

March 1, 2017

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: 2018 Standard Offer Service Procurement Plan
Docket No. 4692**

Dear Ms. Massaro:

On behalf of National Grid,¹ I write to request that the Rhode Island Public Utilities Commission (PUC) approve the continuation of the Company's approved 2016 Standard Offer Service (SOS) Procurement Plan (SOS Plan) since the Company does not propose any changes in its 2018 SOS Plan.

As background, Rhode Island General Laws §§ 39-1-27.3 and 39-1-27.8 require the Company to arrange for power supply for customers who are not otherwise receiving electric service from a Non-regulated Power Producer. Specifically, pursuant to R.I. Gen. Laws § 39-1-27.8, from 2009 through 2018, the Company must file an annual supply procurement plan with the PUC that includes the procurement procedure, the pricing options being sought, and a proposed term of service for which SOS will be acquired. All components of the procurement plan are subject to the PUC's review and approval. In PUC Order No. 22677 regarding the 2017 SOS Procurement Plan, the PUC stated that the Company could achieve compliance with R.I. Gen. Laws § 39-1-27.8 by filing a proposal to continue with the 2016 SOS Procurement Plan (2016 SOS Plan) if there were no changes to the 2016 SOS Plan. Accordingly, since the Company does not have any changes to the 2016 SOS Plan, the Company respectfully requests that the PUC approve its request to continue the 2016 SOS Plan. Please see Attachment A for a schedule of the transactions for the 2018 SOS Plan.

The 2016 SOS Plan employed a ladder and layered repeating procurement schedule for the Residential and Commercial Groups. This type of procurement was first introduced in the 2011 SOS Procurement Plan (Docket No. 4149) and is the Company's preferred procurement method because the transactions are at different times and are dollar-cost averaged to create a blended supply rate. The Company will also continue to procure 10% of the SOS obligation in the spot market. In Order No. 22677, the PUC concluded that the 2016 SOS Plan met the Company's goals to "(1) mitigate volatility for smaller customers; (2) diminish risks associated

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

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with wholesale procurement and the price shock associated with those risks; and (3) reflect market price signals through seasonal rates, to some extent, for all customer groups; as well as encourage conservation and energy efficiency measures.” Order No. 22677 at p. 7.

In Docket No. 4556 (Order 22444), the PUC changed the originally-proposed rate periods for the 2016 SOS Plan and created a new SOS winter retail rate period (October through March) and a new SOS summer retail rate period (April through September). The PUC’s goals were to send seasonal price signals and to better match the contract cost with the retail rates. As described in its order regarding the 2017 SOS Procurement Plan (Order No 22677), the PUC could not yet observe either the impact or success of its changes to the retail rate periods. Because the current SOS winter retail rate is only the first rate period since the PUC changed the rate periods for the 2016 SOS Plan, the Company believes that it is still too early to measure whether the new rate periods operated as intended.

In conclusion, for the 2018 SOS Plan, the Company proposes to continue the 2016 SOS Plan with no changes. The 2018 SOS Plan will meet the Company’s goals by continuing its preferred laddered and layered procurement schedule. The 2018 SOS Plan will also provide the PUC with more opportunity to observe whether its changes to the rate periods were successful.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Leo Wold, Esq.
Steve Scialabba, Division

