

National Grid

The Narragansett Electric Company

**2019 Standard Offer Supply
Procurement Plan**

**2019 Renewable Energy
Standard Procurement Plan**

March 1, 2018

Docket No. _____

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:
The logo for National Grid, featuring the word "national" in a blue sans-serif font and "grid" in a bold blue sans-serif font, with a small blue diamond shape above the "i" in "grid".

March 1, 2018

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: 2019 Standard Offer Service Procurement Plan
2019 Renewable Energy Standard Procurement Plan
Docket No. _____**

Dear Ms. Massaro:

I have enclosed ten (10) copies of National Grid's¹ Standard Offer Service (SOS) procurement plan for 2019 and the Company's Renewable Energy Standard (RES) procurement plan for 2019. 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 2019 SOS and RES procurement plans, the Company has enclosed the pre-filed testimony and schedules of Stephen A. McCauley.

SOS Procurement Plan

For 2019, the Company proposes to continue 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 Stephen A. McCauley includes the approved SOS procurement plan for 2018 (Schedule 1), the proposed SOS Procurement Plan for 2019 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 SOS Procurement Plan, the Master Power Agreement, and the RFP documents. The Company's proposed Schedule 4 and Schedule 5 documents remain the same with the exception of edits necessary to implement the Company's proposal, which are redlined in the documents.

In Docket 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 proposes to continue to procure supply by customer group. The specific 2019 procurement schedules for each of the three customer groups are found in Schedules 2A, 2B, and 2C to the testimony of Mr. McCauley. As shown in Schedule 2A, the Company proposes to

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

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continue procuring 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 2019 for the three-month period ending March 31, 2020. 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 2017:

- The option to change the end dates of the bid blocks that end in March 2021 to December 2020; and
- A modification to the Full Requirements Service contract to remove capacity costs.

RES Procurement Plan

The Company is seeking approval of its 2019 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 as those previously approved by the PUC.

Under the Company's proposed 2019 RES Procurement Plan, New Renewable Energy Certificates (RECs) obtained through Long-Term Renewable Contracts and the RE Growth Program will be used to fulfill the Company's New RES obligations in 2019, in accordance with R.I. Gen. Laws § 39-26.1-5(d) and R.I. Gen. Laws § 39-26.6-21. The Company expects the New RECs will exceed the RES obligation and the banking allowance. Consequently, it will be necessary to sell the excess New RECs. The Company proposes to use the average sales price of excess New RECs in a quarter, when available, as the transfer price to SOS customers for New RECs used to comply with the New RES obligation.

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

Very truly yours,



Raquel J. Webster

Enclosure

cc: Leo Wold, Esq.
Jon Hagopian, Esq.
John Bell, Division
Al Mancini, Division

**Testimony of
Stephen A. Mc Canley**

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY**

DIRECT TESTIMONY

OF

STEPHEN A. MCCAULEY

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
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1 **I. Introduction**

2 **Q. Please state your name, place of employment, and business address.**

3 A. My name is Stephen A. McCauley. I work at National Grid USA Service Company, Inc.
4 (National Grid), with a business address of 100 E. Old Country Road, Hicksville, New
5 York 11801.

6 **Q. Please describe your position and responsibilities at National Grid.**

7 A. I am Director of Wholesale Electric Supply and U.S. Commodity Hedging in the Energy
8 Procurement organization of National Grid. As Director, one of my responsibilities is to
9 oversee the procurement of energy, capacity and ancillary services, portfolio hedging
10 strategies, and other energy supply-related activities for National Grid's operating
11 companies, including The Narragansett Electric Company d/b/a National Grid
12 (Narragansett or the Company). For Narragansett, these activities include the
13 procurement of power for Standard Offer Service (SOS) and the procurement of
14 renewable energy certificates (RECs).

15
16 **Q. Please describe your educational background.**

17 A. I graduated from the United States Merchant Marine Academy in 1984 with a Bachelor
18 of Science degree in Marine Engineering Systems.

19

20

1 **Q. Please describe your professional experience.**

2 A. I joined National Grid in 1992 as an engineer for the gas peak-shaving plants and the gas-
3 regulator and telemetering stations. In 1996, I joined the gas supply group as a trader
4 responsible for purchasing the natural gas supply requirements for the firm gas customers
5 and the Long Island Lighting Company generation facilities. In 1999, my responsibilities
6 were changed to managing the emissions-allowance portfolio and the financial-hedging
7 activities of the regulated utilities. In 2002, I was promoted to Director of Origination
8 and Price Volatility Management. In 2017, I was promoted to my current position.

9
10 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**
11 **(PUC)?**

12 A. Yes, I have testified before the PUC on several occasions involving gas costs, Gas
13 Procurement Incentive Plan (GPIP), Natural Gas Portfolio Management Plan (NGPMP),
14 and Standard Offer Service rates.

15
16 **Q. Have you testified before any other state regulatory agencies?**

17 A. Yes. I have testified before the Massachusetts Department of Public Utilities.

18

1 **II. Purpose of Testimony**

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

3 A. First, regarding Standard Offer Service, I will provide an overview of the existing 2018
4 Standard Offer Service Procurement Plan (2018 SOS Plan) approved by the PUC last
5 year in Docket No. 4692. Second, I will discuss the SOS Procurement Plan that is
6 proposed in this filing for 2019 and subsequent periods (2019 SOS Plan). Third, I will
7 provide an overview of the existing 2018 Renewable Energy Standard Procurement Plan
8 (2018 RES Plan), which the PUC approved in 2017 in Docket No. 4692. I will also
9 discuss the Company's proposed 2019 Renewable Energy Standard Procurement Plan
10 (2019 RES Plan). The 2019 RES Plan is designed to meet the Company's 2019
11 obligations under the Rhode Island Renewable Energy Standard (RES) by obtaining the
12 statutorily established percentage of its energy supply from eligible renewable energy
13 resources through the procurement of qualifying NEPOOL Generator Information
14 System (GIS) certificates.¹

15
16 **Q. What is the basis for the Company's submission of its proposed 2019 SOS Plan for**
17 **PUC approval?**

18 A. Rhode Island General Laws §§ 39-1-27.3 and 39-1-27.8 require the Company to arrange
19 for a power supply for customers who are not otherwise receiving electric service from a
20 Non-regulated Power Producer (NPP). Specifically, pursuant to R.I. Gen. Laws § 39-1-

¹ See R.I. Gen. Laws § 39-26-4.

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 such components of the procurement plan are subject to the PUC's review and approval.

Q. What is the basis for the Company's submission of its proposed 2019 RES Plan for PUC approval?

A. The RES was enacted by the Legislature on June 29, 2004 and is codified at R.I. Gen. Laws § 39-26-1 *et seq.* On December 8, 2005, the PUC promulgated Rules and Regulations Governing the Implementation of a Renewable Energy Standard, effective January 1, 2006 (RES Regulations). Pursuant to the RES, R.I. Gen. Laws § 39-26-4 and Section 4.0 of the RES Regulations, beginning on January 1, 2007, the Company and all other Obligated Distribution Companies (as specified in Definition 3.25 of the RES Regulations) are required to obtain a specified percentage of their energy supply from a mix of new and existing renewable energy resources. Sections 8.2 and 8.3 of the RES Regulations require the Company and all Obligated Distribution Companies to annually submit a Renewable Energy Procurement Plan to the PUC that demonstrates its procedures for obtaining resources that satisfy the Company's RES obligations.

Q. Are you sponsoring any schedules in your testimony?

A. Yes. I am sponsoring the following schedules:

Schedule 1 – Approved 2018 SOS Plan

Schedule 2 – Proposed 2019 SOS Plan – Industrial, Commercial, & Residential

Schedule 3 – SOS Wholesale Loads

Schedule 4 – Master Power Agreement (MPA)

Schedule 5 – SOS RFP Notice (Template)

Schedule 6 – SOS RFP Summary (Template)

Schedule 7 – Proposed RES Plan for 2019

Schedule 8 – Certificate Purchase Agreement (CPA)

Schedule 9 – RES RFP Notice (Template)

Schedule 10 – RES RFP Summary (Template)

III. Current 2018 SOS Plan

Q. Please provide an overview of the approved 2018 SOS Plan.

A. The 2018 SOS Plan (Docket No. 4692, approved on March 30, 2017) has three distinct classes of service:

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

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

B62, and Electric Propulsion Rate X-01;

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

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

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

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

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

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

1 The 2018 SOS Plan for the Industrial Group involves acquiring a load-following, Full
2 Requirements Service contract for 100% of the load through quarterly solicitations for
3 three months in duration: January through March, April through June, July through
4 September, and October through December. With a Full Requirements Service contract,
5 the supplier becomes responsible for the energy, capacity, ancillary services, and
6 miscellaneous Independent System Operator-New England (ISO-NE) charges of the
7 particular SOS customer group for a fixed dollar per megawatt-hour (\$/MWh) price. For
8 this fixed price, the supplier assumes all price and load risks. Notably, the term
9 “contract” used in this context, may in fact be several “bid blocks” or “segments” that
10 add up to the total load solicited. The smaller bid blocks are designed to benefit pricing
11 and supplier diversity.

12
13 The 2018 SOS Plan for the Residential Group and the Commercial Group involves a
14 combination of Full Requirements Service contracts and ISO-NE spot market purchases.
15 The Company layers Full Requirements Service contracts for the benefit of diverse
16 pricing points in a manner that diversifies risk for customers in each customer group.
17 Each contract for the Residential and Commercial Groups is comprised of six-month bid
18 blocks. For example, a 24-month contract will include four independent bid blocks.
19 Dividing the contract in this fashion creates the opportunity to award the bid blocks to a
20 combination of suppliers, rather than a single supplier, if the overall cost is lower. If a

1 single supplier has the lowest overall cost for each bid block, it will win all four bid
2 blocks.

3
4 Schedule 1A is the approved 2018 SOS Plan, which consists of four quarterly
5 solicitations. Each quarterly solicitation procures SOS for a specific term and load
6 obligation, and some contracts will have delivery periods beyond 2018. For the
7 Residential Group and the Commercial Group, the procurements resulting from the 2018
8 SOS Plan, in conjunction with procurements from the 2017 Standard Offer Service
9 Procurement Plan,² fully satisfy the Company's SOS obligation for the period April 2018
10 through March 2019. The 2018 SOS Plan also partially satisfies the Company's SOS
11 obligation for April 2019 through March 2020. The Company's SOS obligations for this
12 period will be fully met in conjunction with procurements made as a result of the 2019
13 SOS Plan. Schedule 1B is an illustration of the various procurement plans' contracts that
14 satisfy the SOS obligations for the April 2018 through March 2020 period.

15
16 In Docket No. 4149 (approved on August 5, 2010), the Company proposed a Residential
17 Group procurement schedule for 2011 that would allow a transition to a repeating
18 schedule. The 2016 Standard Offer Service Procurement Plan (2016 SOS Plan)³
19 amended the Commercial Group's schedule to match the Residential Group's repeating
20 procurement schedule. Also, in the 2016 SOS Plan, the retail rate periods for the

² Docket No. 4605.

³ Docket No. 4556.

1 Residential and Commercial Groups were modified from January through June and July
2 through December to October through March and April through September, effective
3 October 1, 2016.

4
5 The Full Requirements Service contracts will be for different percentages of load and
6 four durations: 6 months, 12 months, 18 months, and 24 months. When all Full
7 Requirements Service contracts have been acquired, each month will have Full
8 Requirements Service contracts, totaling 90% of the Residential and Commercial load,
9 and the remaining 10% of the load would be procured by the Company through ISO-NE
10 spot market purchases.

11
12 The additional laddering and varying lengths of the Full Requirements Service contracts
13 allows for mitigation of price volatility because the individual contracts are procured at
14 different times and are dollar-cost averaged to create a blended supply rate. In a
15 decreasing electric prices market, the lower-cost most recent transactions will help offset
16 the higher-cost older transactions. Conversely, in an increasing electric prices market,
17 the higher-cost most recent transactions will be partially offset by the lower-cost older
18 transactions. Because it is effective in mitigating price volatility in all market
19 environments, the Company is not proposing changes to a ladder and layered Full
20 Requirements Service procurement approach.

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1 **Q. Can customers choose to receive electric supply from companies other than National**
2 **Grid?**

3 A. Yes. Customers may select Non-regulated Power Producers, also known as Competitive
4 Suppliers, to provide electric supply.

6 **Q. Have SOS costs been competitive with Competitive Suppliers' costs?**

7 A. Yes. Below are comparisons of SOS and Competitive Suppliers' costs for the last five
8 years. These comparisons utilize data filed in Docket No. 2515 Open Access Customer
9 Data Report. The tables below sum the costs of customers on Competitive Supply and
10 compare to what those customers' costs would have been if the customers remained on
11 SOS. At any given time, a particular Competitive Supplier's rates may be higher or
12 lower than SOS, but in total, SOS costs were approximately \$56 million dollars
13 (approximately 1 cent per kWh) less than Competitive Suppliers. These comparisons
14 demonstrate the competitiveness of the Company's previous SOS procurement plans.

Residential					
	Competitive Supply kWh	Competitive Supply Costs \$	SOS Costs \$	Delta Costs \$	Delta Rate ¢ / kWh
2013	74,285,470	7,030,103	5,319,150	1,710,953	2.303
2014	177,644,401	19,583,659	15,351,785	4,231,874	2.382
2015	254,200,851	30,559,450	26,626,710	3,932,739	1.547
2016	342,449,131	36,710,389	29,475,009	7,235,380	2.113
2017	363,304,407	37,707,275	27,104,860	10,602,416	2.918
Total	1,211,884,260	131,590,875	103,877,514	27,713,361	2.287

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Commercial					
	Competitive Supply kWh	Competitive Supply Costs \$	SOS Costs \$	Delta Costs \$	Delta Rate ¢ / kWh
2013	295,320,286	24,090,430	21,608,017	2,482,413	0.841
2014	308,451,030	28,202,248	28,555,417	(353,170)	(0.114)
2015	440,935,204	43,843,547	45,386,411	(1,542,863)	(0.350)
2016	515,582,688	47,367,732	43,117,608	4,250,124	0.824
2017	514,442,805	45,282,537	38,442,528	6,840,009	1.330
Total	2,074,732,013	188,786,494	177,109,980	11,676,513	0.563

Industrial					
	Competitive Supply kWh	Competitive Supply Costs \$	SOS Costs \$	Delta Costs \$	Delta Rate ¢ / kWh
2013	341,142,735	24,245,071	22,979,125	1,265,946	0.371
2014	358,918,933	26,883,761	31,683,524	(4,799,764)	(1.337)
2015	619,359,150	55,537,071	56,546,729	(1,009,658)	(0.163)
2016	520,809,725	43,355,513	31,801,692	11,553,821	2.218
2017	625,742,594	48,451,837	39,179,272	9,272,565	1.482
Total	2,465,973,137	198,473,252	182,190,342	16,282,910	0.660

Total					
	Competitive Supply kWh	Competitive Supply Costs \$	SOS Costs \$	Delta Costs \$	Delta Rate ¢ / kWh
2013	710,748,491	55,365,604	49,906,292	5,459,312	0.768
2014	845,014,364	74,669,668	75,590,727	(921,060)	(0.109)
2015	1,314,495,205	129,940,068	128,559,850	1,380,218	0.105
2016	1,378,841,544	127,433,634	104,394,308	23,039,325	1.671
2017	1,503,489,806	131,441,649	104,726,659	26,714,989	1.777
Total	5,752,589,410	518,850,621	463,177,836	55,672,785	0.968

IV. Proposed 2019 SOS Plan and Subsequent Periods

Q. Please summarize the Company's proposed SOS Procurement Plan for periods subsequent to those addressed in the approved 2018 SOS Plan.

A. The Company is proposing to continue the method of procuring SOS supply through Full Requirements Service contracts and ISO-NE spot market purchases with the mix of

1 different duration contracts tailored to meet the needs of each customer group. As
2 described below, the Company proposes to modify the Full Requirements Service
3 contract in the 2019 SOS Plan, which is a change from the 2018 SOS Plan.

4
5 In this filing, the Company is requesting approval of the proposed 2019 SOS Plan to
6 conduct Full Requirements Service solicitations for all procurement groups during
7 calendar year 2019, recognizing that some contracts will have delivery periods beyond
8 2019.

9
10 **Q. Why does the Company propose the continuation of procuring supply by customer**
11 **group?**

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

19
20 Industrial customers are generally the most willing and/or able to access the competitive
21 retail supply market to meet their needs. Consequently, these customers do not need to

1 rely upon SOS to provide them price stability to the same degree as commercial and
2 residential customers. Therefore, the SOS supply portfolio for industrial customers
3 should comprise a greater portion of shorter-term supply products. As a result of these
4 observations, under the Company's plan, the supply portfolio for industrial customers
5 involves the highest portion of shorter-term Full Requirements Service contracts (and
6 hence the lowest level of price stability and the strongest market price signals).

7
8 Residential and commercial customers have different usage patterns. Additionally,
9 commercial customers are generally more willing and/or able to access the competitive
10 retail supply market to meet their needs than are residential customers. Therefore, it is
11 appropriate that SOS supply for these two customer groups is procured separately.

12
13 **Q. How is the Company proposing to procure SOS supply for the Industrial Group in**
14 **2019?**

15 A. For the Industrial Group, the Company is proposing to continue the approved method of
16 procuring SOS supply through Full Requirements Service contracts, three months in
17 duration, solicited quarterly, for 100% of the load. The final contract will be executed in
18 the fourth quarter of 2019 for the three-month period ending March 31, 2020, as shown in
19 Schedule 2A. This proposed plan is the same as the approved 2018 SOS Plan that the
20 Company currently employs for the Industrial Group.

1 **Q. What is the Company’s proposal to procure SOS supply for the Commercial and**
2 **Residential Groups in 2019?**

3 A. Standard Offer Service supply for the Commercial and Residential Groups will continue
4 to be procured separately. Both portfolios will include a combination of Full
5 Requirements Service contracts with the same contract durations and frequency of dollar-
6 cost averaging. The Residential and Commercial Group’s contracts for 90% of the
7 obligation are executed over five requests for proposals (RFPs), or five price points. The
8 sixth price point is the 10% procured in the spot market. The term “contract” used in this
9 context may in fact be several “bid blocks” that add up to the total load solicited. This
10 proposed plan is the same as the approved 2018 SOS Plan that the Company currently
11 employs for the Residential and Commercial Groups.

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

15 A. In 2017 in Docket No. 4692, the Company filed with the PUC specific procurement
16 schedules for the 2018 SOS Plan. As described below, the Company has updated these
17 schedules, which are attached as Schedule 2 to the proposed 2019 SOS Plan. Schedule 2
18 shows the procurement calendar for each customer group: Schedule 2A is for the
19 Industrial Group, Schedule 2B is for the Commercial Group, and Schedule 2C is for the
20 Residential Group. The yellow-colored blocks in the Schedule represent contracts that
21 the Company executed pursuant to the 2018 SOS Plan. The white-colored blocks in the

1 Schedule represent future solicitations that have been approved in the 2018 SOS Plan.
2 The green-colored blocks in the Schedule represent solicitations for which the Company
3 is requesting approval in the 2019 SOS Plan. The gray-colored blocks in the Schedule
4 represent future intended solicitations, but which have not been submitted for approval in
5 this proceeding.
6

7 As set forth above, Schedule 2B and Schedule 2C describe the details of the Commercial
8 and Residential procurement schedules, respectively. As approved in Docket No. 4692,
9 through the fourth quarter of 2018, the Company will procure power for 2018 through
10 2020 through quarterly Full Requirements Service solicitations of two years or less in
11 duration. Starting in January 2019, the Company proposes that quarterly Full
12 Requirements Service solicitations occur for contracts of various durations up to two
13 years in length that would serve customers in 2019 through 2021.
14

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

17 A. Yes. The Company proposes to continue to employ a repeating schedule similar to the
18 one initially approved in Docket No. 4149. The repeating procurement schedule for both
19 groups will continue to consist of quarterly solicitations for four different durations and
20 percentages of load. The four contracts would be for 6 months, 12 months, 18 months,
21 and 24 months. When all Full Requirements Service contracts have been completed,

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

4
5 However, modifications to the Residential and Commercial Groups' schedules may be
6 necessary depending on the Rhode Island legislature. The Company's proposed schedule
7 in the 2019 SOS Plan continues the repeating schedule previously approved by the PUC
8 and it ends in March 2021. Providing SOS through March 2021 exceeds the
9 requirements of the law. Rhode Island General Laws § 39-1-27.3 requires the Company
10 to arrange for a power supply for customers who are not otherwise receiving electric
11 service from a NPP through 2020. If the law is amended from 2020 to a later year, the
12 Company will implement its proposed procurement schedules detailed in Schedule 2B
13 and Schedule 2C. However, if the law is not amended at the time of the RFP, the
14 Company seeks approval to change the end dates of the bid blocks that end in March
15 2021 to December 2020.

16
17 **Q. When will the Company solicit the first bid blocks that end in March 2021?**

18 **A.** The first bid blocks that end in March 2021 for the Residential and Commercial Groups
19 will be solicited in December 2018 and will be executed in January 2019. If R.I. Gen.
20 Laws § 39-1-27.3 is amended after the execution of the revised bid blocks, the Company

1 may propose an amendment to Schedule 2B and Schedule 2C included in the 2019 SOS
2 Plan to reestablish the ladder and layered procurement schedule.

3
4 The second bid blocks that end in March 2021 for the Residential and Commercial
5 Groups will be solicited in June 2019 and will be executed in July 2019. No other bid
6 blocks included in the 2019 SOS Plan have end dates after December 2020.

7
8 **Q. What are the Company's actions if Rhode Island General Laws §§ 39-1-27.3 and**
9 **39-1-27.8 are not amended?**

10 A. The Company's requirement to file an annual supply procurement plan with the PUC
11 under § 39-1-27.8 ends in 2018. However, the Company will voluntarily file a supply
12 procurement plan by March 2019 if the law is not amended. Pursuant to R.I. Gen. Laws
13 § 39-1-27.3, the Company is required to arrange for a power supply for customers who
14 are not otherwise receiving electric service from a NPP through 2020. This voluntary
15 supply procurement plan filing in March 2019 will detail the Company's procurements
16 for the remaining portion of 2020 load that is not procured pursuant to the 2019 SOS
17 Plan.

1 **Q. What modification is the Company proposing to the Full Requirements Service**
2 **contract?**

3 A. As described earlier, with a Full Requirements Service contract, the supplier becomes
4 responsible for the energy, capacity, ancillary services, and miscellaneous ISO-NE
5 charges of the particular SOS customer group for a fixed \$/MWh price. For this fixed
6 price, the supplier assumes all price and load risks. The Company is proposing in the
7 2019 SOS Plan to modify the Full Requirement Service contract by removing capacity
8 charges from the supplier's responsibility. The supplier shall no longer include capacity
9 in the fixed \$/MWh price but will pass through the capacity charges it receives from the
10 ISO-NE to the Company without any markup for margin or risk.

11
12 **Q. What is the Company's rationale for removing capacity from the Full Requirements**
13 **Service contract?**

14 A. A Full Requirements Service contract insulates customers from load and price volatility.
15 Customers pay a fixed \$/MWh price per month regardless of the final load or underlying
16 market prices. Suppliers are exposed to potential financial losses by assuming this load
17 and price volatility and therefore include risk premiums in their bids to minimize their
18 exposure. The Company proposes to remove the capacity charges from the Full
19 Requirements Service contracts to remove the risk premiums associated with capacity
20 from the suppliers' bid prices.

1 **Q. Why do suppliers include capacity risk premiums in their SOS bids?**

2 A. Suppliers do not have a reconciliation mechanism to recover unanticipated costs.

3 Suppliers may experience financial losses in providing Full Requirement Service
4 contracts if the actual costs for energy, capacity, and ancillary services are higher than the
5 expected costs the suppliers included in their SOS bids.

6
7 Suppliers have energy market price risk with a Full Requirements Service contract.

8 Suppliers are providing a fixed price to the Company which protects customers from
9 market volatility and, in doing so, are exposed to the ISO-NE hourly energy prices during
10 settlement. To mitigate these risks, suppliers often will attempt to hedge their obligations
11 with offsetting market transactions. However they often cannot fully hedge their
12 obligation and therefore include risk premiums for price and load volatility.

13
14 Unlike energy costs that suppliers attempt to hedge, capacity costs are not hedged
15 because the prices are mostly determined by the various capacity auctions administered
16 by the ISO-NE. The capacity prices determined by the ISO-NE exhibit less volatility
17 than energy prices. Suppliers estimate the capacity costs that they will pay the ISO-NE,
18 sometimes years in advance, and include those costs in their SOS bids. The actual costs
19 will be determined after a settlement month occurs. Financial losses for the suppliers
20 may occur if the estimated capacity costs included in SOS prices are lower than the actual
21 capacity costs. Financial losses may also occur if the suppliers do not recover the

1 capacity costs from the Company because customers' load is lower than expected. This
2 is explained in more detail below. Therefore, to minimize these risks, suppliers include
3 capacity risk premiums. Contrary to energy risk premiums that protect suppliers and
4 customers from market price volatility, capacity risk premiums do not directly protect
5 customers from market price risk. Capacity risk premiums directly benefit suppliers by
6 minimizing financial loss.

7
8 **Q. Please explain the inclusion of capacity in Standard Offer Service.**

9 A. The ISO-NE is the operator of the region's power grid and it manages the Forward
10 Capacity Market. The goal is to ensure that there are sufficient resources available to
11 meet the electric demand for the region. The Forward Capacity Market is structured so
12 that load customers, such as Rhode Island's SOS customers, will make capacity payments
13 to resources to remain in service, even though they might not actually generate
14 electricity. The resources remain available to operate when needed.

15
16 The Full Requirements Service contract requires the Company to transfer its customers'
17 load obligations to the suppliers who are then responsible for ISO-NE charges. The
18 suppliers will pay the ISO-NE for capacity with the intent to collect the same amount (or
19 more) from our customers through their winning SOS bids.

20

1 **Q. Please explain the mechanics of ISO-NE capacity settlement.**

2 A. Capacity is a demand charge from the ISO-NE that suppliers unitize to a \$/MWh format
3 for inclusion in SOS bids. The capacity payment calculation is the Net Regional Clearing
4 Price multiplied by the Capacity Load Obligation plus or minus any allocations from the
5 Residual Capacity Transfer Rights Fund. The final capacity payment amount is
6 determined after a settlement month has completed. Suppliers estimate these settlement
7 inputs at the time of the RFP which can be months, and sometimes years, in advance of
8 the settlement month. The suppliers unitize to a \$/MWh by dividing the expected
9 capacity costs by the expected load to include in its SOS bids.

11 **Q. How does the ISO-NE capacity settlement create risk for suppliers?**

12 A. The Net Regional Clearing Price for a capacity zone for a particular month is composed
13 of numerous inputs determined at different times. The first inputs are from the Forward
14 Capacity Auction which is held in the February three years prior to a Capacity
15 Commitment Period.⁴ Included in these inputs are capacity prices for new and existing
16 capacity resources. An additional complexity is that a new capacity resource in a
17 Forward Capacity Auction can elect to lock in its capacity supply obligation and its
18 clearing price for up to seven years. Therefore, the Net Regional Clearing Price also
19 includes capacity prices from prior Forward Capacity Auctions. The number of capacity
20 resources that elect to lock in for multiple years is not public information.

⁴ A Capacity Commitment Period begins in June and ends the following May.

1 In addition to Forward Capacity Auctions, the Net Regional Clearing Price includes the
2 results of Reconfiguration Auctions. There are three Annual Reconfiguration Auctions
3 and twelve Monthly Reconfiguration Auctions for each Capacity Commitment Period.
4 The first Annual Reconfiguration Auction is held two years prior to the Capacity
5 Commitment Period. The second auction is held approximately one year prior to the
6 Capacity Commitment Period, and the final auction is held approximately three months
7 prior to the Capacity Commitment Period. The 12 Monthly Reconfiguration Auctions are
8 held approximately two months in advance of an obligation month. Because the Net
9 Regional Clearing Price for a month is updated after each auction, a supplier's estimated
10 capacity cost to include in a SOS bid will fluctuate over time. The final Net Regional
11 Clearing Price will be unknown until after a month has completed.

12
13 Similar to the Net Regional Clearing Price, the Capacity Load Obligation is composed of
14 several inputs with the largest contribution from the Customer Peak Contribution. Each
15 customer group (Residential, Commercial, and Industrial) has its own Customer Peak
16 Contribution which fluctuates daily because of load shifting. The Customer Peak
17 Contribution for a Capacity Commitment Period is based upon the amount of load
18 consumed by a customer group at the ISO-NE peak hour for the prior calendar year.
19 Consequently, the Customer Peak Contribution, and therefore the Capacity Load
20 Obligation, will change for each Capacity Commitment Period. It is not uncommon for

1 suppliers to calculate expected capacity costs to include in SOS bids without knowing the
2 prior calendar year's ISO-NE peak hour and customer group's load.

3
4 **Q. Do any other factors create capacity risk for suppliers?**

5 A. Yes. Once a supplier calculates estimated capacity costs for a particular bid block, the
6 supplier must convert the costs to a \$/MWh format to include in a SOS bid. The supplier
7 divides the estimated capacity costs by the bid block's expected load and includes it in
8 the SOS bid. In the event the actual load equals the estimated load, the Company's
9 payments to the supplier based on the \$/MWh bid price will exactly compensate the
10 supplier for its estimated capacity costs. However, if the actual load is less than the
11 estimated load, the Company's payments on the \$/MWh bid price will be less than the
12 supplier's estimated capacity costs resulting in a financial loss. Load forecasts are
13 calculated with multiple inputs such as weather and economic conditions. The deviation
14 in actual loads from expected loads is a source of capacity risk for suppliers.

15
16 Estimated capacity prices included in SOS bids likely depend upon the best inputs
17 available at the time of an RFP bid date. As previously mentioned, suppliers estimate
18 settlement inputs and utilize load forecasts at the time of the RFP which can be months,
19 and sometimes years, in advance of an actual settlement month. It is possible that the
20 suppliers' estimates of Net Regional Clearing Prices, Capacity Load Obligations, and
21 load forecasts do not match the settlement amounts.

1 **Q. Are you able to quantify the capacity risk premiums included in the Full**
2 **Requirements Service contract?**

3 A. Yes. The Company engaged Concentric Energy Advisors, Inc. (Concentric), a consulting
4 firm with expertise in ISO-NE markets and risk management, to complete a
5 comprehensive review of capacity risk premiums included in SOS bids. Concentric's
6 quantitative analysis utilized a Black-Scholes model to quantify risk premiums based on
7 actual market data. Based in part on this analysis, the Company determined that removal
8 of capacity from Full Requirement Service contracts would benefit SOS customers in
9 Rhode Island by removing capacity risk premiums.

10
11 Concentric's analysis revealed that capacity risk premiums in the Full Requirement
12 Service contracts and the Company's SOS procurement plans vary due to a number of
13 factors. The time between a RFP and a settlement month impacts capacity risk
14 premiums. A narrowing of the time between RFP and settlement month will lower the
15 capacity risk premium because the settlement inputs can be estimated with greater
16 accuracy. The magnitude of the underlying Net Regional Clearing Prices also impacts
17 the capacity risk premiums. Higher priced capacity auctions will result in higher capacity
18 risk premiums. Finally, the load volatility specific to each customer group will impact
19 the capacity risk premiums.

1 **Q. Is the Company simply shifting capacity risk to its customers?**

2 A. No. The Company proposes a new process to calculate Standard Offer Service rates that
3 will lower these risks compared to the current 2018 SOS Plan. Essentially, the capacity
4 risk that suppliers assume when calculating SOS bids will be minimized by the
5 Company's proposal.

6
7 A supplier's capacity risk is due to the potential under-recovery of the capacity costs that
8 result in financial loss. However, under the Company's proposal to remove capacity, any
9 differences between estimates and actual costs do not result in financial losses or gains
10 for customers. The differences would be recovered or credited through the reconciliation.
11 Also, as previously mentioned, suppliers estimate the capacity costs that they will pay the
12 ISO-NE months, or sometimes years, in advance and include those costs in their SOS
13 bids. National Grid's proposal includes a new SOS rate setting process that would
14 improve accuracy of capacity estimates included in SOS rates by decreasing the time
15 between the date of the capacity estimate and the settlement month.

16
17 **Q. What are the benefits of Full Requirements Service contracts for only the energy**
18 **and ancillary services market components?**

19 A. As previously mentioned, the capacity market does not have the same volatility as the
20 energy market. Capacity prices are determined through ISO-NE administered auctions;
21 once an auction occurs, the prices are final and can be included in the Net Regional

1 Clearing Price estimates. The energy market, on the other hand, can be very volatile with
2 dramatic price fluctuations due to weather, natural gas supplies, transmission outages,
3 etc. A Full Requirements Service contract for only energy and ancillary services is
4 beneficial because it shifts the price volatility of the energy market and load volatility due
5 to migration or weather to the suppliers. Ancillary services charges, which historically
6 range between \$1 and \$2 per MWh, can also rise unexpectedly. An example is in
7 February 2013 when Real-Time Net Commitment-Period Compensation increased to
8 over \$8 per MWh for SOS customers. ISO-NE's Winter Reliability Programs have also
9 been included in ancillary services costs. SOS customers are insulated from any
10 unexpected price spikes in ancillary services since the suppliers bear the responsibility of
11 these charges.

12
13 In addition to being an excellent hedge against market volatility, a Full Requirement
14 Service contract for energy and ancillary services will help match the underlying contract
15 costs with the rates, thereby minimizing over- or under-recovery of commodity costs and
16 mitigating rate impacts of large reconciliations.

17
18 The Company's proposal to remove capacity from the Full Requirements Service
19 contract removes the suppliers' capacity risk, but the customers do not assume the full
20 risk because the capacity risk is decreased with the new SOS rate setting process.

21 However, if the Full Requirements Service contract was modified to remove energy or

1 ancillary services, the customers will assume the entire price and load volatility risk that
2 the suppliers currently manage. With such modifications, SOS customers likely would
3 experience increased rate shocks in winter periods.
4

5 **Q. How will the Company calculate SOS rates with the new Full Requirements Service**
6 **contracts?**

7 A. The Company will solicit and award Full Requirements Service contracts quarterly for
8 energy and ancillary services. The Company will continue to add an estimate for the spot
9 market purchases to the Residential and Commercial Groups. Finally, the Company will
10 calculate a capacity price by rate class to add to the winning SOS bids and spot market
11 purchase estimates to determine the SOS rates for residential, commercial, and industrial
12 customers. The Company's capacity prices estimate will include the most recent inputs
13 in the capacity calculation.
14

15 Unlike suppliers that must calculate capacity prices months, or years, in advance as part
16 of the RFP schedule, National Grid will estimate capacity approximately 75 days before
17 the start of a SOS rate period with the most recent estimates for Net Regional Clearing
18 Price, Capacity Load Obligation, Residual Capacity Transfer Rights Fund allocations,
19 and load obligations. Calculating capacity immediately before an SOS rate period with
20 the most recent inputs should improve the accuracy of the estimated capacity prices

1 included in SOS rates compared to the current process that relies upon capacity estimates
2 and risk premiums calculated months, or years, in advance.

3 Similar to the Company's estimate for the 10% spot market purchases, any deviation
4 between actual and estimated costs will be credited or recovered through the Standard
5 Offer Adjustment Factor.

6
7 **Q. Please provide an estimate for the capacity risk premium.**

8 A. The capacity risk premiums will vary in each RFP due to the specifics of the RFP's bid
9 blocks. For example, each RFP has different contract durations for the Residential and
10 Commercial Groups (6 months, 12 months, 18 months, and 24 months). The time
11 between the RFP bid date and a settlement month impacts the capacity risk premium.
12 Another example is that each RFP may have different underlying months in the bid
13 blocks and therefore have prices from different capacity auctions. Different capacity
14 auction prices will have different capacity risk premiums. In the Company's most recent
15 RFP in January 2018, the estimated load-weighted capacity risk premium is greater than
16 \$2 per MWh.

1 **Q. Are there additional benefits of modifying the Full Requirements Service product?**

2 A. Yes. In addition to removing capacity risk premiums, the Company believes that there
3 may be increased competition in its solicitations which could lead to lower prices. The
4 elimination of this major risk for suppliers and the simplification of the product may
5 result in more suppliers participating in the solicitations. It may also result in more
6 aggressive bidding by existing suppliers.

7
8 **Q. How will the Company pay the ISO-NE capacity costs for its customers?**

9 A. With a Full Requirements Service contract, the Company transfers all ISO-NE load
10 obligations to the suppliers. The suppliers, therefore, will pay the ISO-NE the capacity
11 costs for the customers. Under the Company's proposal, the suppliers will pass through
12 the capacity charges without margin or risk to the Company as part of the normal invoice
13 process.

14
15 **Q. Are there other implications of removing capacity from the Full Requirements**
16 **Service contracts?**

17 A. Removing capacity risk premiums may not necessarily result in the lowest costs for a
18 particular transaction. A supplier may incur a financial loss if the actual capacity costs
19 are higher than the expected costs. This could occur, for example, if a supplier's load
20 expectation at the time of an RFP is higher than the actual load. The supplier will incur a

1 financial loss because it will under recover the full amount for capacity through its
2 winning bid price. A financial loss for a supplier results in a lower cost to our customers.

3
4 However, if actual load is higher than the supplier's expected load at the time of the RFP,
5 the supplier will realize a financial gain because it will have recovered through its
6 winning bid more than its owed amount for capacity. This results in a higher cost to our
7 customers.

8
9 An additional consideration is that a modification of the Full Requirements Service
10 contract will remove temporary protection from changes to ISO-NE capacity market
11 rules. For the Full Requirements Service contracts currently in-use that have been
12 executed, the suppliers would be responsible for any financial gains or losses due to
13 changes in capacity rules that affect load. Under the Company's proposed modification
14 to Full Requirements Service, any financial gains or losses due to capacity market
15 changes would immediately flow to customers.

16
17 However, the protection provided by the current Full Requirements Service contract is
18 only temporary. This protection is provided to contracts that have already been executed
19 under the previous capacity market rules. Once market rules have changed, suppliers
20 would incorporate any financial losses as a new capacity risk premium in the next
21 solicitations.

1 Financial losses for suppliers may lead to a lower overall cost for customers for a
2 particular transaction or period, but financial losses may lead to higher customer costs
3 over the long term. As suppliers experience financial losses, they will likely include
4 higher risk premiums in future solicitations. It is also possible that suppliers may exit the
5 market if they experience significant financial losses or if they believe the risk of
6 financial loss is too high. This will lead to decreased competition which could result in
7 higher customer costs.

8
9 Finally, National Grid's proposal to modify Full Requirements Service contracts includes
10 a new SOS rate setting process which requires estimated inputs for the recovery of
11 capacity costs. Any deviations between estimated and actual costs will lead to an over or
12 under-recovery of costs for a SOS rate period.

13
14 **Q. Is the Company requesting approval to modify any additional requirements in the**
15 **current 2018 SOS Plan as part of this filing?**

16 A. No.

17
18 **Q. Does the Company intend to follow the same process established in Docket No. 4490**
19 **for solicitations involving single bids?**

20 A. Yes, the Company intends to follow the approved contingency plan described in the
21 Direct Testimony of Margaret M. Janzen in Docket No. 4490 (filed March 3, 2014), and

1 later amended in a letter on June 25, 2014. This contingency plan established a
2 procedure in the event of inadequate bidder participation, which is defined as zero or one
3 bid for a bid block. The contingency plan also addresses a significant market event that
4 impacts the competitiveness of pricing or bidders.

5
6 **Q. Is the Company proposing any changes to the currently effective SOS pricing**
7 **provisions or to SOS rate change and reconciliation filing dates?**

8 A. Yes. The Company anticipates changes to the Tariff for Standard Offer Service. The
9 proposed changes will reflect the modification to the Full Requirement Service contract
10 which requires an estimate of costs relating to capacity in the formulation of Standard
11 Offer Service rates.

12
13 **V. Standard Offer Service Procurement Process and Schedule**

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

15 A. Schedule 3A is a graph and table of the historical wholesale SOS loads since January
16 2007. The table included in Schedule 3A also includes historical wholesale competitive
17 supply loads. Schedule 3B is a table of the forecasted monthly SOS loads for 2019.

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

3 A. Yes, the Company is seeking approval of its standard Master Power Agreement (MPA),
4 which is included as Schedule 4. This document is redlined to show the proposed edits to
5 the version previously approved by the PUC, as are all subsequent redlined schedules.
6 The Company's proposed edits are necessary to implement the Company's proposal to
7 utilize modified Full Require Service contacts in the 2019 SOS Plan. The Company
8 would only accept non-substantive changes to the standard MPA if such changes
9 proposed by suppliers do not shift risk to the Company's customers.

11 **Q. Is the Company requesting that the PUC approve any other documents?**

12 A. Yes, the Company is requesting approval of the SOS RFP Notice, which is included as
13 Schedule 5. The Company's proposed edits are necessary to implement the Company's
14 proposal to utilize modified Full Require Service contacts in the 2019 SOS Plan. The
15 Company also requests approval of the SOS RFP Summary, which is included as
16 Schedule 6. There are no changes to Schedule 6 from the one that the PUC previously
17 approved.

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

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

- 4 (1) Issue an RFP to all interested wholesale power suppliers approximately 15 weeks
5 prior to the start of the first service period;
- 6 (2) Require that all suppliers that will bid have an executed MPA;
- 7 (3) Receive initial responses to the RFP, which will include background information
8 for each Respondent and the indicative pricing for the Full Requirements Service
9 contracts;
- 10 (4) File with the PUC and the Rhode Island Division of Public Utilities and Carriers
11 (the Division) within 24 hours a summary of all indicative bids received, which
12 shall include, without limitation, the name of the bidder, the amount of power bid,
13 and the price;
- 14 (5) Receive final binding prices and evaluate final prices and security requirements
15 within the day;
- 16 (6) Select a supplier(s) and execute a power supply confirmation(s);
- 17 (7) File with the PUC and the Division within 24 hours a summary of all bids
18 received which shall include, without limitation, the name of the bidder, the
19 amount of power bid, and the price; and
- 20 (8) File the RFP Summary of the procurement process provided in Schedule 6,
21 including bids received, on a confidential basis with the PUC for its review.

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

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

11
12 **Q. Are there any proposed changes to the RFP procedure for the proposed 2019 SOS**
13 **Plan from what is approved in the 2018 SOS Plan?**

14 A. No.

15
16 **VI. Current 2018 RES Procurement Plan**

17 **Q. Please provide an overview of the existing approved 2018 RES Plan.**

18 A. The 2018 RES Plan (Docket No. 4692, approved on March 30, 2017), consists of
19 purchasing NEPOOL GIS Renewable Energy Certificates (New RECs) from the
20 renewable generation projects that have executed contracts with the Company under the
21 Long-Term Contracting Standard for Renewable Energy and Distributed Generation

Standards Contracts Act (collectively, Long-Term Renewable Contracts). The 2018 RES Plan also consists of purchasing New RECs from the renewable generation projects enrolled in the Renewable Energy Growth (RE Growth) Program. Finally, the Company may procure RECs through standalone RES RFPs or through brokers.

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

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

Quarter (3-month Generation Period)	Transfer Date (when available in GIS)	Time period for gathering price data (approx. 10 days before and after Transfer Date)
1Q18 (Jan – Mar 2018)	July 15, 2018	July 1-30, 2018
2Q18 (Apr – Jun 2018)	Oct 15, 2018	Oct 1-30, 2018
3Q18 (Jul – Sep 2018)	Jan 15, 2019	Jan 1-30, 2019
4Q18 (Oct – Dec 2018)	Apr 15, 2019	Apr 1-30, 2019
1Q19 (Jan – Mar 2019)	July 15, 2019	July 1-30, 2019
2Q19 (Apr – Jun 2019)	Oct 15, 2019	Oct 1-30, 2019
...

NEPOOL may modify the GIS trading periods for RECs at some point in the future, at which point the Company would establish the transfer price whenever the RECs are delivered.

Q. How will the Company determine the actual value of RECs from the renewable generation projects for the purpose of reconciling the RE Growth Factor?

A. The Company will determine the actual value of these RECs for the purpose of reconciling the RE Growth Factor by using the same procedure established and approved in Docket No. 4338 that reconciles the LTC Recovery Factor.

1 **Q. Will the Company charge SOS customers the same amount that is credited against**
2 **the cost of the Long-Term Renewable Contracts and the RE Growth Program?**

3 A. Yes. As described in Docket No. 4338, the Company will charge SOS customers the
4 same amount that is credited to delivery customers through the LTC Recovery Factor
5 reconciliation, which offsets the cost of the Long-Term Renewable Contracts. The same
6 procedure applies to the amount credited to delivery customers through the RE Growth
7 Factor reconciliation, which offsets the cost of the RE Growth Program.

8
9 **Q. What will the Company do if the RECs from Long-Term Renewable Contracts and**
10 **the RE Growth Program are greater or less than those needed to satisfy the RES**
11 **requirement?**

12 A. In the event that the Long-Term Renewable Contracts and the RE Growth Program do
13 not provide the RECs necessary to comply with the RES obligations, the Company has
14 the ability to solicit RECs through standalone RES solicitations. The flexibility of the
15 standalone RES solicitation makes it the ideal method because it can be issued at any
16 time and for exact REC quantities.

17
18 In the event that the Long-Term Renewable Contracts and the RE Growth Program
19 provide RECs in excess of the amounts necessary to comply with the RES obligations,
20 the Company may “bank” up to 30% of the RES obligation or sell the RECs through
21 standalone RES Requests for Bids or by engaging a third party to broker the sale.

1 According to the RES Regulations, 30% of the New RES Obligation for a compliance
2 year may be banked in order to satisfy the RES requirement over the following two years.
3 Once the excess RECs from Long-Term Renewable Contracts and RE Growth Program
4 exceed the RES obligation as well as the allowable banking limit, the Company must sell
5 these RECs or they will expire worthless.
6

7 **VII. Proposed 2019 RES Procurement Plan**

8 **Q. How does the proposed 2019 RES Plan compare to 2018 RES Plan approved by the**
9 **PUC?**

10 A. The Company is proposing to continue the practice of procuring RECs through a
11 combination of Long-Term Renewable Contracts, the RE Growth Program, RES RFPs or
12 through brokers. The Company is seeking approval of the proposed 2019 RES Plan,
13 which is included as Schedule 7. The Company proposes to continue using the current
14 standard Certificate Purchase Agreement (CPA) that is used to procure RECs via the
15 standalone RES RFPs.
16

17 The Company is proposing an update to the process that determines the actual value of
18 RECs from the renewable generation projects for the purpose of reconciling the LTC
19 Recovery Factor and the RE Growth Factor. The Company will continue to charge SOS
20 customers the same amount that is credited against the cost of the Long-Term Renewable
21 Contracts and the RE Growth Program

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

2 A. Yes, the Company is seeking approval of its standard CPA, which is included as
3 Schedule 8. There are no changes to the CPA from that approved previously by the PUC.
4 The Company would only accept non-substantive changes to the standard CPA if such
5 changes proposed by suppliers do not shift risk to the Company's customers.

6
7 **Q. Are there other documents for which the Company is requesting approval?**

8 A. Yes, the Company is requesting approval for the standard RES RFP Notice, which is
9 included as Schedule 9, and the standard RES RFP Summary, which is included as
10 Schedule 10. There are no changes from the documents that the PUC previously
11 approved.

12
13 **Q. Please describe the 2019 RES Plan that the Company is submitting for approval**
14 **with this filing.**

15 A. As with the previously approved RES Procurement Plans, the 2019 RES Plan will
16 continue to be integrated with the SOS Procurement Plan. Consequently, in accordance
17 with Section 8.2 of the PUC's RES Regulations, the Company is submitting the 2019
18 RES Plan in conjunction with the 2019 SOS Plan. I will cover the following topics in my
19 testimony regarding the Company's proposal to meet the RES for 2019:

20

- Estimated RES requirements;
- The Company's proposed 2019 RES Plan;
- Integration of the 2019 RES Plan with Long-Term Renewable Contracts and the RE Growth Program;
- Forecast of RECs from Long-Term Renewable Contracts and RE Growth Program to meet future RES requirements; and
- Integration of the 2019 RES Plan with the 2019 SOS Plan.

Q. Has the Company estimated its RES obligations for 2019?

A. Yes, the Company has developed an estimate of its RES obligations for Standard Offer Service in 2019 in Schedule 7. This estimate of the 2019 RES obligation is calculated by multiplying the 2019 required percentage from New or Existing renewable energy resources by the estimated SOS load for 2019. Schedule 3B is an estimate of 2019 SOS load.

Q. How will the Company procure RECs in 2019 to satisfy its RES obligations?

A. As described in the 2019 RES Plan, the Company proposes to continue to use the New RECs obtained through its Long-Term Renewable Contracts and the RE Growth Program to satisfy its RES obligations, as approved in the 2018 RES Plan, and in accordance with R.I. Gen. Laws § 39-26.1-5(d) and R.I. Gen. Laws § 39-26.6-21.

1 The Company proposes to procure the remaining RECs required to meet its RES
2 obligations through a series of standalone RFPs issued by the Company. This may
3 include any shortfall in New RECs and the RECs necessary to satisfy the Existing
4 obligations (Existing RECs). Currently, there is an ample supply of Existing RECs and
5 this is not anticipated to change in the future. The NEPOOL GIS trading period for 2019
6 RECs will not begin until July 15, 2019 and will conclude June 15, 2020. Thus, there is
7 sufficient time for the Company to procure these RECs. The Company may also evaluate
8 unsolicited offers from brokers or other parties for the sale of RECs, if the offers are at or
9 less than the available market pricing.

10
11 **Q. Will the New RECs obtained under the Long-Term Renewable Contracts and the**
12 **RE Growth Program satisfy the Company’s 2019 RES requirements?**

13 A. The Company analyzed its New RES requirement and how it might be met by RECs
14 obtained under the Long-Term Renewable Contracts and the RE Growth Program. This
15 analysis is shown in Schedule 7 on the graph named “Estimated New RES Requirements
16 for SOS and Forecast of New RECs Supplied under Long-Term Renewable Contracts
17 and the RE Growth Program.” In its analysis, the Company made various assumptions
18 regarding its Long-Term Renewable Contracts and the RE Growth Program including
19 commercial operation dates, project size, output, and contract capacity. The graph shows
20 that the forecasted output of New RECs from the Long-Term Renewable Contracts and
21 RE Growth Program is expected to meet the Company’s New RES requirement in 2018.

1 The Company proposes that any excess New RECs beyond the RES requirements be
2 “banked” for future obligations or sold into the market. Based on generation and load
3 data estimates, the Company expects that the New RECs obtained from the Long-Term
4 Renewable Contracts and RE Growth RECs will exceed the New RES obligation in 2018.
5 Once the New RECs obtained exceed the RES obligation and the banking allowance, it
6 will be necessary to sell the excess New RECs in the market in order to monetize the
7 RECs’ value for customers. The Company continues to propose to optimize the sale
8 price for the New RECs by issuing Request for Bids or by engaging a third party to
9 broker the sale. The Company also proposes to sell New RECs by participating in other
10 companies’ solicitations and auctions to purchase RECs. The Company proposes to
11 credit these revenues from the sale of the New RECs to delivery customers through the
12 LTC Recovery Factor and the RE Growth Factor reconciliation.

13
14 **Q. How will the Company determine the actual value of RECs from the renewable**
15 **generation projects for the purpose of reconciling the LTC Recovery Factor and the**
16 **RE Growth Factor?**

17 A. The Company proposes to modify the valuation of New RECs from the Long-Term
18 Renewable Contracts and the RE Growth Program that are used to satisfy the Company’s
19 RES obligations. In 2019 the Company expects the New RECs obtained from the Long-
20 Term Renewable Contracts and the RE Growth Program will exceed the RES obligation
21 and the banking allowance and it will be necessary to sell the excess New RECs in the

1 market in order to monetize the RECs' value. The Company proposes to use the average
2 sales price of excess New RECs transacted in the market during a quarter as the transfer
3 price for New RECs. If there are no sales of excess New RECs in a quarter the Company
4 will determine the actual value of these RECs for the purpose of reconciling the LTC
5 Recovery Factor and the RE Growth Factor by using the same procedure established and
6 approved in Docket No. 4338.

7
8 **VIII. Conclusion**

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

10 **A. Yes.**

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES

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Schedule 2	Proposed 2019 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)
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2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES

Schedule 1A
2018 SOS Plan

Industrial Solicitations

	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019
Final Bid Date												
2018 Q1	100%	100%	100%									
2018 Q2				100%	100%	100%						
2018 Q3							100%	100%	100%			
2018 Q4										100%	100%	100%
On-Going Spot Market Purchases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

NOTE:

FRS solicitations that have been purchased are shown in yellow - 2018 SOS Plan.

Approved FRS solicitations are shown in white - 2018 SOS Plan.

Commercial Solicitations

	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	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020
Final Bid Date																								
2018 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2018 Q2							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%	20%
2018 Q4												20%	20%	20%	20%	20%	20%	20%						
On-Going Spot Market Purchases	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

NOTE:

FRS solicitations that have been purchased are shown in yellow - 2018 SOS Plan.

Approved FRS solicitations are shown in white - 2018 SOS Plan.

Residential Solicitations

	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	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020
Final Bid Date																								
2018 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2018 Q2							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%	20%
2018 Q4												20%	20%	20%	20%	20%	20%	20%						
On-Going Spot Market Purchases	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

NOTE:

FRS solicitations that have been purchased are shown in yellow - 2018 SOS Plan.

Approved FRS solicitations are shown in white - 2018 SOS Plan.

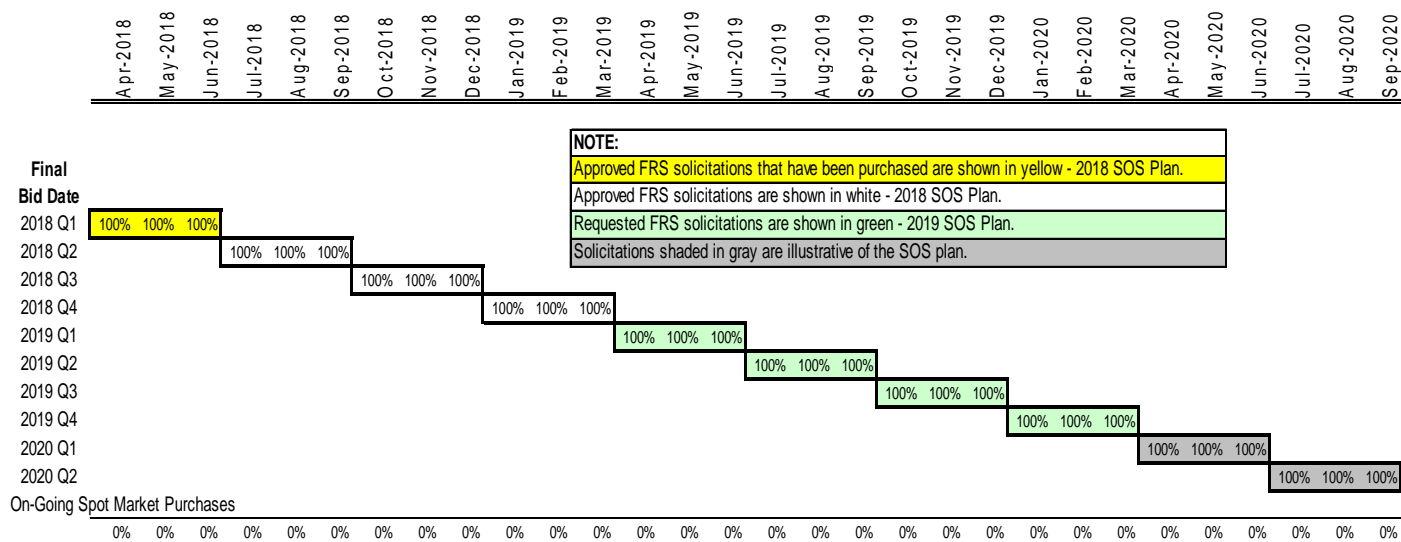
Schedule 1B
SOS Plans for April 2018 through March 2020

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THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES

Schedule 2A
2019 SOS Plan
Industrial Customers

Industrial Solicitations



THE NARRAGANSETT ELECTRIC COMPANY
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RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES

Schedule 2B
2019 SOS Plan
Commercial Customers

Commercial Solicitations

	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021
Final Bid Date																														
2018 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2018 Q2	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%	20%	20%	20%	20%	20%
2018 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%	20%	20%	20%	20%	20%
2018 Q4	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%	20%	20%	20%	20%	20%
2019 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2019 Q2							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2019 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%
2019 Q4							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2020 Q1							15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2020 Q2																				20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2020 Q3																				20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2020 Q4																				20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2021 Q1																				15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
On-Going Spot Market Purchases	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

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Requested FRS solicitations are shown in green - 2019 SOS Plan.
Solicitations shaded in gray are illustrative of the SOS plan.

2019 Q1 and 2019 Q3 transactions may be truncated to end in December 2020.

THE NARRAGANSETT ELECTRIC COMPANY
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2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES

Schedule 2C
2019 SOS Plan
Residential Customers

Residential Solicitations

	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021
Final Bid Date																														
2018 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%																		
2018 Q2	20%	20%	20%	20%	20%	20%																								
2018 Q3	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%																		
2018 Q4	20%	20%	20%	20%	20%	20%																								
2019 Q1	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2019 Q2							20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%											
2019 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%
2019 Q4																														
2020 Q1																				15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
2020 Q2																				20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2020 Q3																				20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
2020 Q4																														
2021 Q1																														
On-Going Spot Market Purchases	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

NOTE:
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THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

RIPUC DOCKET NO. _____

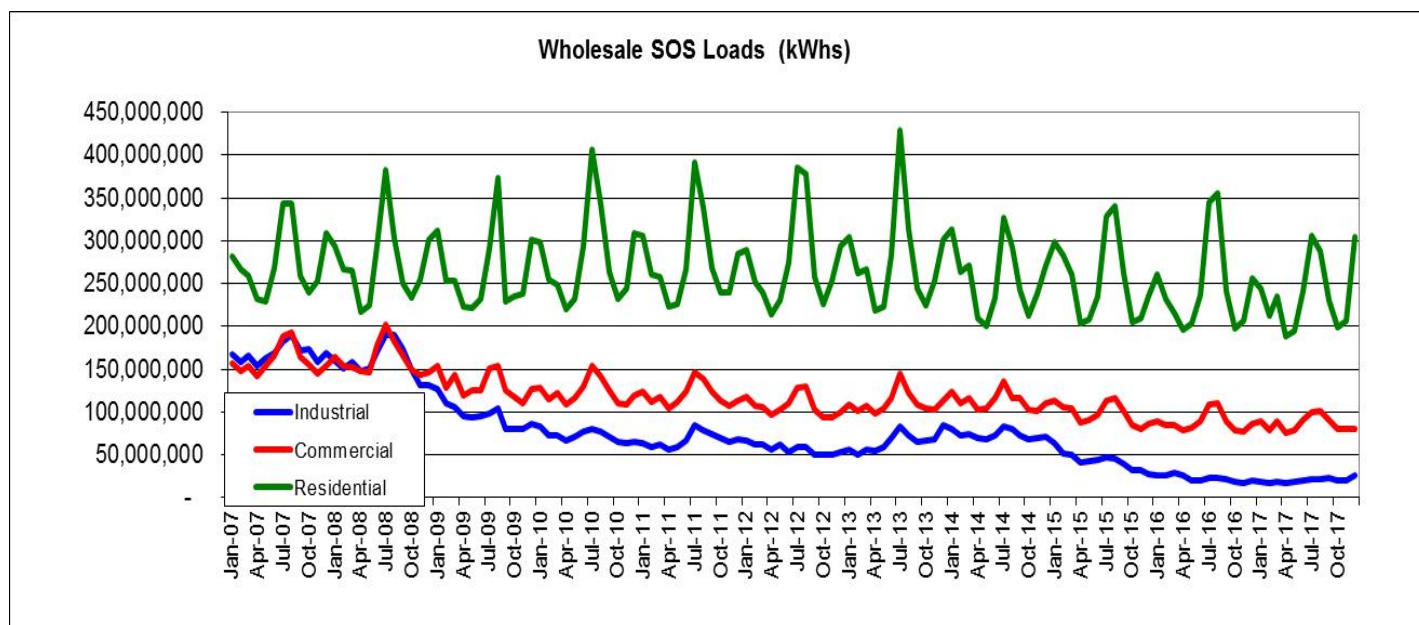
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN

2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN

WITNESS: STEPHEN A. MCCAULEY

SCHEDULES

Schedule 3A
Historical Wholesale Loads



	Wholesale Loads (GWhs)											
	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	520	1,183	3,070	4,773	2,040	924	282	3,246	2,560	2,107	3,352	8,019
2016	271	1,062	2,949	4,282	2,269	1,020	383	3,672	2,541	2,082	3,332	7,955
2017	243	1,037	2,854	4,134	2,235	984	389	3,608	2,479	2,021	3,242	7,742

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
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2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
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WITNESS: STEPHEN A. MCCAULEY
SCHEDULES

Schedule 3B
Forecasted Wholesale Loads

SOS PROCUREMENT GROUPS (MWhs)				
		Industrial	Commercial	Residential
Jan	2019	20,147	85,077	241,808
Feb	2019	18,164	74,026	211,050
Mar	2019	19,515	80,842	221,174
Apr	2019	17,107	71,234	176,811
May	2019	18,801	72,868	187,599
Jun	2019	20,200	81,279	220,612
Jul	2019	22,559	92,218	293,750
Aug	2019	22,459	96,959	266,954
Sep	2019	22,948	81,433	209,904
Oct	2019	18,584	74,148	178,481
Nov	2019	18,683	78,053	199,992
Dec	2019	21,476	86,981	255,424
Total		240,644	975,117	2,663,560

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

**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.

Capacity Charges means any ISO capacity costs associated with providing Requirements as set forth in the Confirmation for the applicable Transaction as applicable to a month or period in the Delivery Term.

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 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 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.

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 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. Seller shall also include copies of ISO settlement reports associated with Capacity Charges. 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

(20th) 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 Road
Waltham, MA 02451
(781) 907-1600 (phone)
(781) 907-1647 (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

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 Capacity Charges for the Residential Customer Group in the month plus,
- (iii) ~~(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,
- (iv) The Capacity Charges for the Commercial Customer Group in the month plus,
- (v) ~~(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,
- (vi) The Capacity Charges for the Industrial Customer Group in the month plus,
- (vii) ~~(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,
- (viii) ~~(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	Month1	Month2	Month3	Month4	Month5	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:

ISO New England Internal Hub Price	Month1	Month2	Month3	Month4	Month5	Month6
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.

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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.

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**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&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 Credit | [X] | 100% unless either (i) a Letter of 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 (3rd))

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 – keysparn-margin@keysparnenergy.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. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

**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 Island¹ 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 Service². 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];

¹ 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.

² On September 30, 2009, the Rhode Island Public Utility Commission ("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.

- 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].

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 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
A1	Industrial	RI	#%	Standard Offer Service	[Start date – End date]
BA2	Industrial	RI	#%	Standard Offer Service	[Start date – End date]
CB	Residential	RI	#%	Standard Offer Service	[Start date – End date]
DC	Commercial	RI	#%	Standard Offer Service	[Start date – End date]
TBD	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 rejected³.

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.

³ 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.

Process Step	Date
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 PUC	[DATE]
Submit Final Pricing	[DATE] – 10am EPT
Company Notifies Winning Bidders	[DATE] – 1pm
Company files Final Pricing Summary with the PUC	[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: 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 PUC.

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 PUC.

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 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 shall be responsible for meeting the specified service requirements for all of National Grid's customers in a specific 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.

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 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 prices shall exclude any ISO capacity charges. 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.

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. ~~Prices~~Other than capacity market costs, 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 intends to pay a Supplier(s) the actual ISO capacity costs associated with the Supplier(s) having the Load Asset Ownership Share.

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each load block (A1 through TBD), a price which includes all costs except capacity market charges. Should National Grid select this option, (1) ~~suppliers~~Suppliers would be responsible for all costs ~~including except capacity market charges and~~ (2) National Grid would pay Suppliers for actual ISO capacity costs, and (3) Suppliers would not be responsible for ~~supplying the RES~~complying with the Renewable Energy Standard component.

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. If there are identical lowest final bid prices, the winning bidder will be determined by selecting the bidder with the lowest final bid price for the estimated highest volume month.

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 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

<p style="text-align: center;">The Narragansett Electric Company</p> <p style="text-align: center;">Standard Offer Service</p>	
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> <p>a) A customer notifying National Grid that it wishes to terminate service from its competitive supplier and commence Standard Offer Service.</p> <p>b) A competitive supplier notifying National Grid that it is terminating service to a customer.</p> <p>c) A competitive supplier ceasing to provide service to a customer without notifying National Grid.</p> <p>d) A customer moves into National Grid's service territory and does not affirmatively choose a competitive supplier.</p>
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;">http://www.nationalgridus.com/energysupply/</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>	
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

RESPONDENT: _____

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.	
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	

4. NEPOOL AND POWER SUPPLY EXPERIENCE

Is Respondent a member of NEPOOL?	
Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England?	
Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations .	
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.	
Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.	

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. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

**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
- 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. 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 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 11.

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 4 of 14
Docket No. **NUMBER**

EXHIBIT 1
LOAD BLOCK DESCRIPTIONS

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 5 of 14
Docket No. **NUMBER**

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

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 6 of 14
Docket No. **NUMBER**

**EXHIBIT 3
INDICATIVE BID RANKING AT RETAIL
BLOCKS A – **TBD****

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 7 of 14
Docket No. **NUMBER**

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

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 8 of 14
Docket No. **NUMBER**

**EXHIBIT 5
FINAL BID RANKING AT WHOLESALE
BLOCKS A – **TBD****

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National Grid: Page 9 of 14
Docket No. **NUMBER**

**EXHIBIT 6
FINAL BID RANKING AT RETAIL
BLOCKS A – **TBD****

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National Grid: Page 10 of 14
Docket No. **NUMBER**

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

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 11 of 14
Docket No. **NUMBER**

EXHIBIT 8
SUMMARY OF LOAD BLOCK AWARDS

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 12 of 14
Docket No. **NUMBER**

**EXHIBIT 9
BIDDER KEY**

**CONTAINS CONFIDENTIAL INFORMATION
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National Grid: Page 13 of 14
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**EXHIBIT 10
BID PREMIUM ESTIMATES
BLOCKS A - **TBD****

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 14 of 14
Docket No. **NUMBER**

EXHIBIT 11
ESTIMATED RETAIL RATES BASED ON FINAL BID PRICES

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

Schedule 7
RES Plan for 2019

2019 Renewable Energy Standard Procurement Plan

I. Objectives

- A. This plan satisfies Section 8.2 of the Rhode Island Public Utilities Commission's (PUC) Rules and Regulations Governing the Implementation of a Renewable Energy Standard (RES Regulations). Under Section 8.2 of the RES Regulations, the Company is required to submit annually a Renewable Energy Standard Procurement Plan that details the Company's 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 2019. The Company will use a competitive procurement process for all 2019 requirements for Existing RECs. The Company expects to use New RECs obtained through the Distributed Generation Standard Contracts Act and the Long-Term Contracting Standard for Renewable Energy (collectively, Long-Term Renewable Contracts) and the Renewable Energy Growth (RE Growth) Program for all 2019 requirements for New RECs.
- C. This plan includes the sale of the RES RECs in the event that the Company acquires RECs in excess of its RES obligation for its SOS customers.

II. Requirements

The following table details the anticipated number of RECs that will be necessary to satisfy RES Regulations in 2019.

Year	Percentage from New Renewable Energy Resources	Percentage from <i>either</i> New <i>or</i> Existing Renewable Energy Resources	Total RES Target Percentage	Estimated Standard Offer Load (MWhs)	Standard Offer Existing RES Obligation (RECs)	Standard Offer New RES Obligation (RECs)
2019	12.5	2.0	14.5	3,879,322	77,587	484,916

III. REC Procurement

- A. To comply with the Long-Term Renewable Contracts, the Company enters into transactions with renewable energy resources that include New RECs. As first approved in PUC Docket No. 4315, the Company proposes to continue using these RECs to satisfy its New RES requirements for the SOS load. The Company believes that SOS customers will benefit from this approach because it minimizes transaction expenses.

To comply with the RE Growth Program, codified at R.I. Gen. Laws § 39-26.6-1 et seq., the Company enrolls eligible renewable energy resources and pays them a fixed price for their generation. Under the RE Growth Law, the Company receives title to the RECs for all projects that participate in the RE Growth Program. Effective June 27, 2016, pursuant to Rhode Island law, the Company has the option of selling these RECs or using them to comply with the RES.¹ As first approved in PUC Docket No. 4556, the Company proposes to continue using these RECs to satisfy its New RES requirements for the SOS load as a way to further minimize transaction expenses.

The Company proposes to determine the market costs for reconciliation of the New RECs from Long-Term Renewable Contracts and the RE Growth Program by using the average sales price of excess New RECs transacted in the market during a quarter. REC Sales are further described in Section V. If there are no sales of excess New RECs in a quarter, as described in Docket No. 4338, the Company proposes to determine the market costs for reconciliation of the RECs from Long-Term Renewable Contracts by using 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 Requests for Proposals (RFPs) to procure the remaining REC amounts for each REC class necessary to satisfy the RES Regulations. The Company intends to issue one or more REC RFPs in 2019 for Existing RECs because it expects that the New RECs from the Long-Term Renewable Contracts and RE Growth Program will meet its New RES requirement. One RFP per year provides multiple opportunities to purchase RECs for an obligation year due to the trading market for RECs. For example, the Company will solicit 2019 Existing RECs once in May 2018, once in May 2019, and a final time in May 2020. Currently, there is an ample supply of Existing RECs, and the Company does not expect this to change in the future.

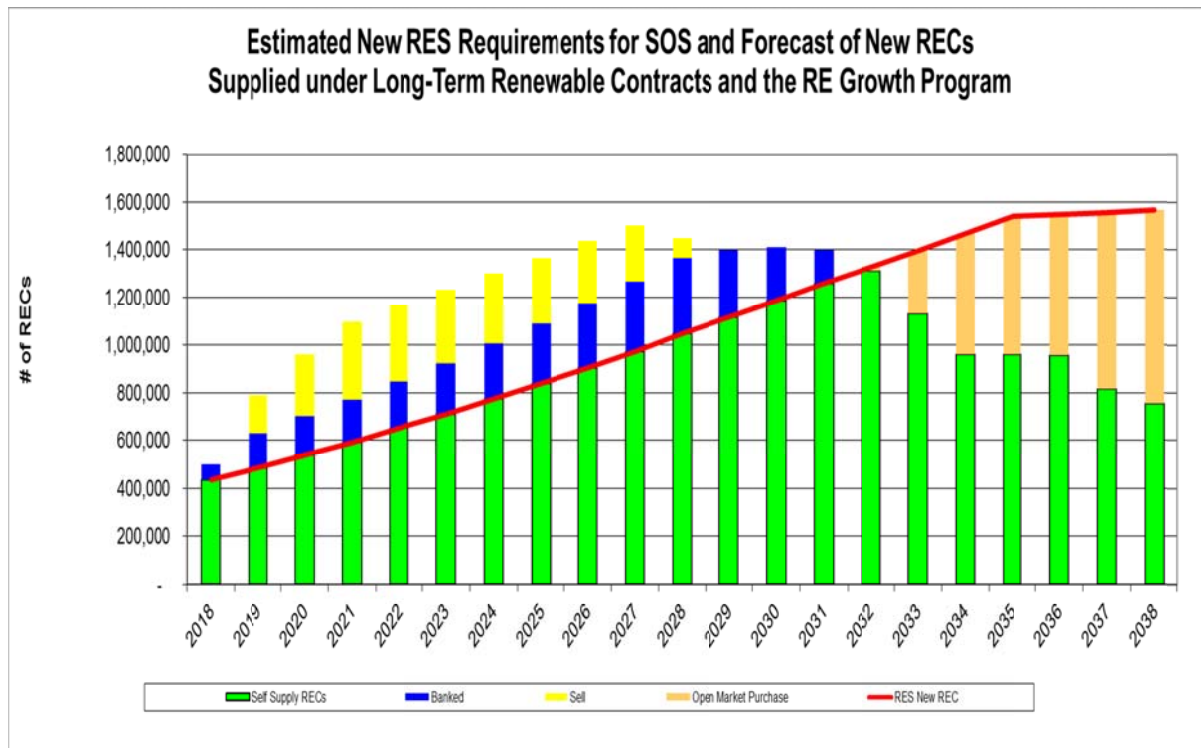
¹ See R.I. Gen. Laws § 39-26.6-21(3).

The principal criteria to be used in evaluating REC RFP proposals will be the 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 Rhode Island Commerce Corporation for the unmet obligation.

IV. Forecast of RECs from Long-Term Renewable Contracts and the RE Growth Program and RES Requirements

The chart below shows a projection of the New RES requirement compared to the estimated output of RECs obtained through the Long-Term Renewable Contracts and the RE Growth Program.



V. REC Sales

The Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will likely exceed the RES obligation in 2018. Under the RES Regulations, the Company may bank 30% of the New RES Obligation for a compliance year to satisfy the RES requirement over the following two years. Once the excess RECs from Long-Term Renewable Contracts and RE Growth Program exceed the RES obligation as well as the allowable banking limit, the Company must sell these RECs or they will expire with no value. Based on generation and load data estimates, the Company anticipates that the New RECs obtained from the Long-Term Renewable Contracts and RE Growth RECs will exceed the allowable banking limit in 2019.

The Company must sell the RECs in a timely manner to monetize the value of the RECs on behalf of customers. The revenue from the REC sales will offset the costs of the Long-Term Renewable Contracts and the RE Growth Program. The Company will sell the RECs using methods that are similar to the methods the Company uses to procure RECs. These methods include:

- A. The Company may issue a Request for Bids (RFB) or auction for RECs to solicit bids for the sale of the RECs. The RFB would allow multiple participants to bid for various volumes up to the quantity offered.
- B. The Company may participate in REC RFPs or auctions in the market place conducted by utilities, brokers, or other market participants.
- C. The Company may engage a third party to broker the sale.

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

**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.

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 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 (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”).

W I T N E S S E T H:

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. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

**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”¹. 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 (“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:

Year	Percentage from New Renewable Energy Resources	Percentage from <i>either New or Existing Renewable Energy Resources</i>	Total Target Percentage
[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 Commerce Corporation.

¹ R.I.G.L. § 39-26-1, et seq., Renewable Energy Standard.

National Grid² 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 PUC as either existing or new renewable energy resources that meet the RES 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- GIS Certificates
[YEAR]	[NUMBER]	[NUMBER]	[NUMBER]
[YEAR]	[NUMBER]	[NUMBER]	[NUMBER]

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

² The contracting entity will be The Narragansett Electric Company.

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 PUC	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: 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"). 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 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 PUC, OER, 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

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	

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.	

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. _____
2019 STANDARD OFFER SERVICE PROCUREMENT PLAN
2019 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN
WITNESS: STEPHEN A. MCCAULEY
SCHEDULES**

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”)¹ on [ISSUE DATE] directly to the renewable generators who have filed their renewable energy applications for certification with the Rhode Island Public Utilities Commission (“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 PUC and in compliance with the Renewable Energy Standard. The 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]

¹ 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]

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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Docket No. **NUMBER**

EXHIBIT 1
CALCULATION OF REQUESTED RECs

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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Docket No. **NUMBER**

EXHIBIT 2
SUMMARY OF BIDS RECEIVED

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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**EXHIBIT 3
ANALYSIS OF NEW RENEWABLE REC BIDS
BID STACK**

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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**EXHIBIT 4
ANALYSIS OF EXISTING RENEWABLE REC BIDS
BID STACK**

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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EXHIBIT 5
SUMMARY OF WINNING BIDS

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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Docket No. **NUMBER**

EXHIBIT 6
REC PROCUREMENT PLAN STATUS

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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EXHIBIT 7
GIS CERTIFICATE STATISTICS REPORTS

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

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EXHIBIT 8
NEW ENGLAND TIER 1 RPS OBLIGATIONS