    As approved in Docket No. 4338, the Company will determine the actual value of these  
7           RECs for the purpose of reconciling the LTC Recovery Factor by using available current  
8           market information, such as recent RES solicitation results, broker information, or  
9           published REC indices. On a quarterly basis, the Company will obtain market prices for  
10          a period of ten business days before the opening of the NEPOOL GIS trading period and  
11          ten business days after. The Company will then average those market prices to calculate  
12          a REC market value which be used to reconcile the LTC Recovery Factor. Any  
13          difference between this REC market value and the estimate used to forecast the LTC  
14          Recovery Factor will flow through the reconciliation mechanism. To further clarify, the  
15          Company proposes to establish the transfer price of RECs throughout the year per the  
16          following illustrative schedule:

17

1

<b>Quarter (3-month Generation Period)</b>	<b>Transfer Date (when available in GIS)</b>	<b>Time period for gathering price data (approx. 10 days before and after Transfer Date)</b>
1Q16 (Jan – Mar 2016)	July 15, 2016	July 1-30, 2016
2Q16 (Apr – Jun 2016)	Oct 15, 2016	Oct 1-30, 2016
3Q16 (Jul – Sep 2016)	Jan 15, 2017	Jan 1-30, 2017
4Q16 (Oct – Dec 2016)	Apr 15, 2017	Apr 1-30, 2017
1Q17 (Jan – Mar 2017)	July 15, 2017	July 1-30, 2017
2Q17 (Apr – Jun 2017)	Oct 15, 2017	Oct 1-30, 2017
...	...	...

2           It should be noted that NEPOOL may modify the GIS trading periods for RECs at some  
3           point in the future, at which point the Company would establish the transfer price  
4           whenever the RECs are delivered.

5   **Q.    Will the Company charge SOS customers the same amount that is credited against**  
6   **the cost of the Long-Term Renewable Contracts?**

7   A.    Yes. As described in Docket No. 4338, the Company will charge SOS customers the  
8   same amount that is credited to delivery customers through the LTC Recovery Factor  
9   reconciliation, which offsets the cost of the Long-Term Renewable Contracts.

1 **Q. What will the Company do if the RECs from Long-Term Renewable Contracts are**  
2 **greater or less than those needed to satisfy the RES requirement?**

3 A. In the event that the Long-Term Renewable Contracts do not provide the RECs necessary  
4 to comply with the RES obligations, the Company has the ability to solicit RECs through  
5 standalone RES solicitations or through SOS competitive solicitations. The flexibility of  
6 the standalone RES solicitation makes it the ideal method because it can be issued at any  
7 time and for exact REC quantities, which are two advantages absent in the quarterly SOS  
8 solicitations.

9 In the event that the Long-Term Renewable Contracts provide RECs in excess of the  
10 amounts necessary to comply with the RES obligations, the Company may “bank” up to  
11 30% of the RES obligation or sell the RECs through standalone RES Requests for Bids or  
12 by engaging a third party to broker the sale. According to the RES Regulations, 30% of  
13 the New RES Obligation for a compliance year may be banked in order to satisfy the  
14 RES requirement over the following two years. Once the excess RECs from Long-Term  
15 Renewable Contracts exceed the RES obligation as well as the allowable banking limit,  
16 the Company must sell these RECs or they will expire worthless.

17 **VII. Proposed 2017 RES Procurement Plan**

18 **Q. How does the proposed 2017 RES Plan compare to 2016 RES Plan approved by the**  
19 **PUC?**

1 A. The Company is proposing to continue the practice of procuring RECs through a  
2 combination of Long-Term Renewable Contracts, RES RFPs or through brokers. The  
3 Company is seeking approval of the proposed 2017 RES Plan, which is included as  
4 Schedule 7. The Company proposes to continue using the current standard Certificate  
5 Purchase Agreement (CPA) that is used to procure RECs via the standalone RES RFPs.  
6 In a departure from the 2016 RES Plan, the Company no longer proposes to procure  
7 RECs through its SOS RFPs, though it may propose this option in the future.

8 **Q. Why is the Company proposing to no longer procure RECs through its SOS RFPs?**

9 A. In the 2016 RES Plan (and prior plans), the Company linked its purchase of NEPOOL-  
10 GIS Certificates with its purchase of SOS Full Requirements Service load requirements.  
11 In each SOS solicitation, SOS bidders had the option to submit RES pricing to satisfy the  
12 RES obligations. Linking the purchase of the remaining RES obligation with the actual  
13 SOS load requirement enabled the Company to directly purchase the actual RES  
14 obligations from the Full Requirements Service suppliers which would deliver the exact  
15 number of NEPOOL-GIS Certificates to satisfy the RES requirement. Because of the  
16 amount of New RECs expected to be acquired from the Long-Term Renewable  
17 Contracts, the Company reserved the right to not award RES pricing in all Standard Offer  
18 Service competitive solicitations.

19 As described below, the RECs from the Long-Term Renewable Contracts will fulfill  
20 most of the Company's RES obligations in 2016 and exceed the RES obligations in 2017.

1           Therefore, the Company proposes to no longer link its purchase of RECs with its  
2           purchase of SOS Full Requirements Service load requirements. If the Company awarded  
3           RES obligations to Full Requirements Service suppliers, it would have an oversupply of  
4           New RECs that must be sold or they would expire worthless.

5   **Q.    Has the Company frequently awarded RES pricing submitted in its SOS RFPs?**

6   A.    No. Since 2010 the Company only awarded RES pricing twice, the last one in 2012.

7   **Q.    Is the Company seeking approval of the CPA?**

8   A.    Yes, the Company is seeking approval of its standard CPA, which is included as  
9           Schedule 8. There are no significant changes to the CPA from that approved by the PUC  
10          in Docket No. 4556. The Company would only accept non-substantive changes to the  
11          standard CPA if such changes proposed by suppliers do not shift risk to the Company's  
12          customers.

13 **Q.    Are there other documents for which the Company is requesting approval?**

14 A.    Yes, the Company is requesting approval for the standard RES RFP Notice, which is  
15          included as Schedule 9, and the standard RES RFP Summary, which is included as  
16          Schedule 10. There are no significant changes from the documents that the PUC  
17          approved in Docket No. 4556.

18 **Q.    Please describe the 2017 RES Plan that the Company is submitting for approval**  
19 **with this filing.**

1 A. As with the previously approved RES Procurement Plans, the 2017 RES Plan will  
2 continue to be integrated with the SOS Procurement Plan. Consequently, in accordance  
3 with Section 8.2 of the PUC's RES Regulations, the Company is submitting the 2017  
4 RES Plan in conjunction with the 2017 SOS Plan. I will cover the following topics in my  
5 testimony regarding the Company's proposal to meet the RES for 2017:

- 6 • Estimated RES requirements;
- 7 • The Company's proposed 2017 RES Plan;
- 8 • Integration of the 2017 RES Plan with Long-Term Renewable Contracts;
- 9 • Forecast of RECs from Long-Term Renewable Contracts to meet future RES  
10 requirements; and
- 11 • Integration of the 2017 RES Plan with the 2017 SOS Plan.

12 **Q. Has the Company estimated its RES obligations for 2017?**

13 A. Yes, the Company has developed an estimate of its RES obligations for Standard Offer  
14 Service in 2017 in Schedule 7. This estimate of the 2017 RES obligation is calculated by  
15 multiplying the 2017 required percentage from New or Existing renewable energy  
16 resources by the estimated SOS load for 2017. Schedule 3B is an estimate of 2017 SOS  
17 load.

18 **Q. How will the Company procure RECs in 2017 to satisfy its RES obligations?**

19 A. As described in the 2017 RES Plan, the Company proposes to continue to use the New  
20 RECs obtained through its Long-Term Renewable Contracts to satisfy its RES

1 obligations, as approved in the 2016 RES Plan, and in accordance with R.I. Gen. Laws §  
2 39-26.1-5(d).

3 The Company proposes to procure the remaining RECs required to meet its RES  
4 obligations through a series of standalone RFPs issued by the Company. This may  
5 include any shortfall in New RECs and the RECs necessary to satisfy the Existing  
6 obligations (Existing RECs). Currently there is an ample supply of Existing RECs and  
7 this is not anticipated to change in the future. The NEPOOL-GIS trading period for 2017  
8 RECs will not begin until July 15, 2017 and will conclude June 15, 2018. Thus, there is  
9 sufficient time for the Company to procure these RECs. The Company may also evaluate  
10 unsolicited offers from brokers or other parties for the sale of RECs, if the offers are at or  
11 less than the available market pricing.

12 **Q. Will the New RECs obtained under the Long-Term Renewable Contracts satisfy the**  
13 **Company's 2017 RES requirements?**

14 A. The Company analyzed its New RES requirement and how it might be met by RECs  
15 obtained under the Long-Term Renewable Contracts. This analysis is shown in Schedule  
16 7 on the graph named "RES Requirement for The Narragansett Electric Company and  
17 Forecast of New RECs supplied under Long-Term Renewable Contracts." In its analysis,  
18 the Company made various assumptions regarding its Long-Term Renewable Contracts  
19 including commercial operation dates, project size, output, and contract capacity. The  
20 graph shows that the forecasted output of New RECs from the Long-Term Renewable

1           Contracts will meet most of the Company’s New RES requirement through 2016, and  
2           thereafter will likely exceed the obligation.

3           To the extent that the underlying assumptions in the Company’s analysis were to change,  
4           such that New RECs from the Long-Term Renewable Contracts would be generated  
5           sooner than forecasted, the Company would propose that any excess New RECs beyond  
6           the RES requirements be “banked” for future obligations or sold into the market. Based  
7           on current assumptions, the Company anticipates in 2017 that the New RECs obtained  
8           from the Long-Term Renewable Contracts will exceed the RES obligation. Once the  
9           New RECs obtained exceed the RES obligation and the banking allowance, it will be  
10          necessary to sell the excess New RECs in the market in order to monetize the RECs’  
11          value for customers. The Company continues to propose to optimize the sale price for  
12          the New RECs by issuing Request for Bids or by engaging a third party to broker the  
13          sale. The Company proposes to credit these revenues from the sale of the New RECs to  
14          delivery customers through the LTC Recovery Factor reconciliation.

15   **VIII. Conclusion**

16   **Q.     Does this conclude your testimony?**

17   A.     Yes.

**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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**INDEX TO SCHEDULES**

Schedule 1	Approved 2016 SOS Plan
Schedule 2	Proposed 2017 SOS Plan – Industrial, Commercial, and Residential
Schedule 3	Standard Offer Service Wholesale Loads – Historical and Forecasted
Schedule 4	Master Power Agreement (MPA)
Schedule 5	Standard Offer Service RFP Notice (Template)
Schedule 6	Standard Offer Service RFP Summary (Template)
Schedule 7	Proposed 2017 RES Plan
Schedule 8	Certificate Purchase Agreement (CPA)
Schedule 9	RES RFP Notice (Template)
Schedule 10	RES RFP Summary (Template)





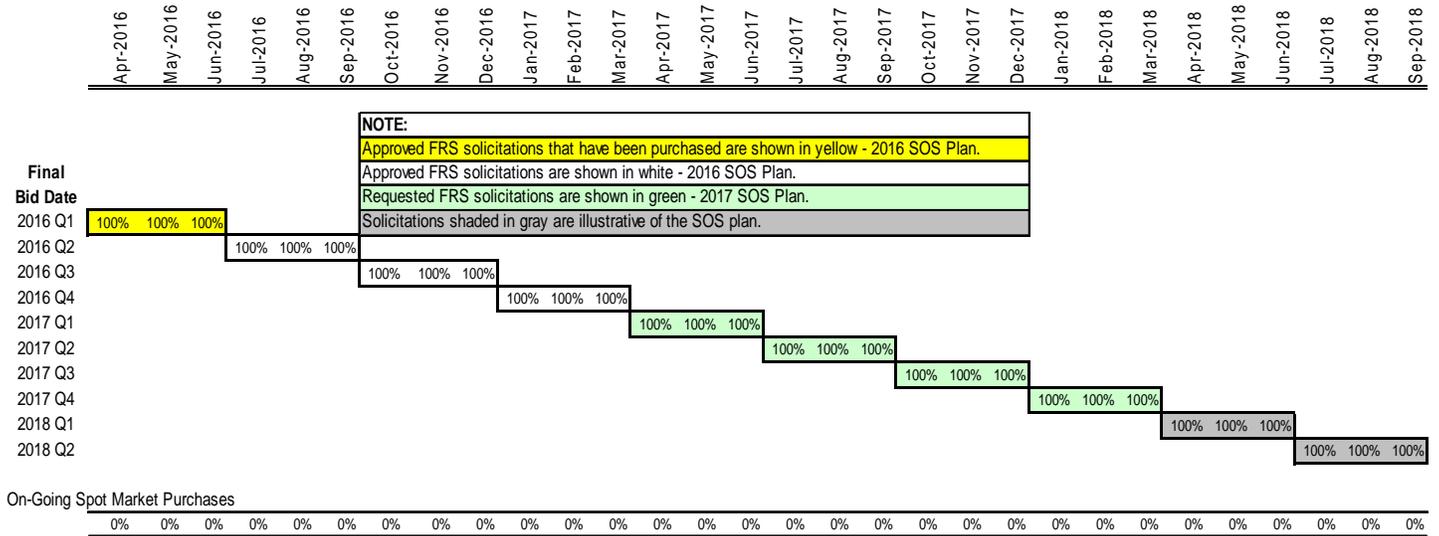




**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

**Schedule 2A  
2017 SOS Plan  
Industrial Customers**

**Industrial Solicitations**



**NOTE:**  
 Approved FRS solicitations that have been purchased are shown in yellow - 2016 SOS Plan.  
 Approved FRS solicitations are shown in white - 2016 SOS Plan.  
 Requested FRS solicitations are shown in green - 2017 SOS Plan.  
 Solicitations shaded in gray are illustrative of the SOS plan.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC DOCKET NO. 4605**  
**2017 STANDARD OFFER SERVICE PROCUREMENT PLAN**  
**2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN**  
**WITNESS: MARGARET M. JANZEN**  
**SCHEDULES**

Schedule 2B  
2017 SOS Plan  
Commercial Customers

**Commercial Solicitations**

Final Bid Date	Apr-2017	May-2017	Jun-2017	Jul-2017	Aug-2017	Sep-2017	Oct-2017	Nov-2017	Dec-2017	Jan-2018	Feb-2018	Mar-2018	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	
2016 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%																			
2016 Q2	20%	20%	20%	20%	20%	20%																									
2016 Q3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%																			
2016 Q4	20%	20%	20%	20%	20%	20%																									
2017 Q1	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	20%	20%	20%	20%	20%	20%													
2017 Q2							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%												
2017 Q3							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2017 Q4													20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2018 Q1													20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2018 Q2														20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2018 Q3															20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2018 Q4																								20%	20%	20%	20%	20%	20%	20%	20%
2019 Q1																								20%	20%	20%	20%	20%	20%	20%	20%
On-Going Spot Market Purchases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**NOTE:**  
Approved FRS solicitations that have been purchased are shown in yellow - 2016 SOS Plan.  
Approved FRS solicitations are shown in white - 2016 SOS Plan.  
Requested FRS shaped solicitations are shown in green - 2017 SOS Plan.  
Requested FRS 12 month flat solicitations are shown in dark green - 2017 SOS Plan.  
Solicitations shaded in gray are illustrative of the SOS plan.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC DOCKET NO. 4605**  
**2017 STANDARD OFFER SERVICE PROCUREMENT PLAN**  
**2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN**  
**WITNESS: MARGARET M. JANZEN**  
**SCHEDULES**

Schedule 2C  
2017 SOS Plan  
Residential Customers

**Residential Solicitations**

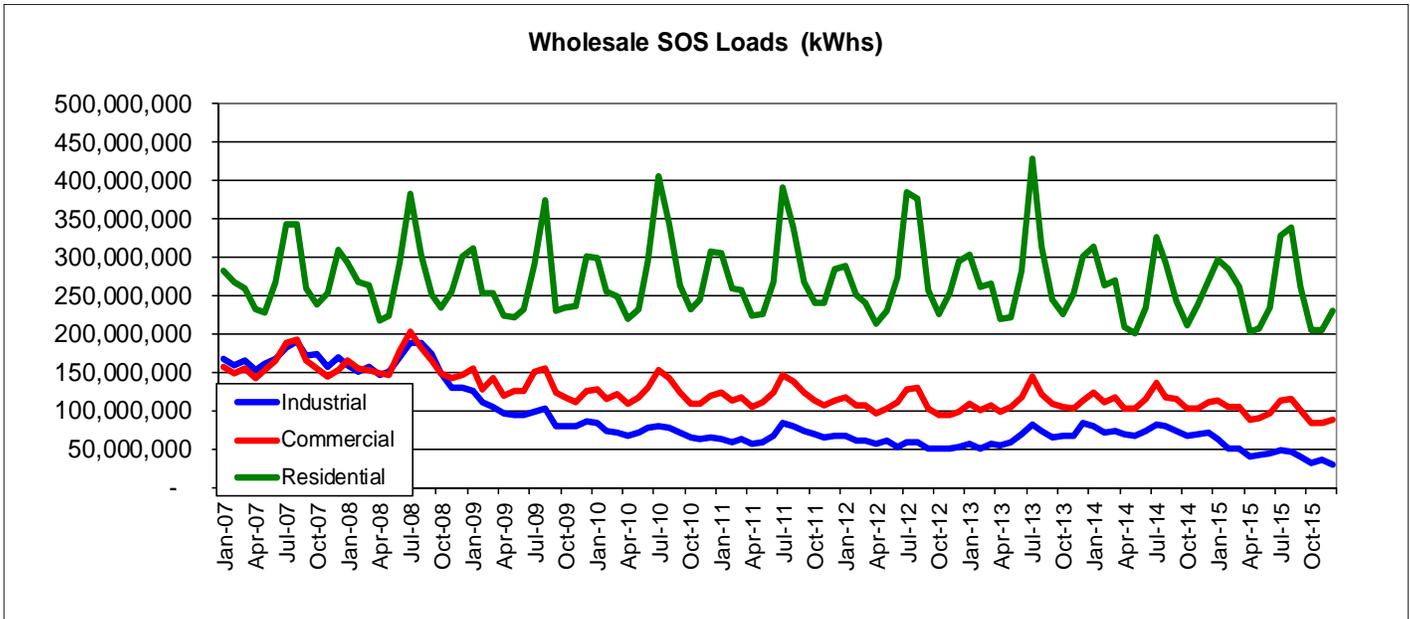
	Apr-2017	May-2017	Jun-2017	Jul-2017	Aug-2017	Sep-2017	Oct-2017	Nov-2017	Dec-2017	Jan-2018	Feb-2018	Mar-2018	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019			
<b>Final Bid Date</b>																																	
2016 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%																					
2016 Q2	20%	20%	20%	20%	20%	20%																											
2016 Q3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%																					
2016 Q4	20%	20%	20%	20%	20%	20%																											
2017 Q1	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	20%	20%	20%	20%	20%	20%															
2017 Q2							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%															
2017 Q3							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%									
2017 Q4													20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%									
2018 Q1													20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
2018 Q2																			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
2018 Q3																			20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
2018 Q4																									20%	20%	20%	20%	20%	20%	20%	20%	
2019 Q1																									20%	20%	20%	20%	20%	20%	20%	20%	
<b>On-Going Spot Market Purchases</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	

**NOTE:**  
Approved FRS solicitations that have been purchased are shown in yellow - 2016 SOS Plan.  
Approved FRS solicitations are shown in white - 2016 SOS Plan.  
Requested FRS shaped solicitations are shown in green - 2017 SOS Plan.  
Requested FRS 12 month flat solicitations are shown in dark green - 2017 SOS Plan.  
Solicitations shaded in gray are illustrative of the SOS plan.



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**SCHEDULES**

Schedule 3A  
Historical Wholesale Loads



	Wholesale SOS Loads (GWs)											
	Standard Offer Load				Competitive Supply Load				Total Load			
	Industrial	Commercial	Residential	Total	Industrial	Commercial	Residential	Total	Industrial	Commercial	Residential	Total
2007	2,025	1,921	3,286	7,232	871	255	6	1,132	2,895	2,176	3,292	8,363
2008	1,903	1,937	3,287	7,127	921	219	6	1,146	2,825	2,157	3,293	8,275
2009	1,158	1,582	3,163	5,903	1,528	471	11	2,010	2,686	2,053	3,174	7,913
2010	867	1,482	3,347	5,696	1,853	676	17	2,546	2,720	2,158	3,364	8,242
2011	810	1,439	3,305	5,554	1,865	700	35	2,600	2,675	2,140	3,341	8,156
2012	687	1,292	3,294	5,273	1,994	713	54	2,761	2,681	2,005	3,348	8,034
2013	789	1,337	3,326	5,452	1,875	719	89	2,683	2,664	2,056	3,415	8,135
2014	883	1,358	3,076	5,317	1,740	727	202	2,669	2,622	2,085	3,278	7,985
2015	526	1,190	3,059	4,775	2,033	929	281	3,243	2,560	2,119	3,340	8,019

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**SCHEDULES**

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Schedule 3B  
Forecasted Wholesale Loads

<b>SOS PROCUREMENT GROUPS (MWhs)</b>		Industrial	Commercial	Residential
Jan	2017	37,657	94,054	279,299
Feb	2017	34,559	87,990	252,257
Mar	2017	37,011	90,448	241,556
Apr	2017	34,499	80,286	197,092
May	2017	36,272	84,056	198,206
Jun	2017	38,265	91,685	235,765
Jul	2017	44,140	105,015	328,461
Aug	2017	41,628	101,913	297,616
Sep	2017	39,853	88,551	265,522
Oct	2017	33,683	75,505	206,569
Nov	2017	34,133	80,983	223,063
Dec	2017	35,755	88,082	265,432
Total		447,454	1,068,568	2,990,839



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SCHEDULES**

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Schedule 4  
Master Power Agreement (MPA)

## RHODE ISLAND MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of [date] and is by and between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and [Company], a [what] (“Seller”). This Master Power Agreement provides for the sale by Seller of Standard Offer Service, as defined herein, to the Buyer. Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

### **ARTICLE 1.            BASIC UNDERSTANDINGS**

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Standard Offer Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

### **ARTICLE 2.            DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

**Affiliate** means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by, or is under common control with, such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

**Aggregate RES Requirement** means the total of the RES Requirement for each calendar month during a Delivery Term in which there is an RES Requirement in a Transaction.

**Alternative Compliance Payment Rate means** the value as published by the Rhode Island Public Utilities Commission in accordance with Section 3.2 of the RES Regulations.

**Award Block** means the numerical designation, for administrative purposes only, as may be set forth on a Confirmation to identify Customer Groups to be served from and including the Commencement Date through the Conclusion Date and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.

**Bid Proxy Price** means, the product of (a) the Reference New England Internal Hub Price as set forth in the Confirmation for the applicable Transaction, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

**Business Day** means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Providence, Rhode Island are authorized by law or other governmental action to close.

**Buyer** has the meaning set forth in the preamble of this Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.

**Buyer's Service Territory** means the geographic area served by The Narragansett Electric Company including the service territory formerly served by Blackstone Valley Electric Company and Newport Electric Corporation which has been merged with and into The Narragansett Electric Company.

**Buyer's System** means the electrical transmission and distribution system of the Buyer and the electrical transmission and distribution system of any Affiliate of the Buyer.

**Commencement Date** means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

**Commercial Contract Rate** means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month or period in the Delivery Term.

**Commercial Customer Group** means Narragansett's customers in the General C&I Rate G-02, Small C&I Rate C-06, Decorative Street and Area Lighting Rate S-06, Limited Private Lighting Rate S-10, and General Streetlighting Rate S-14 retail rate classes, or such other rate classes as may be added from time to time.

**Commission** means the Federal Energy Regulatory Commission, or its successor.

**Commodity Business Day** means Monday through Friday, excluding NERC Holidays.

**Competitive Supplier Terms** means Narragansett's Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1191, as may be amended from time to time and approved by the [RIPUC](#)[PUC](#).

**Conclusion Date** means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

**Confirmation** means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

**Confirmation Term** means, for the applicable Transaction, the period beginning as of the effective date set forth in a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

**Contract Rate** has the meaning set forth in the Confirmation for the applicable Transaction.

**Credit Rating** means, with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody's, S&P and/or the other specified rating agency or agencies to such Party's (or its Credit Support Provider's, as the case may be) or entity's unsecured, senior, long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody's and/or S&P as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody's, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a "split rating"), the lowest rating assigned shall control.

**Credit Support Annex or CSA** means the credit support annex mutually agreed to and executed by the Parties, in the form set forth as Appendix D hereto and incorporated by reference herein.

**Credit Support Provider** means the entity providing a guaranty substantially in the form set forth in Appendix C of this Master Power Agreement guaranteeing the financial obligations of a Party for the benefit of the other Party.

**Customer Disconnection Date** means the date when a Standard Offer Service Customer is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

**Customer Group** means Buyer's customers who receive Standard Offer Service in the Industrial Customer Group, the Commercial Customer Group, and/or the Residential Customer Group corresponding to each of the foregoing customer groups as specified on the Confirmation for the applicable Transaction.

**Customer Termination Date** means the date when a Standard Offer Service Customer ceases to take service under the Standard Offer Service Tariff, each date as determined by the Buyer in accordance with the Distribution Service Terms.

**Daily Proxy Settlement Amount** means, for a given day, the product of (a) the Expected Daily Load and (b) the Proxy Price for such day minus the Bid Proxy Price.

**Delivered Energy** means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Standard Offer Service Customers.

**Delivery Point** means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to a specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power

System Model for the registered Load Assets representing the physical loads of Standard Offer Service Customers for the Delivery Term for such customers, identified by the Load Asset (“Loads With Nodes”), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Standard Offer Service Customers for the Delivery Term for such customers, identified by the Load Asset (“Loads with Zones”) if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

**Delivery Term(s)** means the period(s) set forth in the Confirmation for a particular Transaction for the respective Standard Offer Service designations, beginning on at the top of the HE 01:00 EPT on the Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Conclusion Date.

**Distribution Service Terms** means Narragansett’s Terms and Conditions, R.I.P.U.C. No. 1197, as may be amended from time to time and approved by the ~~RIPUC~~[PUC](#).

**Effective Date** means the date that this Master Power Agreement is executed by all Parties.

**EPT** means Eastern Prevailing Time.

**Existing Renewable Energy Resource** means as defined in Section 3.10 of the RES Regulations.

**Governing Documents** means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

**Industrial Contract Rate** means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

**Industrial Customer Group** means Narragansett’s customers in the 200 kW Demand Rate G-32, 3,000 kW Demand Rate G-62, Backup Service Rates B-32 and B62, and Electric Propulsion Rate X-01 retail rate classes, or such other rate classes as may be added from time to time.

**Initiation Date** means the date a retail customer of the Buyer begins taking service pursuant to the Standard Offer Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

**Interest Rate** means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under “Money Rates” on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

**Investment Grade** means (i) if any entity has a Credit Rating from both S&P and Moody’s then, a Credit Rating from S&P equal to “BBB-” and a Credit Rating from Moody’s equal to “Baa3”; or (ii) if an entity has a Credit Rating from only one of S&P and Moody’s, then a Credit Rating from S&P equal to “BBB-“ or a Credit Rating from Moody’s equal to “Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to in writing by the Parties in each Party’s sole and exclusive judgment.

**ISO** means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission’s Order No. 2000 (and its progeny) and the Commission’s regulations, and any successor organization (including but not limited to a Regional Transmission Organization.).

**ISO Tariff** means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

**ISO New England Operating Documents** means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

**Locational Marginal Pricing** means as set forth in the Market Rules and Procedures.

**Market Rules and Procedures** means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

**Material Adverse Effect** means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

**Moody’s** means Moody's Investors Service, its successors and assigns.

**MWh** means Megawatt-hour.

**NEPOOL-GIS** means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

**NEPOOL-GIS Certificates** means a document produced by the NEPOOL-GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL-GIS from a generation unit.

**NEPOOL** means the New England Power Pool, or its successor.

**NEPOOL Agreement** means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

**NEPOOL Rules** means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

**NERC** means the North American Electric Reliability Corporation.

**Net Worth** means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

**New England Internal Hub Price** means for each day remaining in the current calendar month and each day in all future calendar months during the term of this Transaction : (A) the sum of (x) the product of the applicable On-Peak ISO New England Internal Hub Price times the number of On-Peak Hours in such day and (y) the product of the applicable Off-Peak New England Internal Hub Price times the number of Off-Peak hours in such day and (B) then divided by twenty four (24).

**New Renewable Energy Resource** means as defined in Section 3.23 of the RES Regulations.

**NYMEX** means the New York Mercantile Exchange, Inc., its successors and assigns,

**Off-Peak Hour** means any hour that is not an On-Peak Hour.

**Off-Peak ISO New England Internal Hub Price** means, in a given month, the ISO New England Off-Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol KI.

**On-Peak Hour** means Hour Ending (“HE”) 08:00 EPT through HE 23:00 EPT on any Commodity Business Day.

**On-Peak ISO New England Internal Hub Price** means, in a given month, the ISO New England Internal Hub Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol NI.

~~**PUC** means the Rhode Island Public Utilities Commission, or its successor.~~

**Proxy Price** means, for a given day, the product of (a) the New England Internal Hub Price for such day, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

**PTF** means facilities categorized as Pool Transmission Facilities under the ISO Tariff.

**RES** means Renewable Energy Standard.

**RES Regulations** means the Rules and Regulations Governing The Implementation Of A Renewable Energy Standard promulgated pursuant to the Renewable Energy Standard Law Section 39-26-1 et seq. of the General Laws of Rhode Island that implement a Renewable Energy Standard to facilitate the development of renewable energy resources for the benefit of customers in Rhode Island.

**RES Requirement** means the quantity of New Renewable Energy Resource NEPOOL-GIS Certificates and Existing Renewable Energy Resource NEPOOL-GIS Certificates to be provided by Seller as set forth in the Confirmation for a specific Transaction, if any.

**Residential Contract Rate** means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month or period in the Delivery Term.

**Residential Customer Group** means Narragansett's customers in the Basic Residential Rate A-16 and Low Income Discount Rate A-60 retail rate classes, or such other rate classes as may be added from time to time.

**Resulting Bid Factor** means (A) the Contract Rate in a calendar month divided by (B) the Reference New England Internal Hub Price for the same calendar month.

**Requirements** means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Standard Offer Service Customers during the Delivery Term.

~~**RIPUC** means the Rhode Island Public Utilities Commission, or its successor.~~

**RI Load Zone** means the Rhode Island Reliability Region as defined in the NEPOOL Rules.

**S&P** means Standard & Poor's Rating Group, its successors and assigns.

**Standard Offer Service** means the provision of Requirements by Seller at the Delivery Point to Narragansett to meet all needs of Standard Offer Service Customers.

**Standard Offer Service Customer(s)** means, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation taking service pursuant to the Standard Offer Service Tariff.

**Standard Offer Service Tariff** means Narragansett's Tariff for Standard Offer Service, R.I.P.U.C. No. 2011, as may be amended from time to time and approved by the [RIPUC](#)[PUC](#).

**Term** means as defined in Section 3.1.

**Transaction** means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Standard Offer Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

**ARTICLE 3.            TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS**

Section 3.1    Term

The term of this Master Power Agreement (the "Term") shall commence on the Effective Date and shall continue in effect until the earlier of (i) its termination by any Party upon thirty (30) days' prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2    Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Standard Offer Service Customers identified in the related Confirmation taking service as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Standard Offer Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Standard Offer Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Standard Offer Service Customer and the customer's rate class.

### Section 3.3 Termination and Conclusion of Supply

(a) With respect to each Standard Offer Service Customer that terminates Standard Offer Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Conclusion Date.

### Section 3.4 Customer Disconnection Date

(a) With respect to each Standard Offer Service Customer whose Standard Offer Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, The Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

### Section 3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

### Section 3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

### Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol ("FTP"), files with Pretty Good Privacy ("PGP"), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt.

### Section 3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of the Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Standard Offer Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Standard Offer Service for any reason ("Programs"). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer's System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer's System, and the Buyer's or Affiliates of the Buyer's obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms or the NEPOOL Rules.

### Section 3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with the uniform disclosure requirements contained in R.I.G.L. Section 39-26-9 and any other disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Standard Offer Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NEPOOL-GIS to transfer Load Obligations or NEPOOL-GIS Certificates, as applicable, to the Buyer's certificate account in the number equal to the Delivered Energy for Standard Offer Service in a month during the term of a Transaction. Such Load Obligations or NEPOOL-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NEPOOL-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NEPOOL-GIS designated by the Buyer.

## ARTICLE 4. SALE AND PURCHASE

### Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

### Section 4.2 Responsibilities

(a) The Buyer shall arrange with the ISO for transmission service over the PTF and non-PTF from and after the Delivery Point to the customers' meters. The Buyer shall be responsible for all transmission costs over the PTF and non-PTF from the Delivery Point to the meters of the Buyer's customers. Seller shall be responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the transmission costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in ARTICLE 6, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based including, but not limited to, the real-time load obligations, capacity obligations and/or charges( including but not limited to installed capacity, unforced capacity, locational installed capacity, locational unforced capacity, forward capacity market obligations, forward capacity market transition payment obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to, (w) any real-time reserve charges, (x) any forward reserve charges, (y) any charges associated with reserve constraint penalty factors, and (z) net commitment period compensation ("NCPC") charges (other than monthly fixed-cost charges paid to resources pursuant to reliability agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2)), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Standard Offer Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph, Seller's responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Standard Offer Service (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Standard Offer Service Customers (during the applicable Delivery Term).

(f) Seller shall utilize the NEPOOL-GIS to transfer the quantity of NEPOOL-GIS Certificates from New or Existing Renewable Energy Resources equal to the RES Requirement to the account within the NEPOOL-GIS designated by the Buyer. Seller may satisfy the Aggregate RES Requirement at any time during the Delivery Term for a Confirmation provided such delivery occurs at least five (5) Business Days prior to the close of the applicable Trading Period associated with the Delivery Term; provided further, however, that the total number of NEPOOL-GIS Certificates from New or Existing Renewable Energy Resources shall not exceed the Aggregate RES Requirement for a Transaction.

(g) Seller shall notify Buyer within one Business Day of receipt of notice of termination from the ISO or event of default or similar occurrence under the Market Participant Service Agreement.

## **ARTICLE 5. AMOUNT, BILLING and PAYMENT**

### **Section 5.1 Amount**

The amount payable by the Buyer to Seller shall be the sum of the amounts due under all applicable Transactions.

### **Section 5.2 Billing and Payment**

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller pursuant to Section 5.1 with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the later of the twentieth (20<sup>th</sup>) day of the month or ten (10) Business Days after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The

Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

### Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices or Reconciliation Adjustments (or the data utilized in the forgoing) no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

### Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements and both Existing and New Renewable Energy Resource NEPOOL-GIS Certificates to the Buyer, if any. Seller shall pay all Taxes with respect to the Requirements up to and at the Delivery Point, and the Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

### Section 5.5 Netting and Setoff

Except for security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount on the same date each to the other under this Agreement or any other agreement between the Parties, or if any costs that are a Party's responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. Further, if the Buyer incurs any costs or charges that

are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other agreement between the Parties may be netted against each other, set off or recouped therefrom, or otherwise adjusted.

**ARTICLE 6.           QUALITY; LOSSES and QUANTITIES REQUIRED;  
DETERMINATION AND REPORTING OF HOURLY LOADS**

Section 6.1    Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2    Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery Point to the meters of the Standard Offer Service Customers. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the Delivery Point to the meters of Standard Offer Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

Section 6.3    Determination and Reporting of Hourly Loads

(a)    The Buyer will estimate the Delivered Energy for Standard Offer Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in a specific Confirmation) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion.

Section 6.4    ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date established in accordance with 7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Standard Offer Service terminates (effective as of the minute after the Conclusion Date or, if earlier, the termination date established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets

The Buyer shall have the right to change the Load Asset designations from time to time, consistent with the definition and provision of Standard Offer Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

## **ARTICLE 7.           DEFAULT AND TERMINATION**

### **Section 7.1   Events of Default**

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to the Buyer:

(i) Failure of the Buyer

(A) in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to Seller's wrongful act or failure to act in breach of this Agreement); and

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days), provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:

(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement); and

(B) after receipt of written notice from the Buyer such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect a cure (but in no event longer than thirty (30) days), provided that Seller (x) commences within such five (5) Business Day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to the Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

(ii) Failure of Seller to provide Requirements in accordance with Articles 3 and 4;

(iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with the CSA;

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

(i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;

(ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other

similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action;

- (iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.
- (iv) The failure of such Party to deliver or return Eligible Collateral as required under the CSA or the failure of such Party to pay Interest as required under the CSA and the continuation of such failure for two (2) Business Days after notice of that failure is given to that Party;
- (v) The violation by such Party of any other obligation or agreement with respect to Credit Support under the CSA and the continuation of such violation for five (5) Business Days after notice of that failure is given to that Party.”

## Section 7.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a “Termination Notice”) terminating this Agreement and all, but not less than all, Transactions. Upon a termination for an Event of Default under Section 7.1(a), (b) or (c)(iii), (c)(iv) or (c)(v), such termination shall be effective as of the date specified in the Termination Notice, which date shall be no earlier than the date such notice is effective and no later than thirty (30) days after the date such notice is provided to the defaulting Party in accordance with Article 8. Upon a termination for a default or Event of Default under Section 7.1(c)(i) or (ii), such termination shall be effective as of the Event of Default, provided that the non-defaulting Party provides written notice to the defaulting Party in accordance with Article 8 within ten (10) Business Days of the Event of Default. If such notice is not given within ten (10) Business Days of the Event of Default, the non-defaulting Party shall be entitled to terminate this Agreement effective as of the date specified in the written notice termination. Any attempted cure by a defaulting Party after this Agreement has been terminated by the non-defaulting Party shall be void and of no effect. The Parties’ obligations under this Agreement, in general and under this Section 7.2 in particular, are subject to the duty to mitigate damages as provided under common law. Termination of this Agreement shall in no way limit or restrict any Party’s right to pursue any legal or equitable remedies available to it arising from an Event of Default.

(b) Seller expressly agrees that at any time after the occurrence of an Event of Default by Seller, or the delivery of a Termination Notice to Seller by the Buyer, the Buyer may exercise any rights it may have pursuant to the CSA.

(c) In the event of termination for an Event of Default as provided in Section 7.1, in addition to any amounts owed for performance (or failure to perform) hereunder prior to such termination, the non-defaulting Party may recover, without duplication, its direct damages resulting from such Event of Default; such damages shall include the positive (if any) present value of this Agreement to the non-defaulting Party for the portion of the Delivery Term remaining at the time of such termination, to be determined by reference to market prices, transaction costs and load reasonably projected for the remaining portion of the Delivery Term ("Termination Damages"). The Termination Damages shall include all reasonably incurred transaction costs and expenses that otherwise would not have been incurred by the non-defaulting Party. In determining its Termination Damages, the non-defaulting Party shall offset its losses and costs by any gains or savings realized by the non-defaulting Party as a result of the termination. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

Payment of Termination Damages, if any, shall be made by the defaulting Party to the non-defaulting Party within five (5) days after calculation of such Termination Damages and receipt of a notice including such calculation of the amounts owed hereunder and a written statement showing in reasonable detail the calculation and a summary of the method used to determine such amounts. Upon the reasonable request of the defaulting Party, the non-defaulting Party shall provide reasonable documentation to verify the costs underlying the Termination Damages. If the defaulting Party disputes the non-defaulting Party's calculation of the Termination Damages, in whole or in part, the defaulting Party shall, within five (5) days of receipt of the non-defaulting Party's calculation of the Termination Damages, provide to the non-defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that, the defaulting Party shall first pay the Termination Damages, if any, to the non-defaulting Party in accordance with the preceding sentence, and the non-defaulting Party shall then deposit such disputed amount into an interest bearing bankruptcy-remote escrow account for the benefit of the prevailing Party and the dispute shall be resolved in accordance with Section 15.2.

(d) Notwithstanding any other provision of this Agreement, the cure of any default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Article shall not release such defaulting Party from its obligations under Section 9.2 of this Agreement.

(e) Upon termination the Buyer shall, and upon the occurrence of an Event of Default by Seller, the Buyer shall have the right to, immediately notify the ISO that (i) the assignment from the Buyer to Seller of the Ownership Share has been terminated, (ii) the Load Asset(s) shall be removed from Seller's account and placed in the account of the Buyer and (iii) Seller consents to such action. In the event the Buyer so notifies the ISO, Seller shall immediately take any and all actions that may be required by the ISO to remove the Load Asset from Seller's account and place it in the account of the Buyer. If the Agreement and any Transactions have not been terminated, the Buyer, in its sole discretion with five (5) Business Days prior notice to Seller, may elect to assign the Ownership Share of the Load Asset(s) set forth in the associated

Confirmation(s) to the account of Seller and Seller shall accept such assignment, consistent with the actions required by Section 6.4 of this Master Power Agreement.

Section 7.3 Forward Contract.

Each Party represents and warrants to the other that it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code, that this Agreement is a “forward contract” within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be “contractual rights” as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

**ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES**

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Director, Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801  
(516) 545-3282 (phone)  
(516) 545-3130 (fax)

and

Notices concerning Article 7 shall also be sent to:

General Counsel  
National Grid  
~~201 Jones~~40 Sylvan Road  
Waltham, MA 02451  
(781) 907-~~1600~~1000 (phone)  
(781) ~~907-1647~~296-8091 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

**[Name]**  
**[Company]**  
**[Address]**  
**[City, State & Zip]**  
**[Phone]**  
**[FAX]**

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

**ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES**

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

### Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Standard Offer Service.

## **ARTICLE 10. ASSIGNMENT**

### Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

#### Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

### **ARTICLE 11. SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

### **ARTICLE 12. FORCE MAJEURE**

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Standard Offer Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Standard Offer Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

### **ARTICLE 13. WAIVERS**

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

### **ARTICLE 14. LAWS AND REGULATIONS**

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto.

Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

## **ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION**

### **Section 15.1 Governing Law**

The Agreement shall be governed by and construed and performed in accordance with and the laws of the State of Rhode Island, without giving effect to its conflict of laws principles.

### **Section 15.2 Dispute Resolution**

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable and have at least two (2) years experience in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past

material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. If a panel of arbitrators, all of their decisions shall be by majority vote. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 15.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any right or remedy it has under this Agreement, including those in Article 7. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment.

### Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of Rhode Island, County of Providence (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

## **ARTICLE 16. SEVERABILITY**

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

#### **ARTICLE 17. MODIFICATIONS**

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

#### **ARTICLE 18. ENTIRE AGREEMENT**

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

#### **ARTICLE 19. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

#### **ARTICLE 20. INTERPRETATION; CONSTRUCTION**

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

#### **ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS**

Each Party represents to the other Parties, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby. This Master Power Agreement has been, and any Confirmation will be, duly and validly executed and delivered by it, and, assuming that this Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Parties, constitute together its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Master Power Agreement or any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Master Power Agreement or any and all Confirmations by it, nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material

Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement (“Seller’s MPSA”), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller’s MPSA.

(i) It is acting for its own account, has made its own independent decision to enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and any such Confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Power Agreement and any such Confirmation or Transaction.

## **ARTICLE 22. CONSENTS AND APPROVALS**

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

## **ARTICLE 23. CONFIDENTIALITY**

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b), Article 7 and Appendix C [BIDDERS: Insert additional sections] of the Master Power Agreement, (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency, or governmental authority with jurisdictional interest, requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

**[Remainder of Page Intentionally Left Blank]**

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Master Power Agreement on their behalf as of the date first above written.

**THE NARRAGANSETT ELECTRIC COMPANY**

\_\_\_\_\_

Name (print): \_\_\_\_\_

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

\_\_\_\_\_  
[COMPANY]

\_\_\_\_\_

Name (print): \_\_\_\_\_

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

## **APPENDIX A**

### **ESTIMATION OF SELLER HOURLY LOADS**

#### **Overview**

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Standard Offer Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

#### **Daily Estimation of Suppliers' Own Load**

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.
- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.

- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

### **Monthly Reconciliation Process**

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

**APPENDIX B  
MASTER POWER AGREEMENT  
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of \_\_\_\_\_ between **THE NARRAGANSETT ELECTRIC COMPANY**, a Rhode Island corporation (“Buyer”) and **[Company], a [what]** (“Seller”) regarding the sale/purchase of Standard Offer Service specified herein under the terms and conditions under the Master Power Agreement, dated [ ] (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. It is the intent of Buyer and Seller that the Transaction shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the Parties intend to physically settle the Transaction, and is therefore not subject to swap regulation. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

**1. Standard Offer Service Requirements Matrix**

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	TBD	TBD	TBD	TBD

**2. Contract Rate - \$/MWh<sub>e</sub>**

Award Block	Customer Group	Load Zone	Month1	Month2	Month3	Month4	Month5	Month6
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

**3. Load Asset Designation within the ISO Settlement Market System**

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	TBD	TBD	TBD

**4. RES Requirement**

RES Requirement shall mean, for each calendar month during the term of this Transaction, zero.

Or

RES Requirement shall mean, for each calendar month during the term of this Transaction the product of (i) Delivered Energy in a calendar month for Standard Offer Service

in calendar year 200X and (ii) 0.XX, rounded up to the whole MWh of which up to two percent (2.0%) may come from Existing Renewable Energy Resources.

**5. Amount Payable**

The amount payable by the Buyer to Seller in a month shall be:

- (i) The product of (a) the Delivered Energy for Standard Offer Service to the Residential Customer Group in a month and (b) the Residential Contract Rate in the month plus,
- (ii) The product of (a) the Delivered Energy for Standard Offer Service to the Commercial Customer Group in a month and (b) the Commercial Contract Rate in the month plus,
- (iii) The product of (c) the Delivered Energy for Standard Offer Service to the Industrial Customer Group in a month and (d) Industrial Contract Rate in the month plus,
- (iv) The product of (a) the number of New Renewable Energy Resource NEPOOL-GIS Certificates and Existing Renewable Energy Resource NEPOOL-GIS Certificates delivered in the month, not to exceed the Aggregate RES Requirement and (b) the applicable Alternative Compliance Payment Rate less,
- (v) The product of (a) the RES Requirement and (b) the applicable Alternative Compliance Payment Rate.

**6. Modifications to the Master Power Agreement**

[To be determined for each Transaction]

**7. Security**

**A. Calculation of Exposure**

Exposure shall be calculated in accordance with Paragraph 3 of the CSA, subject to the conditions and definitions below.

**Seller Independent Amount** means the amount set forth below, and is required through the dates listed in the table:

Award Block	Customer Group	Load Zone	Amount of Security (USD)	Posting Required Through
TBD	TBD	TBD	TBD	TBD

**Expected Daily Load** means the average daily load based upon 2 years of available actual loads for a given month, as specified in the following table:

Award Block	Customer Group	Load Zone	Month 1	Month2	Month3	Month4	Month 5	Month6
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

**Adjustment Factor** is X.XX.

**Reference New England Internal Hub Price** means the prices as specified in the following table:

<b>ISO New England Internal Hub Price</b>	<b>Month1</b>	<b>Month2</b>	<b>Month3</b>	<b>Month4</b>	<b>Month5</b>	<b>Month6</b>
Off-Peak	TBD	TBD	TBD	TBD	TBD	TBD
Peak	TBD	TBD	TBD	TBD	TBD	TBD
Reference New England Internal Hub Price**	TBD	TBD	TBD	TBD	TBD	TBD

\*\*The Reference New England Internal Hub price shall be calculated as ((Peak Price x number of Peak Hours in the Month) + (Off-Peak Price x number of Off-Peak Hours in the Month))/(Total Hours in the Month)), as applicable.

**B. Delivery of Collateral**

Within five (5) Business Days after the execution of this Confirmation, Seller shall provide Collateral in accordance with Paragraph 3(a) of the Credit Support Annex of the Master Power Agreement, and in any of the forms specified in Paragraph 6 of the Credit Support Annex of the Master Power Agreement.

**8. Confidentiality**

Articles 1, 2, 3, 4, 5, and 7 [additional articles to be determined for each Transaction] of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

**9. Ratification of the Terms and Conditions of the Agreement**

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

**10. Counterparts**

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

*Remainder of Page Intentionally Left Blank*

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written

**THE NARRAGANSETT ELECTRIC COMPANY**

\_\_\_\_\_  
Name (print): \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**[COMPANY]**

\_\_\_\_\_  
Name (print): \_\_\_\_\_  
Title: \_\_\_\_\_

**APPENDIX C  
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [\_\_\_], [YEAR] (the “Effective Date”), is made and entered into by [ \_\_\_\_\_ ], a [ \_\_\_\_\_ ] corporation (“Guarantor”).

**WITNESSETH:**

WHEREAS, The Narragansett Electric Company (“the Buyer”) and [ \_\_\_\_\_ ], a corporation organized under the laws of the State of [ \_\_\_\_\_ ] (“Seller”) and a [ \_\_\_\_\_ ] of Guarantor, have entered into that certain Confirmation, dated \_\_\_\_\_ (the “Confirmation”), under the Master Power Agreement, dated [ \_\_\_\_\_ ], (collectively with the Confirmation, as the foregoing and the terms therein and the obligations and liabilities thereunder may from time to time and without notice to or consent of the Guarantor, and without impairing or releasing the obligations of the Guarantor, be amended, modified, revised, supplemented or waived by Buyer and Seller, the "Agreement") and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- 1) GUARANTY. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the “Obligations”). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Buyer, but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
- 2) DEMANDS AND NOTICE. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to perform or pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a “Demand”). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to perform or pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must perform the Obligations within two (2) Business Days, or pay the Obligations within five (5) Business Days, after its receipt

of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the State of Rhode Island.

3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [ ] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

(b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior

to any action against Guarantor under the terms hereof. Buyer shall not be obligated to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or facsimile, as follows:

To the Buyer:

Director, Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801

(516) 545-3282 (phone)  
(516) 545-3130 (fax)

To Guarantor:

Fax No.:  
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice

in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the State of Rhode Island, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement (“Assigned Agreement”), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Remainder of Page Intentionally Left Blank**

**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on \_\_\_\_\_,  
but it is effective as of the Effective Date.**

[GUARANTOR]

\_\_\_\_\_

Name (print): \_\_\_\_\_

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

APPENDIX D

**CREDIT SUPPORT ANNEX (RI SOS)**

This Credit Support Annex to the Master Power Agreement (the “CSA”) is made and entered into by and between Buyer and Seller, as those are defined in the Master Power Agreement.

All provisions contained or incorporated by reference in the Master Power Agreement will govern this CSA except as expressly modified herein. Any terms capitalized, but not defined herein shall have the meaning given to them in the Master Power Agreement.

**Paragraph 1. Definitions.**

As Used in this CSA, the following terms have the meanings specified below:

“*Calculation Period*” shall mean the period between the commencement date of the transaction, and the conclusion date of the transaction, as defined in the confirmation.

“*Cash*” means U.S. dollars held by or on behalf of a Party as Posted Collateral hereunder.

“*Collateral Account*” shall have the meaning specified in Paragraph 6(a)(iii)(B).

“*Collateral Interest Rate*” means the daily effective federal funds rate as published in the applicable statistical release designated as H.12(510), or any successor publication by the Board of Governors of the Federal Reserve System. If such rate is expressed as a range, the Collateral Interest Rate shall equal the arithmetic average of such range.

“*Collateral Threshold*” shall have the meaning specified in Paragraph 3(c)(i).

“*Custodian*” shall have the meaning specified in Paragraph 6(a)(i).

“*Delivery Amount*” shall have the meaning specified in Paragraph 4.

“*Disputing Party*” shall have the meaning specified in Paragraph 7.

“*Eligible Collateral*” shall have the meaning specified in Paragraph 3(c)(iii).

“*Exposure*” shall have the meaning specified in Paragraph 3(b).

“*Interest Amount*” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day (but excluding any interest previously earned on such Cash); *multiplied by* (b) the Collateral Interest Rate for that day; *divided by* (c) 360

“*Interest Period*” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“*Invoiced Amounts*” shall have the meaning specified in Paragraph 3(b)(i)

“*Letter of Credit*” shall mean an irrevocable, non-transferable, standby letter of credit, issued by a Qualified Institution utilizing a form acceptable to the party in whose favor the letter of credit is issued. All costs relating to any Letter of Credit shall be for the account of the Pledgor.

“*Letter of Credit Default*” shall mean with respect to an outstanding Letter of Credit, the

occurrence of any of the following events (a) the issuer of such Letter of Credit shall fail to be a Qualified Institution (as defined below); (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (c) the issuer of the Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (d) the Letter of Credit shall expire or terminate or have a Value of zero at any time the Pledgor is required to Transfer Eligible Credit Support pursuant to Paragraph 4 below and the Pledgor has not Transferred replacement Eligible Credit Support; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be cancelled or returned to the Pledgor in accordance with the terms of this CSA.

**“Notification Time”** shall mean 1:00 p.m. EPT on a Business Day.

**“Obligations”** shall have the meaning specified Paragraph 2.

**“Pledgor”** means either party, when that party (i) receives a demand for or is required to Transfer Eligible Collateral or (ii) has Transferred Eligible Collateral under this CSA.

**“Posted Collateral”** means all Eligible Collateral and all proceeds thereof that have been Transferred to or received by the Secured Party under this CSA and not Transferred to the Pledgor or released by the Secured Party. Any interest amount or portion thereof not Transferred will constitute Posted Collateral in the form of Cash.

**“Potential Event of Default”** means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

**“Qualified Institution”** means a major U.S. commercial bank or trust company, a foreign bank with a U.S. branch office or financial institution, in any case, organized under the laws of the United States or a political subdivision thereof having assets of at least \$10 billion and Credit Ratings of at least “A3” from Moody’s and “A-“ from S&P.

**“Return Amount”** shall have the meaning specified in Paragraph 5.

**“Reference Market-Maker”** means a leading dealer in the relevant market that is selected in a commercially reasonable manner and is not an affiliate of either party.

**“Request Date”** shall have the meaning specified in Paragraph 7.

**“Requesting Party”** shall have the meaning specified in Paragraph 7.

**“Rounding Amount”** shall have the meaning specified Paragraph 3(c)(ii).

**“Secured Party”** means either party, when that party (i) makes a demand for or is entitled to receive Eligible Collateral or (ii) holds or is deemed to hold Posted Collateral under this CSA.

**“Seller’s Credit Support Provider”** means, \_\_\_\_\_

**“Seller’s Independent Amount”** means none, unless otherwise specified in the applicable Confirmation.

**“Substitute Eligible Collateral”** shall have the meaning specified in Paragraph 6(f).

**“Transfer”** means, with respect to any Posted Collateral or Interest Amount, and in accordance with the instructions of the Party entitled thereto:

- (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by Buyer; and

- (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to Buyer.

“**Valuation Agent**” means the Requesting Party; provided, however, that in all cases, if an Event of Default or Potential Event of Default has occurred and is continuing with respect to the party designated as the Valuation Agent, then in such case, and for so long as the Event of Default or Potential Event of Default continues, the other party shall be the Valuation Agent.

“**Valuation Date**” means each Business Day.

“**Valuation Percentage**” shall have the meaning specified in Paragraph 3(c)(iii).

“**Valuation Time**” means the close of business on the Business Day before the Valuation Date or date of calculation, as applicable.

“**Value**” means, with respect to Posted Collateral or Eligible Collateral, means the Valuation Percentage multiplied by the amount then available under the Letter of Credit to be unconditionally drawn by the Secured Party.

**Paragraph 2. Encumbrance: Grant of Security Interest.** Each party hereby pledges to the other Party as security for all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith (collectively, the “**Obligations**”), and grants to the other Party a first priority continuing security interest, lien on, and right of set-off against all Collateral delivered to or received by such Party (the “**Secured Party**”) hereunder. Upon the return by the Secured Party to the other Party (such Party, the “**Pledgor**”) of posted Collateral, the security interest and lien granted hereunder on that posted Collateral will be released immediately and, to the extent possible, without further action by either Party.

**Paragraph 3. Calculations of Collateral Requirement.**

(a) **Collateral Requirement.** The “Collateral Requirement” for Seller means the Exposure, *minus the sum of*:

- (i) Seller’s Collateral Threshold;
- (ii) Seller’s Independent Amount, if any, as defined in the Confirmation;
- (iii) the amount of Cash previously Transferred to Buyer, and the amount of Cash held by Buyer as Posted Collateral as the result of drawing under any Letter of Credit; and
- (iv) the Value of each Letter of Credit maintained by Seller for the benefit of Buyer;

provided, however, that the Collateral Requirement of Seller will be deemed to be zero (0) whenever the calculation of Exposure yields a number less than zero (0).

(b) **Calculation of Exposure.** On any Valuation Date, the “**Exposure**” shall be calculated as *the sum of*:

- (i) all amounts that have been invoiced, but not yet paid for the Transaction under each Confirmation (“**Invoiced Amounts**”). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller;
- (ii) all amounts that have been accrued, but not yet invoiced for the Transaction under each confirmation (“**Accrued Amounts**”). Such amount shall

be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller; and

(iii) the Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for Each Transaction (“*Proxy Settlement Amount*”);

(c) **Seller’s Collateral Threshold.**

(i) “*Seller’s Collateral Threshold*” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date, *provided*, however, that the Threshold for Seller shall be zero (“0”) if on the Valuation Date, Seller does not have a Credit Rating from S&P or Moody’s or an Event of Default or a Potential Event of Default with respect to Seller has occurred and is continuing.

Or

(i) “*Seller’s Collateral Threshold*” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date; *provided*, however, if Seller has provided a guaranty from its Credit Support Provider (substantially in the form set forth in Appendix C of this Master Power Agreement), then Seller’s Threshold shall correspond to the lesser of (1) the amount of such guaranty and (2) the amount set forth below opposite the lowest Credit Rating for Seller’s Credit Support Provider on the Valuation Date; and *provided*, further, the Threshold for Seller shall be zero if on the Valuation Date, (i) Seller or its Credit Support Provider (if Seller has provided a guaranty) does not have a Credit Rating from S&P or Moody’s, (ii) an Event of Default or Potential Event of Default with respect to Seller or its Credit Support Provider has occurred and is continuing or (iii) the guaranty, if any, provided by Seller fails to be in full force and effect unless Seller is relying on its own Credit Rating to establish its Threshold pursuant to the table below.

<u>Seller’s Collateral Threshold</u>	<u>Moody’s Credit Rating</u>	<u>S&amp;P Credit Rating</u>
\$	A3 or above	A- or above
\$	Baa1 or Baa2	BBB+ or BBB
\$0	Baa3 or below	BBB- or below

(ii) **Rounding.** The Delivery Amount, as defined below, will be rounded up, and the Return Amount, as defined below, will be rounded down, in each case to the nearest integral multiple of \$100,000 (“*Rounding Amount*”).

(iii) The following items will qualify as “*Eligible Collateral*” for the Party specified:

	<u>Seller</u>	<u>“Valuation Percentage”</u>
(A) Cash	[X]	100%
(B) Letters of	[X]	100% unless either (i) a Letter of Credit

Credit

Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).

(d) **Valuation Agent/Valuation Time.** All calculations with respect to Collateral shall be made by the Valuation Agent as of the Valuation Time on the Valuation Date.

**Paragraph 4. Delivery of Collateral.** On any Business Day during the remaining term hereof on which (a) no Event of Default has occurred and is continuing with respect to Buyer, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment Obligations, and (c) Seller's Collateral Requirement exceeds \$0.00, then Buyer may request, by written notice, that Seller Transfer to Buyer, or cause to be Transferred to Buyer, Eligible Collateral for the benefit of Buyer, having a Value of at least the Collateral Requirement ("***Delivery Amount***"). Such Eligible Collateral shall be delivered to Buyer on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day.

**Paragraph 5. Reduction and Substitution of Posted Collateral.** On any Business Day during the term hereof on which (a) no Event of Default has occurred and is continuing with respect to Seller, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment Obligations, and (c) the Eligible Collateral posted by Seller exceeds the Exposure (rounding downwards for any fractional amount to the next interval of the Rounding Amount), then Seller may, at its sole cost, request that Buyer return Eligible Collateral in the amount of such difference ("***Return Amount***") and Buyer shall be obligated to do so. Such Eligible Collateral shall be returned to Seller on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day. The Parties agree that if Seller has posted more than one type of Eligible Collateral to Buyer, Seller can, in its sole discretion, select the type of Eligible Collateral for Buyer to return; provided, however, that Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure.

**Paragraph 6. Administration of Posted Collateral.**

(a) **Cash.** Posted Collateral provided in the form of Cash to Buyer hereunder shall be subject to the following provisions.

(i) So long as no Event of Default has occurred and is continuing with respect to Buyer, Buyer will be entitled to either hold Cash or to appoint an agent which is a Qualified Institution (a "***Custodian***") to hold Cash for Buyer. In the event that an Event of Default has occurred and is continuing with respect to Buyer, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to Buyer and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(iii)(B). Upon notice by Buyer to Seller of the appointment of a Custodian, Seller's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by Buyer for which the Custodian is acting. If Buyer or its Custodian fails to satisfy any conditions for holding

Cash as set forth above, or if Buyer is not entitled to hold Cash at any time, then Buyer will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(iii)(B). Except as set forth in Paragraph 6(c), Buyer will be liable for the acts or omissions of the Custodian to the same extent that Buyer would be held liable for its own acts or omissions.

(ii) **Use of Cash.** Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Termination date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exists any unsatisfied payment Obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, comingle or otherwise use in its business any Cash that it holds as Posted Collateral hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.

(iii) Notwithstanding Paragraph 6(a)(ii), if neither Buyer nor the Custodian is eligible to hold Cash pursuant to Paragraph 6(a)(i) then:

(A) the provisions of Paragraph 6(a)(ii) will not apply with respect to the Buyer; and

(B) the Buyer shall be required to Transfer (or cause to be Transferred) not later than the close of business within five (5) Business Days following such ineligibility all Cash in its possession or held on its behalf to a Qualified Institution to be held in a segregated, safekeeping or custody account (the “*Collateral Account*”) within such Qualified Institution with the title of the account indicating that the property contained therein is being held as Cash for Buyer. The Qualified Institution shall serve as Custodian with respect to the Cash in the Collateral Account, and shall hold such Cash in accordance with the terms of this CSA and for the security interest of Buyer and execute such account control agreements as are necessary or applicable to perfect the security interest of Seller therein pursuant to Section 9-314 of the Uniform Commercial Code or otherwise, and subject to such security interest, for the ownership and benefit of Seller. The Qualified Institution holding the Cash will invest and reinvest or procure the investment and reinvestment of the Cash in accordance with the written instructions of Buyer, subject to the approval of such instructions by the Seller (which approval shall not be unreasonably withheld). Buyer shall have no responsibility for any losses resulting from any investment or reinvestment effected in accordance with Seller’s approval.

(iv) **Interest.** So long as no Event of Default with respect to the Seller has occurred and is continuing, and no termination date for which any unsatisfied payment Obligations of Seller exist has occurred or been designated as the result of an Event of Default with respect to Seller, in the event that Buyer or its Custodian is holding Cash, Buyer will Transfer (or cause to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which shall be retained by Buyer), the Interest Amount. Interest on Cash shall accrue at the Collateral Interest Rate. Interest accrued during the previous month shall be paid by the Buyer to the Seller on the 3rd Business Day of each calendar month and on any Business Day that posted Eligible Collateral in the form of Cash is returned to Seller. On or after the occurrence of an Event of Default with respect to Seller or a termination date as a result of an Event of Default with respect to Seller, Buyer or its Custodian shall retain

any such Interest Amount as additional Posted Collateral hereunder until the obligations of Seller under the Agreement have been satisfied in the case of a termination date or for so long as such Event of Default is continuing in the case of an Event of Default.

(b) **Buyer's Rights and Remedies.** If at any time an Event of Default with respect to Seller has occurred and is continuing, then, unless the Seller has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement ("Obligations"), the Buyer may exercise one or more of the following rights and remedies: (i) all rights and remedies available to a Secured Party under applicable law with respect to posted Eligible Collateral held by the Buyer, (ii) the right to set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the Cash equivalent of any posted Eligible Collateral held by the Buyer, or (iii) the right to liquidate any posted Eligible Collateral held by the Buyer and to apply the proceeds of such liquidation of the posted Eligible Collateral to any amounts payable to the Buyer with respect to the Obligations in such order as the Buyer may elect. For purposes of this Paragraph 6, the Buyer may draw on the entire undrawn portion of any Letter of Credit. Cash proceeds that are not applied to the Obligations shall be maintained in accordance with the terms of this CSA. The Seller shall remain liable for amounts due and owing to the Secured Party that remain unpaid after the application, pursuant to this Paragraph 6, of Eligible Collateral to the Obligations.

(c) **Seller's Rights and Remedies.** If at any time a termination date has occurred or been designated as the result of an Event of Default with respect to Buyer, then unless the Buyer has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement: (i) the Seller may exercise all rights and remedies available to a Seller under applicable law with respect to the posted Eligible Collateral, (ii) the Buyer will be obligated immediately to return all posted Eligible Collateral and accrued Interest to the Seller, or (iii) to the extent that posted Eligible Collateral or accrued Interest are not returned pursuant to (ii) above, the Seller may set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the cash equivalent thereof or to the extent that Seller does not set off such amounts, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of the remain posted Eligible Collateral held by the Buyer, until that posted Eligible Collateral is Transferred to the Seller. For avoidance of doubt, (i) the Buyer will be obligated immediately to Transfer any Letter of Credit to the Seller and (ii) the Seller may do any one or more of the following: (x) to the extent that the Letter of Credit is not Transferred to the Seller as required pursuant to (i) above, set-off any amounts payable by the Seller with respect to any Obligations against any such Letter of Credit held by the Buyer and, to the extent its rights to set-off are not exercised, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of any remaining posted Eligible Collateral and the value of any Letter of Credit held by the Buyer, until any such Posted Eligible Collateral and such Letter of Credit is Transferred to the Seller; and (y) exercise rights and remedies available to the Seller under the terms of the Letter of Credit.

(d) **Letters of Credit.** Eligible Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

(i) As one method of providing Eligible Collateral, the Pledgor may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(ii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or

before the first Business Day after the occurrence thereof (or the third (3<sup>rd</sup>) Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

(iii) Notwithstanding Paragraphs 4 and 5, (1) the Buyer need not return a Letter of Credit unless the entire principal amount is required to be returned, (2) the Buyer shall consent to a reduction of the principal amount of a Letter of Credit to the extent that a Delivery Amount would not be created thereby (as of the time of the request or as of the last time the Delivery Amount was determined), and (3) if there is more than one form of Posted Collateral when a Return Amount is to be Transferred, the Secured Party may elect which to Transfer.

(e) **Care of Posted Eligible Collateral.** Buyer shall exercise reasonable care to assure the safe custody of all posted Eligible Collateral to the extent required by applicable law, and in any event the Buyer will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Buyer will have no duty with respect to the posted Eligible Collateral, including without limitation, any duty to enforce or preserve any rights thereto.

(f) **Substitutions.** Unless otherwise prohibited herein, upon notice to the Buyer specifying the items of posted Eligible Collateral to be exchanged, the Seller may, on any Business Day, deliver to the Buyer other Eligible Collateral (“*Substitute Eligible Collateral*”). On the Business Day following the day on which the Substitute Eligible Collateral is delivered to the Buyer, the Buyer shall return to the Seller the items of Eligible Collateral specified in the Seller’s notice; provided, however, that the Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure set forth in Paragraph 3(b) and the Confirmation.

#### **Paragraph 7. Exercise of Rights Against Posted Collateral.**

(a) **Disputes regarding amount of Eligible Collateral.** If either Party disputes the amount of Eligible Collateral to be provided or returned (such Party the “*Disputing Party*”), then the Disputing Party shall (a) deliver the undisputed amount of Eligible Collateral to the other Party (such Party, the “*Requesting Party*”) and (b) notify the Requesting Party of the existence and nature of the dispute no later than 5:00 p.m. EPT on the Business Day that the request for Eligible Collateral was made (the “*Request Date*”). On the Business Day following the Request Date, the Parties shall consult with each other in order to reconcile the two conflicting amounts. If the Parties are not able to resolve their dispute, the Eligible Collateral shall be recalculated, on the Business Day following the Request Date, by each Party requesting quotations from two (2) Reference Market-Makers for a total of four (4) quotations. The highest and lowest of the four (4) quotations shall be discarded and the arithmetic average shall be taken of the remaining two (2), which shall be used in order to determine the amount of Eligible Collateral required. On the same day the Eligible Collateral amount is recalculated, the Disputing Party shall deliver any additional Eligible Collateral required pursuant to the recalculation or the Requesting Party shall return any excess Eligible Collateral that is no longer required pursuant to the recalculation.

(b) **Further Assurances.** Promptly following a request by a Party, the other Party shall execute, deliver, file, and/or record any financing statement, specific assignment, or other document and take any other action that may be necessary or desirable to create, perfect, or

validate any security interest or lien, to enable the requesting party to exercise or enforce its rights or remedies under this CSA, or to effect or document a release of a security interest on posted Eligible Collateral or accrued Interest.

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding, or lien that involves the posted Eligible Collateral delivered to Secured Party by Pledgor or that could adversely affect any security interest or lien granted pursuant to this CSA.

**Paragraph 8. Miscellaneous.**

(a) **Demands and Notices.** All demands, specifications, and notices to Buyer with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

National Grid  
Attn: Director, Wholesale Electric Supply  
100 East Old Country Road  
Hicksville, NY 11801  
Phone - (516) 545-3282  
Fax: (516) 545-3130

National Grid  
Attn: Credit Operations  
100 East Old Country Road  
Hicksville, New York 11801  
Phone - (516) 545-3122  
Fax - (516) 545-5466  
Email – [keys-pan-margin@keys-pan-energy.com](mailto:keys-pan-margin@keys-pan-energy.com)

All demands, specifications, and notices to Seller with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

Counterparty  
Attn:  
Address  
City, State Zip  
Phone - (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Fax - (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Email –

(b) The provisions of this CSA shall apply to any and all Transactions entered into under the Master Power Agreement subsequent to the effective date of this CSA.

(c) The information contained in Paragraph 3(c)(i) of this CSA constitutes “Confidential Terms” within the meaning of Article 23 of the Master Power Agreement.



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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Schedule 5  
Standard Offer Service RFP Summary (Template)



**Request for  
Power Supply  
Proposals to Provide  
the Following Services:**

Standard Offer Service  
for the Industrial Group  
in Rhode Island for the Period:

[START DATE – END DATE]

Standard Offer Service  
for the Commercial Group  
in Rhode Island for the Period:

[START DATE – END DATE]

Standard Offer Service  
for the Residential Group  
in Rhode Island for the Period:

[START DATE – END DATE]

[ISSUE DATE]

## **REQUEST FOR POWER SUPPLY PROPOSALS**

### **1. Overview**

#### **1.1 Background**

Legislation in Rhode Island<sup>1</sup> provides for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The URA provides access to the competitive retail electricity market for all retail customers of National Grid's distribution company in Rhode Island (The Narragansett Electric Company or "NECO") as of January 1, 1998. In 2006 the Rhode Island legislature extended Standard Offer Service ("SOS") from the original termination date of December 31, 2009 until December 31, 2020. The Act requires National Grid to provide Standard Offer Service to those customers who are not receiving generation service from a non-regulated power producer.

#### **1.2 Standard Offer Service**

Beginning on the retail access date, National Grid's retail customers in Rhode Island had received generation service from either their choice of competitive suppliers or from National Grid through Standard Offer Service or Last Resort Service. Beginning on January 1, 2010, all National Grid customers not taking service from a competitive supplier began taking Standard Offer Service<sup>2</sup>. Standard Offer Service also included any Last Resort Service customers beginning on January 1, 2010. Thus, in a change from the former Standard Offer Service, customers who chose to take service from a competitive supplier after January 1, 2010 would be permitted to return to Standard Offer Service if they were no longer receiving service from a competitive supplier.

Customers taking Standard Offer Service will be in one of three separate groups: Residential, Commercial, and Industrial. This RFP is to procure service for the following groups:

- Residential Group (as defined below) for [NUMBER]% of the load for the period [START DATE] through [END DATE];
- Commercial Group (as defined below) for [NUMBER]% of the load for the period [START DATE] through [END DATE];
- Industrial Group (as defined below) for [NUMBER]% of the load for the period [START DATE] through [END DATE].

<sup>1</sup> The Rhode Island Utility Restructuring Act of 1996 ("URA" and Rhode Island General Law 39-1-27.3, as amended in June 2002 and The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006 ("The Act") and Rhode Island General Law 39-1-27.3, as amended in 2006. □

<sup>2</sup> On September 30, 2009, the Rhode Island Public Utility Commission ("~~RIPUC~~PUC") approved National Grid's filing of April 29, 2009 (and revised July 10, 2009) to replace the previous Standard Offer Service with a new Standard Offer Service.

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet these Standard Offer Service requirements. It is the intent of National Grid and supplier(s) that the resulting transactions shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the parties intend to physically settle the transactions, and are therefore not subject to swap regulation.

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

### 1.3 Rhode Island Customer Groups

For the purposes of this solicitation, the Rhode Island Residential, Commercial, and Industrial Groups are defined as:

Customer Group	Rate Class
Residential	A-16 and A-60
Commercial	G-02, C-06, S-06, S-10, S-14
Industrial	G-32, B-32, G-62, B-62, X-01

## 2. Description of Services

### 2.1 Description

Appendix A contains an overview of the services covered by this Request for Proposal ("RFP"). The Appendix provides:

- A brief description of Standard Offer Service;
- The eligibility requirements for a customer to obtain or leave Standard Offer Service.

### 2.2 Expected Loads

National Grid is unable to predict the amount of load that will be required to meet the needs of any customer group. National Grid's customers are free to leave Standard Offer Service at any time to take service from competitive suppliers. The ability of customers to enroll or return to Standard Offer Service is described in Appendix A.

To assist Respondents in determining the potential load requirements, National Grid is able to provide the following information on its Power Procurement Website:

- Aggregate reconciled historical wholesale hourly loads for the Standard Offer Service customer groups (since January 1, 2007).
- Aggregate historical wholesale hourly load data for previous Last Resort Service.
- Aggregate historical wholesale hourly load data for previous Standard Offer Service.
- Class average load shapes at the retail meter point.
- Historical customer counts, as of the last billing day in each month, by each National Grid company, SMD Load Zone (since March 1, 2003) and rate class. These counts represent the number of active accounts in each rate class as of the last billing day in each month.
- Historical customer counts for customers taking service from a competitive supplier, as of the last billing day in each month, by rate class.
- ICAP tags as of the last day of the month for each load asset.
- Average winning load block prices from previous RFPs.

Please use the following link to access the site:

<http://www.nationalgridus.com/energysupply/>

Click on “Data” at the upper right of the screen to access Load data, Customer Count data, Class Average Load Shapes and ICAP Tags. This site is open to anyone with the above link. No user id or password is required to access the data on the site.

### 2.3 Load Blocks

National Grid’s total Standard Offer Service requirements covered by this RFP are broken down into the following [NUMBER] load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
<b>A</b>	Industrial	RI	#%	Standard Offer Service	[Start date – End date]
<b>B</b>	Industrial	RI	#%	Standard Offer Service	[Start date – End date]
<b>C</b>	Residential	RI	#%	Standard Offer Service	[Start date – End date]
<b>D</b>	Commercial	RI	#%	Standard Offer Service	[Start date – End date]
<b>TBD</b>	TBD	RI	#%	Standard Offer Service	[Start date – End date]

A Respondent may bid on any number of load blocks that it wishes to serve. A Respondent wishing to serve the entire load for a particular customer group should submit a bid for each load block of that customer group. Respondents may not limit the amount of service that may be purchased for a given load block. Proposals that contain limits on the amount of service provided will be rejected<sup>3</sup>.

<sup>3</sup> For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period. The Respondent may not offer to serve Block A provided that the amount of service purchased does not exceed [specified value] MW in any hour.

The amount of load for each load block to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in Article 6 of the Master Power Agreement, a copy of which is provided in Appendix B.

#### 2.4 Rhode Island Retail Customer Rates

During the term of service covered by this RFP, National Grid intends to establish retail rates for generation service for Standard Offer Service customers in Rhode Island. The Standard Offer Service rates will reflect National Grid's purchase costs for such service due to commitments made as a result of this and previous RFPs.

### 3. General Provisions

#### 3.1 Terms and Conditions

The winning Supplier(s) will be selected to provide Standard Offer Service to the applicable customer groups/load blocks during the term covered by this RFP. Standard Offer Service will be provided by such Supplier(s) to National Grid in accordance with the terms and conditions of the Master Power Agreement. A copy of the Master Power Agreement for Rhode Island is provided in Appendix B. All Respondents must have an updated executed Master Power Agreement(s) prior to the indicative bid date.

The winning Supplier(s) will be required to execute the applicable confirmation(s) within two (2) business days of being notified that it has been selected as the winning Supplier.

Under Article 7 of the Master Power Agreement, failure of the winning supplier to deliver Requirements would constitute an event of default under the agreement, allowing National Grid to terminate and recover liquidated damages from the supplier.

#### 3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.

<b>Process Step</b>	<b>Date</b>
Company Issues Request for Proposal	[DATE]
Submit Respondent Proposal Information	[DATE] – 5pm EPT
Submit Indicative Pricing	[DATE] – 10am EPT
Company files Indicative Pricing Summary with the <a href="#">RIPUCPUC</a>	[DATE]
Submit Final Pricing	[DATE] – 10am EPT
Company Notifies Winning Bidders	[DATE] – 1pm
Company files Final Pricing Summary with the <a href="#">RIPUCPUC</a>	[DATE]

Winning Bidders and Company execute Confirmations	No later than two business days after Final Pricing
Service Begins	[DATE]

One (1) copy of a Respondent's Proposal Information and proposed agreement modifications must be submitted by e-mail or facsimile or mailed to the following address:

[EMPLOYEE]

Wholesale Electric Supply

National Grid

100 East Old Country Road

Hicksville, NY 11801

(516) 545-XXXX

(516) 545-2464 (fax)

e-mail: [electric.electricsupply@us.ngrid](mailto:electric.electricsupply@us.ngrid) [ElectricSupply@nationalgrid.com](mailto:ElectricSupply@nationalgrid.com)

National Grid is conducting the procurement process in three steps. The first step is for Respondents to provide National Grid with their background and financial information by 5:00 p.m. EPT on [DATE]. Upon receipt, National Grid will evaluate each Respondent's qualifications and will notify any Respondent that does not qualify by at least one business day before Indicative Pricing is due.

National Grid will not evaluate any indicative or final pricing if the Respondent does not have an executed Master Power Agreement. The Master Power Agreement must be executed prior to submitting indicative pricing.

The second step in this process is for Respondents to provide indicative pricing information by 10:00 a.m. EPT on [DATE] at the above address. National Grid will evaluate the indicative pricing as described above, and if required, National Grid may seek clarifications from Respondents. National Grid will file an indicative pricing summary with the [RIPUCPUC](#).

The third step is as follows: Respondents to provide final pricing information by 10:00 a.m. EPT on [DATE] at the above address. National Grid requests final pricing be valid until 1:00 p.m. National Grid intends to evaluate the final pricing and select a Supplier(s) that day by that time. Final pricing shall be binding until execution of a confirmation. Respondents should specify the manner in which they will accept a binding acceptance of their offer by National Grid prior to receipt of an executed agreement (letter of intent or e-mail) or they will be deemed to be bound by National Grid's acceptance communicated in any of the preceding manners. National Grid will file a final pricing summary with the [RIPUCPUC](#).

At any time, National Grid, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.

3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to [EMPLOYEE] at the address provided above.

**4. Service Features**

4.1 Commencement Date of Supply

Service from the winning Supplier(s) to National Grid shall begin as of HE 0100 EPT on the date specified in the table found in Section 2.3 – Load Blocks.

Service from National Grid to individual customers who are currently taking Standard Offer Service as of Commencement Date, if any, will be transferred to the appropriate customer group and continue with the winning Supplier(s) providing such service to National Grid as of the Commencement Date.

Service from National Grid to individual customers taking Standard Offer Service as of the Commencement Date shall begin on the customer’s meter reading date following notification/determination that a customer will be commencing Standard Offer Service or such other date designated by National Grid consistent with National Grid’s Tariff for Off Cycle Meter Read for Switch of Supplier R.I.P.U.C. No. 2019-A in Rhode Island.

National Grid’s procedures provide for customers to be switched from one service option to another (e.g., from Standard Offer Service to a competitive supplier, from one competitive supplier to another competitive supplier, from a competitive supplier to Standard Offer Service) on their normal cycle meter reading dates. However, there may be circumstances (e.g., default of a competitive supplier) that might require a customer to be switched to Standard Offer Service “off-cycle”. In such case, the customer will be switched to Standard Offer Service on a date designated by National Grid consistent with National Grid’s Tariff for Off Cycle Meter Read for Switch of Supplier R.I.P.U.C. No. 2019-A in Rhode Island.

4.2 Termination Date of Supply

Service from the winning Supplier(s) to National Grid shall terminate at HE 2400 EPT on the dates specified in the table found in Section 2.3 – Load Blocks.

Individual customers taking Standard Offer Service from National Grid may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer’s taking competitive service from a competitive supplier, (ii) disconnection of service by National Grid in accordance with regulations and procedures approved by the ~~RIPUC~~PUC, or (iii) closing of a customer’s account. National Grid’s procedures provide for customers electing to terminate such service to be switched to their successor service

on their normal cycle meter reading date following the date that National Grid receives notification of such switch. However, there may be circumstances which might require a customer to be terminated “off-cycle”. In such a case, the customer will be terminated from Standard Offer Service on a date to be determined by National Grid.

#### 4.3 Delivery Points

The Supplier(s) of Standard Offer Service will be responsible for delivering power to the nodes/zones representing the actual locations of the Standard Offer Service loads. The Supplier(s) of each of the services will be responsible for any PTF losses allocated by the ISO related to the services. The locations of the applicable Standard Offer Service load assets are as follows:

Company	SMD Load Zone	Load Asset	Load Asset Name	Load Block
NECo	RI	37765	NECO INDUSTRIAL SO LOAD_4005	TBD
NECo	RI	37763	NECO RESIDENTIAL SO LOAD_4005	TBD
NECo	RI	37764	NECO COMMERCIAL SO LOAD_4005	TBD

#### 4.4 Form of Service

The Supplier(s) of each ~~Load Block~~ load block shall be responsible for meeting the specified service requirements for all of National Grid’s customers in a specific ~~Load Block~~ load block. These service requirements include the generation and/or market procurement and delivery to the delivery point(s) of the portion of the electric capacity, energy and ancillary services required to meet the needs of National Grid’s ultimate customers taking such service. National Grid will implement the transfer of these responsibilities to the Supplier(s) by updating the asset registration for each of the above Load Assets. National Grid will assign to the Supplier(s) the applicable Ownership Share for each Load Asset. Once a Supplier’s obligation terminates, National Grid will terminate the Supplier’s Ownership Share of a Load Asset.

The Supplier(s) shall be responsible for all obligations, requirements, and costs associated with the Supplier(s) having the Load Asset Ownership Share which shall include but not be limited to the day-ahead load obligations and real-time load obligations at the nodes/zones of each Load Asset. A more complete description of a Supplier(s)’s responsibilities can be found in the Master Power Agreement in Appendix B of this RFP.

The Supplier(s) shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier(s) shall be responsible for all components of any Locational Marginal Prices the Supplier must pay in delivery of the services. These components include, but are not limited to, the day-ahead and real-time energy, marginal losses, and congestion charges. As the

supplier of such services, the Supplier(s) will be responsible for all present or future requirements and associated costs (to the extent such charges are not imposed on National Grid as a transmission charge by NEPOOL or the ISO) associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time.

The Supplier(s) will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the Standard Offer Service customer's meter. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the Master Power Agreement, found in Appendix B of this RFP.

National Grid will make arrangements with the ISO for transmission service over the PTF and non-PTF, from and after the Delivery Point to the Customers' meters. National Grid will be billed by the ISO and the applicable Participating Transmission Owner(s) for these services. National Grid will pay these bills and collect the costs, along with National Grid's distribution costs, from its retail customers through its retail delivery service tariffs. Any other transmission or distribution costs will be the Supplier(s)' responsibility.

#### 4.5 ~~Implementation of the Rhode Island Renewable Energy Standards ("RES")~~

~~The RIPUC established rules and procedures implementing a renewable energy standard for all retail electricity suppliers selling electricity to end-use consumers in the State of Rhode Island to meet the Renewable Energy Standards passed by the state legislature in 2004<sup>4</sup>. These rules and regulations can be found at:~~

~~<http://www.ripuc.state.ri.us/utilityinfo/res.html>~~

~~These rules require National Grid to demonstrate that a portion of its Rhode Island electricity sales are supplied from a mix of renewable energy generation resources. They are:~~

- ~~• **New** consists of new renewable generators that began commercial operation after December 31, 1997.~~
- ~~• **Existing** consists of existing renewable generators that began commercial operation before December 31, 1997.~~

~~The renewable requirements as a percent of sales are divided into two separate classes and summarized below:~~

<del>Year</del>	<del>Percentage from New Renewable Energy Resources</del>	<del>Percentage from either New or Existing Renewable Energy Resources</del>	<del>Total Target Percentage</del>

~~<sup>4</sup> Title 39 Public Utilities and Carriers Chapter 39-26 RES.~~

[YEAR]	[NUMBER]%	[NUMBER]%	[NUMBER]%
--------	-----------	-----------	-----------

~~National Grid requests Respondents to separately bid the cost of RES compliance equivalent to the applicable percent of sales for [YEAR]. If National Grid accepts bids with the RES components, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System (“NEPOOL GIS”) to provide NEPOOL GIS Certificates that comply with the requirements of the RES regulations. In each monthly invoice for a service that includes the RES component, National Grid will take a credit equal to the product of the RES obligation and the Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.~~

## 5. Proposal Requirements

### 5.1 Format of Proposal

The information required by National Grid to evaluate each proposal is identified in Appendix C. Respondents may simply complete the forms provided in Appendix C in any legible fashion and return them to [EMPLOYEE] as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

### 5.2 Proposed Pricing

Respondents must specify the price at which they will provide Standard Offer Service for each ~~Load Block~~load block on which they are bidding to serve. Purchases will be made on an “as-delivered” energy basis with prices stated on a fixed \$/MWh basis. ~~Such~~As specified for “shaped” load blocks, such prices may vary by calendar month and by load block, but must be uniform for the entire calendar month or period, as specified, and cover the entire term of this Request for Proposals. As specified for load blocks that are priced “flat” (i.e. one bid price), such prices must be uniform for the entire period within a load block (i.e. more than one month) and cover the entire term of this Request for Proposal.

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. Prices which exclude one or more market costs (e.g. Installed Capacity, uplift costs, etc.) will be rejected.

National Grid intends to pay a Supplier(s) based on the billing determinants as defined in the Master Power Agreement. These billing determinants are the loads as reported to and settled by the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier by the ISO during the settlement.

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each ~~Load Block~~ load block (A through TBD), a price which includes all costs. Should National Grid select this option, (1) suppliers would be responsible for all costs including capacity market charges and (2) Suppliers would not be responsible for supplying the RES component.
- ~~**RI-RES Compliance:** Price, on a separate \$ per MWh basis in [YEAR], for Supplier to provide the RI-RES component. Should National Grid select this option, the RI-RES Compliance Bid price would be added to the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL-GIS-Certificates (see Section 4.5).~~

### 5.3 Terms and Conditions

Service will be provided pursuant to the terms of the Master Power Agreement.

### 5.4 New England Market Participation

Each Respondent must indicate whether it has an executed and accepted Market Participant Service Agreement with ISO New England or if it plans to execute an agreement and, if so, at what point it is in the application process and the time frame for completing the process. Respondents must also provide evidence of agreements with a Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.

### 5.5 Competitive Supplier Registration

The service provided by the Supplier(s) of Standard Offer Service to National Grid is a wholesale transaction between the Supplier(s) and National Grid; therefore, the Supplier(s) do not have to be licensed or registered suppliers with any state regulatory commission.

### 5.6 Regulatory Approvals

The Supplier(s) of the services covered by this Request for Proposal must obtain and maintain all necessary regulatory approvals required to enable it to provide the applicable service. Such approvals must be obtained prior to [START DATE] or [START DATE], as applicable.

## 6. Retail Customer Relationships

### 6.1 Customer Billing

All customers taking Standard Offer Service covered by this RFP will be retail customers of National Grid. As the retail provider of such service, National Grid will bill customers for the Standard Offer Service provided.

## 6.2 Notification of Enrollments and Terminations

National Grid will provide electronic notification to the Supplier(s) of Standard Offer Service customer enrollments and terminations within a customer group. Enrollment information will include account number, rate class and commencement date of service. Termination information will include account number, rate class and termination date of service. Such notifications shall only be provided when a Supplier establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol (“FTP”), files with Pretty Good Privacy (“PGP”), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from National Grid at least fourteen (14) days prior to the day on which a Supplier desires to commence electronic receipt.

## 6.3 Customer Service

National Grid, as the retail provider of Standard Offer Service, will provide customer service to all customers receiving Standard Offer Service.

## 7. Selection Process

The criteria to be used in evaluating proposals will be the lowest evaluated bid price by ~~Load Block~~ load block. If there are identical lowest final bid prices for the “shaped” load blocks, the winning bidder will be determined by selecting the bidder with the lowest final bid price for the estimated highest volume month. If the lowest final bid prices are identical for the “flat” load blocks, the FRS load block would be divided equally among the lowest bidders.

~~National Grid will evaluate the RI-RES bids only for the Load Block winning bidders.—  
National Grid will accept the RI-RES bid if it is at or less than the available market prices.~~

## 8. Credit Requirements

In order to protect National Grid’s Standard Offer Service customers from the risk of Supplier(s) default, a winning Supplier(s) must be able to demonstrate it has the financial resources to perform during the term of the agreement. As reflected in the attached Master Power Agreement (Appendix B to this RFP), National Grid will require Supplier(s) to provide some form of security when entering into a Confirmation. The security arrangement will be based on the expected volume of load for the load block and a mark-to-market margining clause. As forward market prices change, the Supplier(s) will be required to post security for those incremental changes. Additionally, Suppliers that are rated at or below BBB-/Baa3 will be required to post an Independent Amount

equal to 10% of the notional value of each ~~Load Block~~load block awarded. The Supplier(s) shall provide security in one of the following forms:

- Unsecured line of credit for a rated counterparty
- Parental Guaranty
- Letter of Credit
- Cash deposit with National Grid

Respondents that are rated by a major credit rating agency must provide the ratings assigned by such agencies. Respondents that are not rated by a major credit rating agency must provide the following information to enable National Grid to evaluate a Respondent's financial strength:

- Respondent's organizational history
- Date of establishment
- Initial (if founded within the last ten years) and current capitalization
- Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period
- Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable;
- Short-term and long-term debt ratings from Moody's Investor Service or Standard & Poor's Corporation
- Corporate affiliates or joint venture partners including any details regarding financial limitations between partners or affiliates.

If a Respondent has provided this information to National Grid or an affiliate in a response to a previous RFP, then the Respondent needs only to identify the date and to whom the information was submitted and update the previously provided information.

National Grid agrees that it will treat the information it receives from Respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

## 9. General Requirements

National Grid may withdraw and terminate this RFP at any time without any liability. National Grid reserves the right to accept or reject, in whole or in part, any and all proposals. National Grid will not be responsible to any Respondent or any other party for failure to execute a Master Power Agreement or Confirmation.

National Grid shall reject proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of the RFP, or are submitted beyond the deadline for submission. All proposals submitted by Respondents in response to the RFP will become the exclusive property of National Grid.

National Grid will post the average winning bid price of each load block on its website within 90 days of final pricing.

Each Respondent certifies, by its submission of a bid, that it is bidding independently and that it has no knowledge of any proposal being submitted by another Respondent in response to this RFP. Each Respondent further certifies that, by its submission of a bid, it has not disclosed and will not disclose prior to any award hereunder any information relating to its proposal which could have an effect on whether another party submits a proposal to this RFP or on the contents of such proposal that another bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the bidder is submitting a proposal in response to this RFP, the bidder's bids, the bidder's quantities of each product bid, the bidder's estimation of the value of a product, the bidder's estimation of the risks associated with supplying a product, and the bidder's preference for bidding on one or several products.

If any information provided by the Respondent changes or fails to remain valid, it is the sole responsibility of the Respondent to notify National Grid of such change. Failing to do so may result in disqualification of the Respondent and its proposal for the solicitation.

Respondents shall, at their own cost and expense, defend, indemnify and hold harmless National Grid, its parent, subsidiaries and affiliates and their officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions proceeding or allegations of any kind which in any manner relate to arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in its proposal, or breach of any covenant by the Respondent set forth herein.

**APPENDIX A**

**DESCRIPTION OF SERVICES**

<b>The Narragansett Electric Company</b>	
<b>Standard Offer Service</b>	
Description	Electric Service provided to retail customers who are not taking service from a competitive supplier.
Eligibility Requirements	<p>Service to customers can be initiated by:</p> <ul style="list-style-type: none"> <li>a) A customer notifying National Grid that it wishes to terminate service from its competitive supplier and commence Standard Offer Service.</li> <li>b) A competitive supplier notifying National Grid that it is terminating service to a customer.</li> <li>c) A competitive supplier ceasing to provide service to a customer without notifying National Grid.</li> <li>d) A customer moves into National Grid’s service territory and does not affirmatively choose a competitive supplier.</li> </ul>
Aggregate Number of Customers Taking Service and Historical Load Profiles	<p>Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement web site:</p> <p style="text-align: center;"><a href="http://www.nationalgridus.com/energysupply/">http://www.nationalgridus.com/energysupply/</a></p>

**APPENDIX B**

**PROPOSED MASTER POWER AGREEMENT**

**APPENDIX C**

**REQUIRED PROPOSAL INFORMATION**

**RESPONDENT:** \_\_\_\_\_

**1. General Information**

Name of Respondent	
Principal contact person < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Legal form of business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State(s) of incorporation, residency and organization Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, which states and the reason it is not.	
If Respondent is a partnership, the names of all general and limited partners.  If Respondent is a limited liability company, the names of all direct owners.	
Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector	

**RESPONDENT:** \_\_\_\_\_

**2. Financial Information**

Current debt rating for Respondent (include ratings and names of rating agencies).	
Date Respondent's last fiscal year ended.	
Total revenue for Respondent for the most recent fiscal year.	
Total net income for Respondent for the most recent fiscal year.	
Total assets for Respondent as of the close of the previous fiscal year.	
Copy of the Respondent's most recent balance sheet, income statement and cash flow statement.	
Copy of the Respondent's most recent audited balance sheet, income statement and cash flow statement.	

**3. Defaults and Adverse Situations**

<p>Describe, in detail, any situation in which Respondent (either individually or as part of a consortium, joint venture or other group), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to transact business in the energy sector within the past five years including, without limitation, to purchase or deliver energy, capacity or other market products at retail or wholesale, or for the purchase or sale of electricity or natural gas, and including any financing agreements or financing provisions of any agreement.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event.</p> <p>If there was litigation, provide the case caption, index number and court.</p> <p>Identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
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**RESPONDENT:** \_\_\_\_\_

<p>Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors.</p>	
<p>Describe any facts presently known to Respondent that might adversely affect its ability to provide the service(s) bid herein as provided for in the RFP</p>	

**4. NEPOOL AND POWER SUPPLY EXPERIENCE**

<p>Is Respondent a member of NEPOOL?</p>	
<p>Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England?</p>	
<p>Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations .</p>	
<p>Describe Respondent’s experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.</p>	
<p>Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.</p>	

**RESPONDENT:** \_\_\_\_\_

**5. CONFLICTS OF INTEREST**

Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Buyer, National Grid USA or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, National Grid or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, National Grid or an affiliate of any of the foregoing.	

**6. SCOPE OF BID AND TERMS OF SALE**

Will Respondent execute a contract substantially similar to the Master Power Agreement contained in Appendix B?  Explain any proposed modifications.	
List all regulatory approvals required before service can commence.	

**RESPONDENT:** \_\_\_\_\_

**7. Proposed Pricing**

**(Respondent required to submit bidding spreadsheet included on procurement web site)**

**Standard Offer Service**



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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Schedule 6  
Standard Offer Service RFP Notice (Template)

# NATIONAL GRID

## STANDARD OFFER SERVICE PROCUREMENT SUMMARY

### FOR THE NARRAGANSETT ELECTRIC COMPANY

FOR THE PERIOD  
[START DATE – END DATE]

#### 1. RFP Issued

National Grid issued its Request for Power Supply Proposals (“RFP”) on [ISSUE DATE] directly to approximately 25 suppliers for the service period [START DATE] through [END DATE].

The RFP was also distributed to all members of the NEPOOL Markets Committee and posted on National Grid’s energy supply website. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

This procurement was conducted in accordance with the Standard Offer Procurement Plan approved by the Rhode Island Public Utilities Commission in Docket [NUMBER] (approved [DATE]). This procurement is also consistent with prior procurements conducted by National Grid.

National Grid’s RFP requested all-inclusive pricing for the following:

- [NUMBER]% of the Rhode Island Industrial Group Standard Offer Service requirements for the period [START DATE] through [END DATE];
- [NUMBER]% of the Rhode Island Residential Group Standard Offer Service requirements for the period [START DATE] through [END DATE];
- [NUMBER]% of the Rhode Island Commercial Group Standard Offer Service requirements for the period [START DATE] through [END DATE].

These requirements were divided into [NUMBER] distinct load blocks. A description of each load block is provided in Exhibit 1.

#### 2. Key RFP Dates

- The RFP was issued on [DATE].
- Supplier information was received on [DATE].
- Indicative bids were received on [DATE].
- Final bids were received on [DATE].

#### 3. Contract Submissions

All bidders had executed Master Power Agreements with National Grid before final bids and no contract revisions were necessary with the winning bidders. [AMEND AS NECESSARY] National Grid was able to resolve all outstanding issues with the bidders prior to receipt of bids and executed agreements that did not shift risks or obligations to its customers from those contained in its proposed agreements.

#### 4. Indicative Bids

Indicative bids were received on [DATE] from [NUMBER] bidders.

The indicative bids were evaluated and ranked (see Exhibits 2 and 3). Indicative pricing was used only to determine current market prices, to prepare an initial ranking of bids and to identify any bidding anomalies. The Rhode Island retail prices in Exhibit 3 were calculated by adjusting the wholesale contract prices in Exhibit 2 by the ratio of wholesale purchases to retail deliveries as calculated in Exhibit 3.

The lowest indicative bids for each load block were compared to National Grid's estimate of expected indicative bids. Our methodology calculates the expected bid prices from the historical relationship of the bid prices to all market components that comprise the bid price (see Exhibit 4). This method utilizes a detailed on-peak & off-peak calculation and incorporates all bid components: energy, capacity, and ancillary services.

The results of the Rhode Island indicative bids were filed with the Rhode Island Public Utilities Commission on [DATE].

#### 5. Award of Final Bids

Final bids were received on [DATE] from [NUMBER] bidders.

The final bids were evaluated and ranked (see Exhibits 5 and 6). The retail prices for Rhode Island in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries as calculated in Exhibit 6.

A summary of the number of conforming bids per block is provided in the following table:

Block - # Bids	Block - # Bids	Block - # Bids
A - #	B - #	TBD - #

The lowest final bids for each load block were compared to National Grid's estimate of expected bids based on the methodology described above (see Indicative Bids). The calculations of these expected prices can be found in Exhibit 7.

The RFP's competitive bidding process identified the winning bids for the [NUMBER] blocks as shown in Exhibit 8. Exhibit 8 also provides the basis for the award. Exhibit 9 provides a bidder key to help identify bidders.

Exhibit 10 provides a bid premium estimate for all winning bids. The bid premium estimate is the difference between the FRS Costs and the Market Component Costs. This difference includes:

- basis differential (the difference between the RI zonal price and hub price)
- volume risk premium - a premium associated with Est. MWh, On Peak % (loadshape), Customer Capacity Load Obligation
- migration risk premium
- price risk premium - premium associated with Capacity Net Clearing Price, Ancillary Costs, unexpected uplift costs, & electricity costs

- ~~odd lot premium—a premium associated with procuring power at smaller block sizes or at the hourly level rather than round lot blocks~~load shaping premium
- credit costs
- supplier margin

The results of the final bids were filed with the Rhode Island Public Utilities Commission on [DATE].

## 6. Description of Wholesale Markets Conditions

[PROVIDE SUMMARY OF MARKET CONDITIONS]

## ~~7. Renewable Energy Standard~~

~~The Rhode Island load covered by this RFP is subject to a [NUMBER]% Renewable Energy Standard (“RES”) requirement for calendar year [YEAR].~~

~~The cost of obtaining the Renewable Energy Certificates (“RECs”) associated with the load requirements from the bidders was compared to the available market cost of obtaining RECs. Exhibit 11 compares the RES Adders contained in the lowest final bids. Because the prices from the winning bidders were [INSERT RESULTS].~~

~~National Grid estimated the costs to comply with the RES obligations by utilizing the estimated market prices and the obligation percentages as specified in the RES regulations. Exhibit 12 provides a calculation of the cost adder to include these costs.~~

## 7. ~~8.~~ Retail Rate

The expected retail rates for the Industrial Group, excluding administrative cost adders and the Renewable Energy Standard Charge, were based on the wholesale bid that was awarded supply.

The expected retail rates for the Residential and the Commercial Customer Groups, excluding administrative cost adders and ~~an estimate for the [NUMBER]% spot market purchases~~ the Renewable Energy Standard Charge, were based on the wholesale bids that were awarded supply weighted with previous procurements. This is the [NUMBER] of [NUMBER] RFPs to procure power to serve Standard Offer Service customers for the [START DATE] to [END DATE] period. These costs are weighted with the previous RFP procurements to determine the expected retail rates [AMEND IF NECESSARY].

This is also the [NUMBER] of multiple RFPs to procure power to serve Standard Offer Service residential and commercial customers for calendar year [YEAR]. These costs will be weighted with future RFPs to determine the final retail rates.

The Rhode Island retail rates were calculated by adjusting the wholesale contract prices using the ratio of wholesale kWh purchases to retail kWh deliveries as calculated in Exhibit 6.

A summary of the estimated retail rates for blocks A through TBD is provided in Exhibit ~~13.~~11.

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**EXHIBIT 1**  
**LOAD BLOCK DESCRIPTIONS**

**CONTAINS CONFIDENTIAL INFORMATION  
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National Grid: Page 5 of [47](#)  
Docket No. **NUMBER**

**EXHIBIT 2  
INDICATIVE BID RANKING AT WHOLESALE  
BLOCKS A – TBD**

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National Grid: Page 6 of [47](#)  
Docket No. **NUMBER**

**EXHIBIT 3  
INDICATIVE BID RANKING AT RETAIL  
~~WITHOUT RES (¢/kWh)~~  
BLOCKS A – TBD**

-

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National Grid: Page 7 of [47](#)  
Docket No. **NUMBER**

**EXHIBIT 4  
ESTIMATED INDICATIVE PRICES  
FORECAST BASED ON NYMEX ELECTRICITY FUTURES  
[START DATE – END DATE] PERIOD**

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National Grid: Page 8 of [47](#)  
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**EXHIBIT 5  
FINAL BID RANKING AT WHOLESALE  
BLOCKS A – TBD**

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**EXHIBIT 6  
FINAL BID RANKING AT RETAIL  
~~WITHOUT RES (¢/kWh)~~  
BLOCKS A – TBD**

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National Grid: Page 10 of [47](#)  
Docket No. **NUMBER**

**EXHIBIT 7  
ESTIMATED FINAL PRICES  
FORECAST BASED ON NYMEX ELECTRICITY FUTURES  
[START DATE – END DATE] PERIOD**

**CONTAINS CONFIDENTIAL INFORMATION  
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**EXHIBIT 8**  
**SUMMARY OF LOAD BLOCK AWARDS**

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**EXHIBIT 9**  
**BIDDER KEY**

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**EXHIBIT 10  
BID PREMIUM ESTIMATES  
BLOCKS A - TBD**

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**EXHIBIT 11**  
**SUMMARY OF RES BIDS**

**CONTAINS CONFIDENTIAL INFORMATION  
DO NOT RELEASE**

National Grid: Page 15 of [47](#)  
Docket No. **NUMBER**

**EXHIBIT 12**  
**RES COST ADDER CALCULATION**

**CONTAINS CONFIDENTIAL INFORMATION  
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National Grid: Page 16 of [47](#)  
Docket No. **NUMBER**

**EXHIBIT 13**  
**ESTIMATED RETAIL RATES BASED ON FINAL BID PRICES**



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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Schedule 7  
RES Plan for 2017

## 2017 Renewable Energy Standard Procurement Plan

### I. Objectives

A. This plan satisfies Section 8.2 of the Commission’s Rules and Regulations Governing the Implementation of a Renewable Energy Standard (“RES Regulations”). Under Section 8.2, the Company is required to annually submit a Renewable Energy Standard Procurement Plan that sets out its procedures for obtaining resources that satisfy its obligations under the Rhode Island Renewable Energy Standard (“RES”) (R.I. Gen. Laws § 39-26-1 et seq.).

B. The plan is for the procurement of the RES renewable energy certificates (“RECs”) to meet the obligations associated with provision of Standard Offer Service (“SOS”) for 2017. A competitive procurement process will be utilized for all 2017 requirements for Existing RECs, and possibly for a portion of the 2017 requirements for New RECs.

### II. Requirements

The following table displays the anticipated number of RECs that will be necessary to satisfy RES Regulations in 2017.

<b>Year</b>	<b>Percentage from New Renewable Energy Resources</b>	<b>Percentage from <i>either</i> New <i>or</i> Existing Renewable Energy Resources</b>	<b>Total RES Target Percentage</b>	<b>Estimated Standard Offer Load (MWhs)</b>	<b>Standard Offer Existing RES Obligation (RECs)</b>	<b>Standard Offer New RES Obligation (RECs)</b>
2017	9.5	2.0	11.5	4,506,862	90,138	428,152

### III. REC Procurement

A. In order to comply with the Distributed Generation Standard Contracts Act and the Long-Term Contracting Standard for Renewable Energy (“Long Term Renewable Contracts”), the Company enters into transactions with renewable energy resources that include New RECs. As first approved in Docket No. 4315, the Company proposes to continue to utilize these RECs to satisfy its New RES requirements for the SOS load. The Company believes SOS customers will benefit from this approach because it minimizes

transaction expenses. In 2017 the Company anticipates that New RECs obtained from the Long Term Renewable Contracts will exceed the RES obligation.

As described in Docket No. 4338, the Company proposes to determine the market costs of these RECs for reconciliation by utilizing the most representative data sources, such as recent solicitation results, broker sheets, and market indices. This market cost will be charged to SOS customers for their RES obligation and the same amount will be credited to delivery customers.

B. The Company will issue standalone REC RFPs to procure the remaining REC amounts for each REC class necessary to satisfy the RES Regulations. The Company intends to issue two or more REC RFPs in 2017.

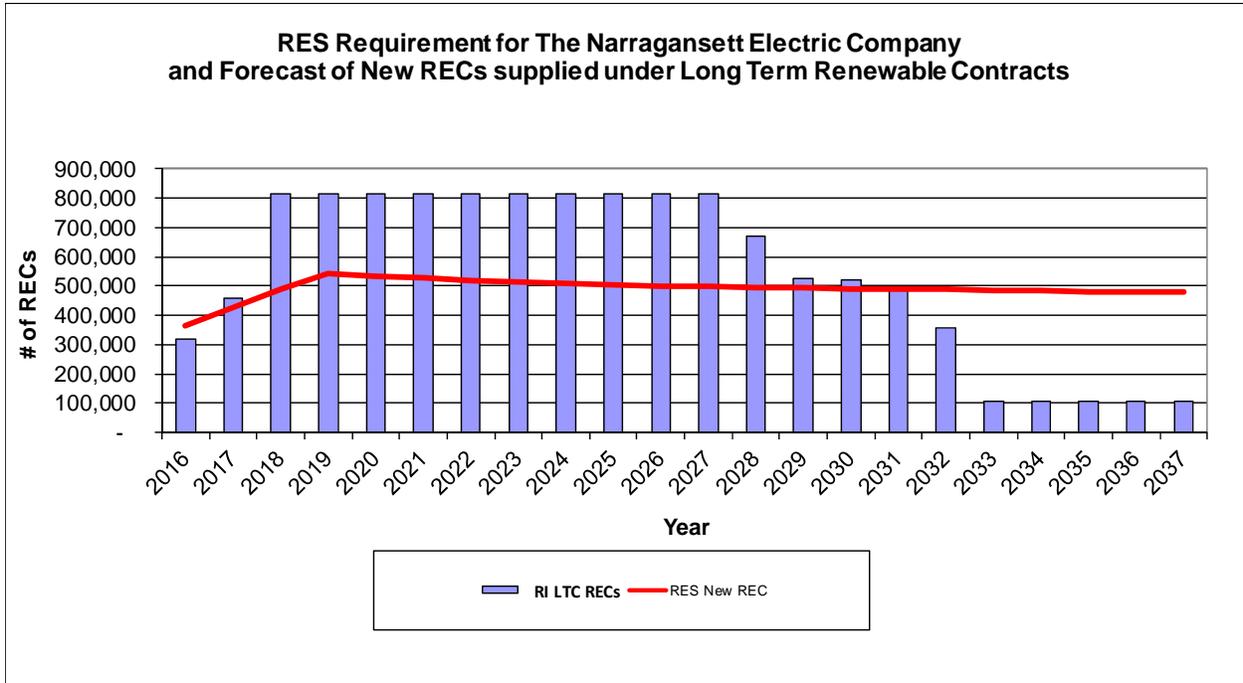
The principal criteria to be used in evaluating REC RFP proposals will be lowest evaluated bid price. In the event of identical low bids, the Company will allocate the offered RECs to all bidders with identical prices based on the quantities bid and the quantities solicited. For example, the Company solicits 5,000 RECs and receives two identical low bid prices. Bidder A offers 5,000 RECs and Bidder B offers 2,500 RECs. Bidder A will receive 3,333 RECs ( $5,000 / 7,500 * 5,000$ ) and Bidder B will receive 1,667 RECs ( $2,500 / 7,500 * 5,000$ ).

C. The Company may also evaluate unsolicited offers from brokers or other parties.

D. If the Company still has an obligation shortfall in a calendar year, the Company will make an Alternative Compliance Payment to the RI Economic Development Corporation for the unmet obligation.

#### **IV. New RES Requirement and Forecast of RECs from Long Term Renewable Contracts**

The chart below shows a projection of the New RES requirement over the next 20 years compared to the estimated output of RECs obtained through the Long Term Renewable Contracts.





**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
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WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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Schedule 8  
Certificate Purchase Agreement (CPA)

## RHODE ISLAND CERTIFICATE PURCHASE AGREEMENT

This **CERTIFICATE PURCHASE AGREEMENT** (“Agreement”) is dated as of \_\_\_\_\_ and is by and between **THE NARRAGANSETT ELECTRIC COMPANY d/b/a “National Grid”**, a Rhode Island corporation (“Buyer”) and \_\_\_\_\_ a \_\_\_\_\_ Corporation (“Seller”). This Agreement provides for the sale by Seller of NEPOOL-GIS Certificates, as defined herein, to Buyer. The Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

### **ARTICLE 1.           BASIC UNDERSTANDINGS**

Seller, in response to a Request for Proposal dated [DATE] issued by the Buyer, has been selected to supply a quantity of NEPOOL-GIS Certificates to meet a portion of the Buyer’s requirements to comply with the RES Regulations, as defined herein. This Agreement sets forth the terms under which Seller will supply a quantity of NEPOOL-GIS Certificates to the Buyer. It is the intent of Buyer and Seller that the transactions hereunder shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the Parties intend to physically settle the transactions, and are therefore not subject to swap regulation.

### **ARTICLE 2.           DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

**Affiliate** means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by or is under common control with such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

**Alternative Compliance Payment Rate means** the value as published by the Rhode Island Public Utilities Commission in accordance with Section 3.2 of the RES Regulations.

**Business Day** means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Providence, Rhode Island are authorized by law or other governmental action to close.

**Buyer** means The Narragansett Electric Company, its successors, assigns, employees, agents and authorized representatives.

**Commission** means the Federal Energy Regulatory Commission, or its successor.

**Credit Rating** means with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody’s, S&P and/or the other specified rating agency or agencies to such Party’s (or its Credit Support Provider’s, as the case may be) or entity’s unsecured, senior long-term debt not supported by third party credit

enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody's and/or S&P as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody's, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a "split rating"), the lowest rating assigned shall control.

**Credit Support Provider** means the entity providing a guaranty substantially in the form set forth in Appendix A of this Certificate Purchase Agreement guaranteeing the financial obligations of a Party for the benefit of the other Party.

**EPT** means Eastern Prevailing Time.

**Existing Renewable Energy Resource** means as defined in Section 3.10 of the RES Regulations.

**Generating Unit** means [\_\_\_\_\_].

**Governing Documents** means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

**Interest Rate** means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

**Investment Grade** means (i) if any entity has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to "BBB-" and a Credit Rating from Moody's equal to "Baa3"; or (ii) if an entity has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to "BBB-" or a Credit Rating from Moody's equal to "Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to in writing by the Parties in each Party's sole and exclusive judgment.

**ISO** means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including, but not limited to, a Regional Transmission Organization).

**ISO Tariff** means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

**ISO New England Operating Documents** means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

**Market Rules and Procedures** means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

**Material Adverse Effect** means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

**Moody's** means Moody's Investors Service, its successors and assigns.

**MWh** means Megawatt-hour.

**NEPOOL-GIS** means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

**NEPOOL-GIS Certificates** means an electronic record produced by the NEPOOL-GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL-GIS that complies with the RES Regulations. NEPOOL-GIS Certificates shall represent the Generation Attributes (as such term is defined in the RES Regulations) of either New Renewable Energy Resources or Existing Renewable Energy Resources and conform to the eligibility criteria set forth in the RES Regulations, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation from either a New Renewable Energy Resource or Existing Renewable Energy Resource.

**NEPOOL-GIS Certificate Purchase Price** means \_\_\_\_\_.

**NEPOOL-GIS Certificate Quantity** means \_\_\_\_\_.

**NEPOOL Agreement** means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

**NEPOOL GIS Operating Rules** means the New England Power Pool Generation Information System Operating Rules as may be amended from time to time pursuant to the NEPOOL Agreement.

**NEPOOL Rules** means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

**Net Worth** means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

**New Renewable Energy Resource** means as defined in Section 3.23 of the RES Regulations.

**PUC** means the Rhode Island Public Utilities Commission, or its successor.

**RES** means Renewable Energy Standard.

**RES Regulations** means the Rules and Regulations Governing The Implementation Of A Renewable Energy Standard promulgated pursuant to the Renewable Energy Standard Law Section 39-26-1 et seq. of the General Laws of Rhode Island that implement a Renewable Energy Standard to facilitate the development of renewable energy resources for the benefit of customers in Rhode Island.

~~**RIPUC** means the Rhode Island Public Utilities Commission, or its successor.~~

**Security Amount** means the sum of:

- A) the product of (i) the RES Existing NEPOOL-GIS Certificate Quantity in a year and (ii) the positive difference between the RES Existing Alternative Compliance Payment Rate and the RES Existing NEPOOL-GIS Certificate Purchase Price, plus
- B) the product of (i) the RES New NEPOOL-GIS Certificate Quantity in a year and (ii) the positive difference between the RES New Alternative Compliance Payment Rate and the RES New NEPOOL-GIS Certificate Purchase Price

**S&P** means Standard & Poor's Rating Group, its successors and assigns.

**Trading Period** means the term as defined in the NEPOOL GIS Operating Rules.

**Vintage** means the calendar year that a NEPOOL-GIS Certificate represents as the relevant generation attributes for an energy resource.

### ARTICLE 3. **Effective Date; Filing Obligation; Term**

Buyer will file the results of the RES solicitation with the ~~RIPUC~~PUC no later than one Business Day after pricing was submitted.

The term of this Agreement (“Term”) shall commence on the Effective Date and expire effective on the later of (i) the date on which all performances of the Parties under this Agreement have been completed, including, but not limited to, the delivery of all NEPOOL GIS-Certificates and the payment of all amounts due as required by this Agreement, and (ii) the date that all disputes, if any, arising under this Agreement are resolved in a final manner. As of the expiration of this Agreement or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to audit rights, remedies for default, damages claims, indemnification and defense of claims shall survive the termination or expiration of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run, subject to any time limits specifically set forth in this Agreement with respect thereto.

#### **ARTICLE 4. SALE AND PURCHASE**

##### **Section 4.1 Provision Delivery and Receipt**

Seller shall sell and deliver and the Buyer shall purchase and receive RES New and Existing NEPOOL-GIS Certificates equal in number to the corresponding RES New and Existing NEPOOL-GIS Certificate Quantity. Seller shall utilize the NEPOOL-GIS to transfer the number of NEPOOL-GIS Certificates required to be transferred hereunder for each Trading Period to an account within the NEPOOL-GIS designated by the Buyer at least five (5) Business Days prior to the end of the applicable Trading Period.

##### **Section 4.2 Seller Representations and Warranties:**

Seller represents, warrants, and agrees that:

- (a) The NEPOOL-GIS Certificates sold and delivered to the Buyer’s account under this Agreement are and shall be free and clear of any liens, encumbrances and title defects;
- (b) Seller has obtained, and will maintain, all necessary regulatory approvals required to enable it to provide the NEPOOL-GIS Certificates as required by this Agreement and that the NEPOOL-GIS Certificates sold hereunder are and will be compliant with the RES Regulations; and
- (c) The NEPOOL-GIS Certificates sold hereunder have not been, and shall not be, sold, retired, claimed or represented as part of electricity output or sales, or used to satisfy obligations in any other jurisdiction.

#### **ARTICLE 5. AMOUNT, BILLING and PAYMENT**

##### **Section 5.1 Amount**

The amount payable by Buyer to Seller for NEPOOL-GIS Certificates shall be the sum of:

- A) the product of (a) the number of RES Existing NEPOOL-GIS Certificates transferred and confirmed during a Trading Period and (b) the RES Existing NEPOOL-GIS Certificate Purchase Price for such Trading Period, plus
- B) the product of (a) the number of RES New NEPOOL-GIS Certificates transferred and confirmed during a Trading Period and (b) the RES New NEPOOL-GIS Certificate Purchase Price for such Trading Period.

#### Section 5.2 Billing and Payment

(a) After each NEPOOL-GIS Certificate transfer has been confirmed, the Seller shall calculate the amount due and payable to Seller pursuant to this Article and provide an invoice ("Invoice") for such amount. The Invoice shall be provided to the Buyer and shall include sufficient detail for the Buyer to verify its formulation and computation.

(b) The Buyer shall pay Seller the amount due and owing in accordance with Section 5.1 on the fifteenth (15th) Business Day after receiving the Invoice (the "Due Date"). If all or any part of such amount remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at a rate per annum equal to the Interest Rate in effect on the Due Date.

(c) Each Party shall notify the other Party upon becoming aware of any error in an Invoice (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at a rate per annum equal to the Interest Rate in effect on the Due Date from the date of the receipt of the overpayment until the date paid or deducted.

#### Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Invoices (or the data utilized in the forgoing) and payments no later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

#### Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies ("Taxes") which may be assessed by any entity upon the Seller's provision of NEPOOL-GIS Certificates to the Buyer.

## Section 5.5 Netting and Setoff

Except for security provided pursuant to Section 6.3 (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another written agreement between the Parties, if the Parties are required to pay an amount on the same date each to the other under this Agreement or any other agreement between the Parties, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or such other written agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement. All outstanding obligations to make payment under this Agreement or any other written agreement between the Parties may be netted against each other, set off or recouped there from.

## **ARTICLE 6. DEFAULT AND TERMINATION**

### Section 6.1 Events of Default

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to the Buyer:

(i) Failure of the Buyer

(A) in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except attributable to Seller's' wrongful act or failure to act in breach of this Agreement): and

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days), provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:

(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and

except attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement): and

(B) after receipt of written notice from the Buyer such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect a cure (but in no event longer than thirty (30) days), provided that Seller (x) commences within such five (5) Business Day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

- (ii) Failure of Seller to transfer NEPOOL-GIS Certificates in the amounts and/or at the times required by, and otherwise in accordance with, Article 4.
- (iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with Section 6.3.

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

- (i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;
- (ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become

due, or the taking of corporate action by such Party in furtherance of any such action; and

- (iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.

## Section 6.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a "Termination Notice"). Termination shall be effective on the date set forth in the Termination Notice, which date shall be no more than twenty (20) Business Days after the date such Termination Notice is provided to the Defaulting Party in accordance with Article 7. Termination of this Agreement shall in no way limit or restrict any Party's right to pursue any legal or equitable remedies available to it arising from an Event of Default.

(b) Notwithstanding any other provision of this Agreement, the cure of an Event of Default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Agreement shall not release such defaulting Party from its liability to indemnify, save harmless and defend the non-defaulting Party for any claims, demands, suits, losses, liabilities, damages, obligations, payments, costs and expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) relating to, arising out of or resulting from such Event of Default or any failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement.

(c) In the event Seller causes or suffers an Event of Default, and the Buyer elects to terminate this Agreement, then, on or before five (5) Business Days following issuance of a Termination Notice by Buyer, Seller shall pay the Buyer an amount equal to the positive amount, if any, equal to the product of (i) the number of NEPOOL-GIS Certificates to be transferred to Buyer under this Agreement during the Term that have not been so transferred ("Undelivered Certificates"), and (ii) the positive difference, if any, of the applicable Alternative Compliance Payment rate or rates determined in accordance with the RES Regulations less the applicable NEPOOL-GIS Certificate Purchase Price the Buyer would have had to pay Seller for each Undelivered Certificate if the same had actually been delivered hereunder as and when required, plus all costs, fees and expenses incurred by Buyer in connection with making Alternative Compliance Payment(s) for the Undelivered Certificates. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

(d) In the event the Buyer causes or suffers an Event of Default, and Seller elects to terminate this Agreement, then, on or before five (5) Business Days following issuance of the Termination Notice by Seller, the Buyer shall pay Seller the positive amount, if any, equal to the product of (i) the number of NEPOOL-GIS Certificates required to be transferred by Seller under this Agreement during the Term that have not been so transferred (“Untransferred Certificates”) and (ii) the positive difference, if any, of the NEPOOL-GIS Certificate Purchase Price less the average market price as of the date of issuance of such Termination Notice for the number of Untransferred Certificates of a vintage equivalent to the calendar year in which such Untransferred Certificates were to be delivered hereunder as specified in Article 4. Such average market price is to be determined based upon the average of prices quoted by three independent third party brokerage services selected by Seller and reasonably acceptable to the Buyer. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

### Section 6.3 Security

(a) Seller, at all times during the term of this Agreement, shall either (i) maintain (A) a Credit Rating at least equal to Investment Grade (the “Credit Requirements”) or (ii) provide collateral equal to the calculated Security Amount in accordance with Section 6.3(b). Prior to the Commencement Date and at any time upon the request of Buyer, Seller (or its Credit Support Provider at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect) shall establish that it meets the Credit Requirements by providing (x) a certificate of an authorized officer, accompanied by supporting certified financial statements and (y) documentation of all Credit Ratings. Seller shall inform the Buyer within one (1) Business Day of any failure of it or its Credit Support Provider (at any time that a guaranty delivered pursuant to Paragraph (A) of Subsection (b) of this Section is in effect) to meet Credit Requirements, or of it being placed by S&P or Moody's on credit watch, under review for a downgrade or with negative implications.

(b) If, at any time during the Term of this Agreement, Seller fails to meet the Credit Requirements, then Seller shall provide collateral (i) equal to the Security Amount to the Buyer; and (ii) in one of the following forms, within five (5) Business Days of the occurrence of such failure to meet the Credit Requirements:

- (A) A guaranty of Seller’s obligations hereunder issued by an Affiliate of Seller that meets the Credit Requirements and in substantially the form set forth in Appendix A attached hereto;
- (B) An irrevocable, transferable standby letter of credit (x) issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a credit rating of at least “A-” from S&P or “A3” from Moody’s, (y) in a form acceptable to Buyer, including a provision permitting the Buyer, upon an Event of Default by Seller to draw down, on one or more occasions, in whole or in part, as the case may be, on the letter of credit and also permitting the Buyer to draw down an amount equal to the amount specified in Section 6.2(c) without giving effect to Section 5.5 (Netting and Setoff), and (z) that shall terminate no earlier than 120 days following the later of the termination or expiration of this Agreement. If Seller is required to provide the bank with a guarantee or any other form

of financial assurance from one or more other entities to secure its letter of credit obligations, then such entities shall also guarantee all of Seller's obligations to the Buyer under this Agreement;

- (C) U.S. Dollars delivered by wire transfer of immediately available funds; or
- (D) Any alternate form of credit support proposed by Seller that the Buyer deems acceptable, in its sole discretion; provided however, the Buyer is under no obligation to accept any alternate form of credit support and may withhold consent to any such alternate form for any reason.

Section 6.4 Forward Contract.

Each Party represents and warrants to the other that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 6, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

**ARTICLE 7. NOTICES, REPRESENTATIVES OF THE PARTIES**

Section 7.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Director, Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801  
(516) 545-3282 (phone)  
(516) 545-2464 (fax)

and

With a copy to:

General Counsel  
National Grid  
40 Sylvan Road

Waltham, MA 02451-1120  
(781) 907-1000 (phone)  
(781) ~~907-5701~~296-8091 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

[Name]  
[Company]  
[Address]  
[City, State & Zip]  
[Phone]  
[FAX]

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 7.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 15.

**ARTICLE 8. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES**

Section 8.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 8.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN 13.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION,

## CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

### Section 8.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successors, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

### Section 8.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of NEPOOL-GIS Certificates.

## **ARTICLE 9. ASSIGNMENT**

### **Section 9.1 General Prohibition Against Assignments**

Except as provided in Section 9.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

### **Section 9.2 Exceptions to Prohibition Against Assignments**

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, and (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent; provided, that, any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

## **ARTICLE 10. SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of, and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

## **ARTICLE 11. WAIVERS**

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

## **ARTICLE 12. LAWS AND REGULATIONS**

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting *sua sponte* shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 12(c) then, without further action of either Party, Article 12(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 12 is intended to modify any Party's right to enforce the terms of this Agreement as written.

## **ARTICLE 13. INTERPRETATION, DISPUTE RESOLUTION**

### **Section 13.1 Governing Law**

The Agreement shall be governed by, and construed and performed in accordance with, the laws of the State of Rhode Island, without giving effect to its conflict of laws principles.

### **Section 13.2 Dispute Resolution**

All disputes between the Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of the Buyer designated by the Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the

dispute within ten (10) days of receipt of the notice, or such other period to which the Parties may jointly agree, such dispute shall be submitted to arbitration and resolved in accordance with the arbitration procedure set forth in this Section. The arbitration shall be conducted in Boston, Massachusetts before a single neutral arbitrator mutually agreed to and appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, Seller and the Buyer shall each choose one arbitrator, who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within ten (10) days select a third arbitrator to act as chairman of the arbitration panel. In either case, the arbitrator(s) shall be knowledgeable in electric utility matters, including wholesale power transactions and power market issues, and shall not have any current or past material business or financial relationships with either Party or a witness for either Party and shall not have a direct or indirect interest in any Party or the subject matter of the arbitration. The arbitrator(s) shall afford each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the then-current arbitration rules of the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources), unless otherwise mutually agreed by the Parties. There shall be no formal discovery conducted in connection with the arbitration unless otherwise mutually agreed by the Parties; provided, however, that the Parties shall exchange witness lists and copies of any exhibits that they intend to utilize in their direct presentations at any hearing before the arbitrator(s) at least ten (10) days prior to such hearing, along with any other information or documents specifically requested by the arbitrator(s) prior to the hearing. Any offer made and the details of any negotiations to resolve the dispute shall not be admissible in the arbitration or otherwise. Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of his, her or their appointment and shall notify the Parties in writing of such decision and the reasons therefore, and shall make an award apportioning the payment of the costs and expenses of arbitration among the Parties; provided, however, that each Party shall bear the costs and expenses of its own attorneys, expert witnesses and consultants unless the arbitrator(s), based upon a determination of good cause, awards attorneys fees and legal and other costs to the prevailing Party. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement and shall have no power to modify or change the Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction, subject expressly to Section 13.3. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. Nothing in this paragraph shall impair the ability of a Party to exercise any rights or remedy it has under this Agreement, including those in Article 6. To the fullest extent permitted by law, any arbitration proceeding and the arbitrator's award shall be maintained in confidence by the Parties; provided, however, that either Party, or any of its Affiliates, may provide information regarding the arbitration without limitation to any regulatory agency requesting or requiring such information or to a court in a proceeding to confirm, appeal (as such appeal is limited hereby) or enforce the award; provided, further, that any such provision of information must include a request for confidential treatment

### Section 13.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of Rhode Island; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY

HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

**ARTICLE 14. SEVERABILITY**

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

**ARTICLE 15. MODIFICATIONS**

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

**ARTICLE 16. ENTIRE AGREEMENT**

This Agreement, including the Appendices, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties, covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby.

**ARTICLE 17. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

**ARTICLE 18. INTERPRETATION; CONSTRUCTION**

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

## **ARTICLE 19. REPRESENTATIONS; WARRANTIES AND COVENANTS**

Each Party represents to the other Party, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Agreement and to consummate and perform the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by it, and, assuming that this Agreement constitutes a valid and binding agreement of the other Party, constitutes its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Agreement by it or the performance by it of its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Agreement by it will nor the performance by it of its obligations under this Agreement will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement.

## **ARTICLE 20. CONSENTS AND APPROVALS**

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

## **ARTICLE 21. SURVIVAL**

Subject to Section 3(b), as of the expiration of this Agreement in accordance with Article 3 or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination and (b) the obligations of the Parties hereunder with respect to indemnification and defense of claims.

## **ARTICLE 22. CONFIDENTIALITY**

Neither Seller nor the Buyer shall provide copies of **[BIDDERS: Insert sections -]** or disclose the contents or terms thereof, (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency requesting and/or requiring such Confidential Terms, provided that any such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

**THE NARRAGANSETT ELECTRIC COMPANY**

Name (print): \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_

**[COMPANY]**

\_\_\_\_\_  
Name (print): \_\_\_\_\_  
Title: \_\_\_\_\_

**APPENDIX A  
FORM OF GUARANTY**

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [\_\_\_\_\_], **YEAR** (the “Effective Date”), is made and entered into by [\_\_\_\_\_] a [\_\_\_\_\_] corporation (“Guarantor”).

**WITNESSETH:**

WHEREAS, The Narragansett Electric Company (“the Buyer”) and [\_\_\_\_\_] a corporation organized under the laws of the State of [\_\_\_\_\_] (“Seller”) and a [\_\_\_\_\_] of Guarantor, have entered into the Certificate Purchase Agreement dated as of [\_\_\_\_\_] 2008 (as such agreement may be amended and modified by the Buyer and Seller from time to time, the “Agreement”); and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- (1) **GUARANTY**. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the “Obligations”). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Buyer but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
- (2) **DEMANDS AND NOTICE**. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to perform or pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a “Demand”). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to perform or pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must perform the Obligations within two (2) Business Days, or pay the Obligations within five (5) Business Days, after its receipt of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required

until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the State of Rhode Island.

- (3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:
- (a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [ ] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;
  - (b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both), contravene, conflict with or result in a breach of or default under any provision of its constitutional or organizational documents or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and
  - (c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and
  - (d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.
- (4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.
- (5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.
- (6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated

to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes, including, without limitation, in the time of payment of and other changes in, the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers thereunder.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder or made by Seller in connection with the Agreement is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the Term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or facsimile, as follows:

To the Buyer:

Director, Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801

Fax No.: (516) 545-2464  
Phone No.: (516) 545-3282

To Guarantor:

Fax No.:  
Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the State of Rhode Island, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement (“Assigned Agreement”), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on \_\_\_\_\_, but it is effective as of the Effective Date.**

[GUARANTOR]

BY:

NAME:

TITLE:



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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Schedule 9  
RES RFP Notice (Template)



**Request For Proposals  
To Provide NEPOOL-GIS  
Certificates in Compliance  
With the Rhode Island  
Renewable Energy  
Standard**

For the Period:

Calendar Year[S] [YEARS]

**[ISSUE DATE]**

**REQUEST FOR PROPOSALS**

**1. Overview**

On June 29, 2004 Rhode Island enacted a Renewable Energy Standard (“RES”) that promotes the development of renewable energy resources in Rhode Island and New England “with the goals of stabilizing long-term energy prices, enhancing environmental quality, and creating jobs in Rhode Island in the renewable energy sector”<sup>1</sup>. The RES requires a retail supplier of electricity to obtain a minimum portion of its supply from certain new and existing renewable energy resources. The Rhode Island Public Utilities Commission (“~~RIPUC~~PUC”) established rules and regulations implementing these requirements (“RES Rules”). The RES rules can be found at:

[http://www.ripuc.org/rulesregs/commrules/RESRules\(7-25-07\).pdf](http://www.ripuc.org/rulesregs/commrules/RESRules(7-25-07).pdf)

These rules require National Grid to demonstrate that a portion of its Rhode Island electricity sales are supplied from a mix of renewable energy generation resources. They are:

- **New** consists of new renewable generators that began commercial operation after December 31, 1997.
- **Existing** consists of existing renewable generators that began commercial operation before December 31, 1997.

The renewable requirements as a percent of sales are divided into two separate classes and summarized below:

<b>Year</b>	<b>Percentage from New Renewable Energy Resources</b>	<b>Percentage from <i>either</i> New or Existing Renewable Energy Resources</b>	<b>Total Target Percentage</b>
[YEAR]	[NUMBER] %	[NUMBER] %	[NUMBER] %
[YEAR]	[NUMBER] %	[NUMBER] %	[NUMBER] %

A retail supplier may satisfy these requirements by providing attribute certificates from the NEPOOL Generation Information System (“NEPOOL-GIS Certificate” or “REC”), contracting for the output of existing or new renewable energy resources, or making an Alternative Compliance Payment (“ACP”) to the Renewable Energy Development Fund (“REDF”) of the Rhode Island ~~Economic Development~~Commerce Corporation (“~~EDC~~”).

National Grid<sup>2</sup> is seeking proposals for the supply of RECs from generating facilities in Rhode Island, New England and surrounding regions that have been approved by the ~~RIPUC~~PUC as either existing or new renewable energy resources that meet the RES

<sup>1</sup> R.I.G.L. § 39-26-1, et seq., Renewable Energy Standard.

<sup>2</sup> The contracting entity will be The Narragansett Electric Company.

requirements. National Grid is seeking proposals that provide RECs that comply with the RES for calendar year[s] [YEARS]. It is the intent of National Grid and supplier(s) that the resulting transactions shall meet the Commodity Futures Trading Commission's criteria for the forward contract exclusion, including that the parties intend to physically settle the transactions, and are therefore not subject to swap regulation.

Nothing in this RFP, or in any proposal that may be submitted in response to this RFP, shall create any obligation on the part of National Grid.

**2. Quantity of Certificates Sought and Description of Proposals**

2.1. Quantity of Certificates

National Grid may purchase up to the following quantity of NEPOOL-GIS Certificates to meet its RES obligations in Rhode Island:

Year	NEPOOL-GIS Certificates From Existing Energy Resources	NEPOOL-GIS Certificates From New Energy Resources	Total NEPOOL-GI S Certificates
<span style="color: red;">[YEAR]</span>	<span style="color: red;">[NUMBER]</span>	<span style="color: red;">[NUMBER]</span>	<span style="color: red;">[NUMBER]</span>
<span style="color: red;">[YEAR]</span>	<span style="color: red;">[NUMBER]</span>	<span style="color: red;">[NUMBER]</span>	<span style="color: red;">[NUMBER]</span>

2.2. Description of Proposals

National Grid will consider the following types of proposals for the purchase of RECs that meet the Rhode Island RES requirements:

- Firm RECs issued by the NEPOOL-GIS in the current trading period.
- Firm RECs to be issued by the NEPOOL-GIS in future trading periods.
- Non-cancelable Forward Certificates issued by the NEPOOL-GIS for future trading periods.

2.3 Proposal Documents and Information

To assist Respondents in responding to this RFP, National Grid is providing the RFP and Certificate Purchase Agreement on its Wholesale Energy supplier website. Please use the following link to access the site:

<http://www.nationalgridus.com/energysupply/>

This site is open to anyone with the above link. No user id or password is required to access the data on the site.

### 3. General Provisions

#### 3.1 Terms and Conditions

National Grid is seeking to purchase NEPOOL-GIS Certificates that are least cost and in the best interests of its customers. The winning supplier(s) will be required to execute a Certificate Purchase Agreement with National Grid for the purchase of NEPOOL-GIS Certificates within two (2) business days of being notified that it has been selected as a winning supplier. A copy of the proposed Certificate Purchase Agreement is provided in Appendix A.

Any proposed changes to the Certificate Purchase Agreement are to be included with Respondent's response to this RFP.

Under Article 6 of the Certificate Purchase Agreement, failure of the winning supplier to deliver the NEPOOL-GIS Certificates would constitute an event of default under the agreement, allowing National Grid to terminate and recover liquidated damages from the supplier.

#### 3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.

Process Step	Date
Issue Request for Proposal	[DATE]
Submit Respondent Proposal Information and Proposed Contract Modifications (if applicable)	[DATE] – 5pm EPT
Submit Pricing	[DATE] – 10am EPT
Company reviews Pricing with the Division of Public Utilities and Carriers and informs winning suppliers	[DATE] – 5pm EPT
Company submits solicitation process summary to <a href="#">RPU</a> / <a href="#">PUC</a>	No later than one business day after Pricing
Winning bidder(s) and Company execute CPA(s)	No later than two business days after Pricing

One (1) copy of a Respondent's Proposal Information must be submitted by e-mail or facsimile or mailed to the following address. If mailed, four (4) copies must be submitted.

[EMPLOYEE]

Wholesale Electric Supply  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801  
(516) 545- XXXX  
(516) 545-2464 (fax)  
e-mail: ~~electric.electricsupply@us.ngrid~~[ElectricSupply@nationalgrid.com](mailto:ElectricSupply@nationalgrid.com)

National Grid is conducting the procurement process in two steps. The first step is for Respondents to provide National Grid with their background, financial information, and proposed contract modifications by 5:00 p.m. EPT on [DATE]. Upon receipt, National Grid will evaluate each Respondent's qualifications and will notify any Respondent that does not qualify at least one business day before the Proposals are due.

The second step in this process is for Respondents to provide pricing information by 10:00 a.m. EPT on [DATE] to the above National Grid contact. National Grid intends to evaluate the pricing and select a Supplier(s) that day. National Grid will share a copy of each bid received with the Rhode Island Division of Public Utilities and Carriers ("Division"), ~~and the~~ Office of Energy Resources ("OER"), ~~and the EDC~~. National Grid will review the pricing received with the staff of the Division to determine the number of NEPOOL-GIS Certificates it will purchase, if any, and begin to inform Respondents from which it will make such purchases.

Pricing shall be binding until execution of a CPA. Respondents should specify the manner in which they will accept a binding acceptance of their offer by National Grid prior to receipt of an executed agreement (letter of intent or e-mail) or they will be deemed to be bound by National Grid's acceptance communicated in any of the preceding manners.

Within one business day of receipt of final pricing, National Grid will file with the Rhode Island Public Utilities Commission a confidential summary of the solicitation process.

National Grid, in consultation with or at the request of the ~~RIPUC~~[PUC](#) or Division, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in the RFP or any appendix thereto and to withdraw the RFP.

### 3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to [EMPLOYEE] at the address provided above.

#### 4. Proposal Requirements

##### 4.1 Format of Proposal

The information required by National Grid to evaluate each proposal is identified in Appendix B. Respondents shall complete the forms provided in Appendix B and return them to [EMPLOYEE] as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

##### 4.2 Proposed Pricing

Respondents must specify the price at which they will sell certificates to National Grid. National Grid is only purchasing RECs from qualifying new or existing renewable generators and will not purchase the energy or other market products from any generator.

It is National Grid's intention to pay a supplier based on the number of valid RECs actually delivered to its account in the NEPOOL-GIS system. Proposed pricing should be structured in such manner.

##### 4.3 Regulatory Approvals

The supplier of the certificates covered by this RFP must provide a summary of all necessary regulatory approvals required to enable it to provide Rhode Island RES compliant NEPOOL-GIS Certificates.

#### 5. Selection Process

The criteria to be used in evaluating bids will include:

- Lowest evaluated bid price

In the event of identical low bids, the Company will allocate the offered RECs to all bidders with identical prices based on the quantities bid and the quantities solicited.

National Grid will treat the information it receives from a supplier in a confidential manner and will only share such information with the ~~RIPUC~~PUC, OER, ~~the EDC~~ and the Division. National Grid will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

## 6. General Requirements

National Grid may withdraw and terminate this RFP at any time without any liability. National Grid reserves the right to accept or reject, in whole or in part, any and all proposals. National Grid will not be responsible to any Respondent or any other party for failure to execute a Certificate Purchase Agreement.

National Grid shall reject proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of the RFP, or are submitted beyond the deadline for submission. All proposals submitted by Respondents in response to the RFP will become the exclusive property of National Grid.

Each Respondent certifies, by its submission of a bid, that it is bidding independently and that it has no knowledge of any proposal being submitted by another Respondent in response to this RFP. Each Respondent further certifies that, by its submission of a bid, it has not disclosed and will not disclose prior to any award hereunder any information relating to its proposal which could have an effect on whether another party submits a proposal to this RFP or on the contents of such proposal that another bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the bidder is submitting a proposal in response to this RFP, the bidder's bids, the bidder's quantities of each product bid, the bidder's estimation of the value of a product, the bidder's estimation of the risks associated with supplying a product, and the bidder's preference for bidding on one or several products. Each Respondent further certifies that, by submission of its bid, it has bound any agents, consultants or other third parties retained or otherwise used in connection with the preparation and submission of its bid to observe these same restrictions and requirements concerning Respondent's bid and maintain the confidentiality of information concerning its bid.

If any information provided by the Respondent changes or fails to remain valid, it is the sole responsibility of the Respondent to notify National Grid of such change. Failing to do so may result in disqualification of the Respondent and its proposal for the solicitation.

Respondents shall, at their own cost and expense, defend, indemnify and hold harmless National Grid, its parent, subsidiaries and affiliates and their officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions proceeding or allegations of any kind which in any manner relate to arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in its proposal, or breach of any covenant by the Respondent set forth herein.

**APPENDIX A**

**PROPOSED CERTIFICATE PURCHASE AGREEMENT**

**APPENDIX B**

**REQUIRED RESPONDENT INFORMATION**

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## 1. General Information

Name of Respondent	
Principal contact person < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address	
Legal form of business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State(s) of incorporation, residency and organization Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, which states and the reason it is not.	
If Respondent is a partnership, the names of all general and limited partners.  If Respondent is a limited liability company, the names of all direct owners.	
Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector	

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## 2. Financial Information

Current debt rating for Respondent (include ratings and names of rating agencies).	
Date Respondent's last fiscal year ended.	
Total revenue for Respondent for the most recent fiscal year.	
Total net income for Respondent for the most recent fiscal year.	
Total assets for Respondent as of the close of the previous fiscal year.	
Copy of the Respondent's most recent balance sheet, income statement and cash flow statement.	
Copy of the Respondent's most recent audited balance sheet, income statement and cash flow statement.	

## 3. Defaults and Adverse Situations

Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors.	
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#### 4. CONFLICTS OF INTEREST

Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Buyer, National Grid USA or any affiliates of the foregoing.	
Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, National Grid or an affiliate of any of the foregoing.	
Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, National Grid or an affiliate of any of the foregoing.	

#### 5. SCOPE OF BID AND TERMS OF SALE

Will Respondent execute a contract substantially similar to the proposed Certificate Purchase Agreement contained in Appendix A?  Explain any proposed modifications.	
List all regulatory approvals required before service can commence.	

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## **6. PROPOSED TRANSACTION**

(include pricing, term, description of renewable resource, and location of resource)

Please use and submit electronic (Excel) Bidder Sheet provided.



**THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC DOCKET NO. 4605  
2017 STANDARD OFFER SERVICE PROCUREMENT PLAN  
2017 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN  
WITNESS: MARGARET M. JANZEN  
SCHEDULES**

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Schedule 10  
RES RFP Summary (Template)

# NATIONAL GRID

## RENEWABLE ENERGY CERTIFICATE [ISSUE MONTH & YEAR] PROCUREMENT SUMMARY

### FOR THE NARRAGANSETT ELECTRIC COMPANY

FOR THE OBLIGATION YEAR[s] [YEARS]

#### 1. RFP Issued

The Narragansett Electric Company d/b/a National Grid (the “Company”) issued its Request for Proposals (“RFP”) to Provide NEPOOL-GIS Certificates in Compliance with the Rhode Island Renewable Energy Standard (“RES”)<sup>1</sup> on [ISSUE DATE] directly to the renewable generators who have filed their renewable energy applications for certification with the Rhode Island Public Utilities Commission (“RIPUC/PUC”) and organizations that have expressed interest in receiving RFPs from National Grid.

The RFP was also distributed to all members of the NEPOOL Markets Committee and posted on National Grid’s energy supply website. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

The procurement was conducted in accordance with the Company’s Renewable Energy Procurement Plan filed on [FILE DATE] with the RIPUC/PUC and in compliance with the Renewable Energy Standard. The RIPUC/PUC approved the plan on [APPROVAL DATE] and issued a written order on [DATE] (Order No. [NUMBER]).

The RFP sought a specified quantity of new and existing Renewable Energy Certificates (“RECs”) that comply with the RES to satisfy a portion of National Grid’s Standard Offer Service RES Obligations for the Calendar year[s] [YEAR].

The quantity of RECs specified in the Procurement Plan was updated to include reconciled load data through [DATE]. A calculation of the quantities of RECs requested is provided in Exhibit 1.

#### 2. Key RFP Dates

The RFP was issued on [DATE].

Respondent Proposal Information and proposed contract modifications were received on [DATE].

Pricing was received on [DATE] from [NUMBER] suppliers. The bidders were:

- Bidder A - [NAME]
- Bidder B - [NAME]
- Bidder [TBD] – [NAME]

<sup>1</sup> R.I.G.L. § 39-26-1, et seq., Renewable Energy Standard.

A summary of the bids received is found in Exhibit 2.

Respondents were informed of awards on [DATE].

### 3. Contract Submissions

[NUMBER] bidders submitted contract comments to National Grid in the form of proposed revisions to the Certificate Purchase Agreement. These comments were [DESCRIPTION].

### 4. Award of New Renewable RECs

[NUMBER] bidders provided offers to sell National Grid RECs from new renewable resources. Exhibit 3 is an analysis and graphical summary of the bids received ranked by bid price. As shown in Exhibit 3, the RFP process selected the bids that provided the lowest cost up to the quantity required and did not perform any adjustment for non-price benefits.

### 5. Award of Existing Renewable RECs

[NUMBER] bidders provided offers to sell National Grid RECs from existing renewable resources. Exhibit 4 provides an analysis and graphical summary of the bids received ranked by bid price. As shown in Exhibit 4, the RFP process selected the bids that provided the lowest cost up to the quantity required and did not perform any adjustment for non-price benefits.

### 6. Summary of Award

On [DATE], National Grid shared the REC bids with the Division Staff for review.

Exhibit 5 is a list of the winning bidders by REC type and year. National Grid expects to purchase a total of [NUMBER] RECs at a cost of \$[NUMBER]. The following is a summary of the RECs procured in this RFP.

New or Existing	Vintage	Quantity	Average Price
New	YEAR	#	\$ #
Existing	YEAR	#	\$ #

### 7. Procurement Process Analysis

[PROVIDE SUMMARY OF PROCUREMENT PROCESS]

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**EXHIBIT 1**  
**CALCULATION OF REQUESTED RECs**

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**EXHIBIT 2  
SUMMARY OF BIDS RECEIVED**

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**EXHIBIT 3  
ANALYSIS OF NEW RENEWABLE REC BIDS  
BID STACK**

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**EXHIBIT 4  
ANALYSIS OF EXISTING RENEWABLE REC BIDS  
BID STACK**

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**EXHIBIT 5**  
**SUMMARY OF WINNING BIDS**

**CONTAINS CONFIDENTIAL INFORMATION  
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**EXHIBIT 6**  
**REC PROCUREMENT PLAN STATUS**

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**EXHIBIT 7**  
**GIS CERTIFICATE STATISTICS REPORTS**

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**EXHIBIT 8**  
**NEW ENGLAND TIER 1 RPS OBLIGATIONS**