

February 16, 2021

VIA ELECTRONIC MAIL

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

**RE: Docket 5096 – 2021 Renewable Energy Standard Procurement Plan
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), attached, please find the electronic version of the Company’s responses to the Division of Public Utilities and Carriers’ (“Division’s”) First Set of Data Requests in the above-referenced docket.¹

Please be advised that the Company considers portions of its responses to Data Request 1-1 and Data Request 1-7 (referred to herein as the “Confidential RES Procurement Records”) to be confidential. Pursuant to 810-RICR-00-00-1.3(H)(3) and R.I. Gen. Laws §§ 38-2-2(4)(A)(I)(b) and 38-2-2(4)(B), the Company respectfully requests that the Commission treat the Confidential RES Procurement Records as confidential. In support of this request, the Company has enclosed a Motion for Protective Treatment of Confidential Information. In accordance with 810-RICR-00-00-1.3(H)(2), the Company also respectfully requests that the Commission make a preliminary finding that the Confidential RES Procurement Records be exempt from the mandatory public disclosure requirements of the Rhode Island Access to Public Records Act.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

cc: Docket 5076 Service List
Jon Hagopian, Esq.
John Bell, Division

¹ In addition, the Company will deliver to the Commission six, three-hole punched hard copies of the Company’s response to Division Set 1.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

February 16, 2021
Date

**Docket No. 5096 - National Grid – 2021 Renewable Energy Standard (RES)
Procurement Plan
Service List updated 2/10/2020**

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STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

2021 Renewable Energy Standard Procurement Plan

)
) Docket No. 5096
)

MOTION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A
NATIONAL GRID FOR PROTECTIVE TREATMENT OF
CONFIDENTIAL INFORMATION

The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) hereby respectfully requests that the Public Utilities Commission (“PUC”) grant protection from public disclosure certain confidential information submitted by the Company in the above referenced docket. The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the PUC preliminarily grant the Company’s request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The records that are the subject of this Motion that require protective treatment from public disclosure are portions of the Company’s responses to Data Request 1-1 and Data Request 1-7 (referred to herein as the “Confidential RES Procurement Records”) that were filed by the Company on February 16, 2021 in response to the first set of discovery issued by the Division of Public Utilities and Carriers (“Division”) in the above-referenced docket. National Grid requests protective treatment of the Confidential RES Procurement Records in accordance with 810-RICR-00-00-1.3(H) and R.I. Gen. Laws § 38-2-2-(4)(B).

I. LEGAL STANDARD

For matters before the PUC, a claim for protective treatment of information is governed by the policy underlying the Access to Public Records Act (“APRA”), R.I. Gen. Laws § 38-2-1 et seq. See 810-RICR-00-00-1.3(H)(1). Under APRA, any record received or maintained by a state or local governmental agency in connection with the transaction of official business is considered

public unless such record falls into one of the exemptions specifically identified by APRA. See R.I. Gen. Laws §§ 38-2-3(a) and 38-2-2(4). Therefore, if a record provided to the PUC falls within one of the designated APRA exemptions, the PUC is authorized to deem such record confidential and withhold it from public disclosure.

II. BASIS FOR CONFIDENTIALITY

The Confidential RES Procurement Records that are the subject of this Motion are exempt from public disclosure pursuant to R.I. Gen. Laws § 38-2-2(4)(B) as “[t]rade secrets and commercial or financial information obtained from a person, firm, or corporation that is of a privileged or confidential nature.” *The Attorney General’s Guide to Open Government in Rhode Island 6th Edition*¹ provides guidance as to the scope of R.I. Gen. Laws § 38-2-2(4)(B)’s applicability. It states that:

If a request is made for financial or commercial information that a person is obliged to provide to the government, it is exempt from disclosure if the disclosure is likely either: (1) to impair the government’s ability to obtain information in the future, or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. If a request is made for financial or commercial information that is provided to the government on a voluntary basis, it is exempt from disclosure if the information “is a kind that would customarily not be released to the public by the person from whom it was obtained.” *The Providence Journal Company v. Convention Center Authority*, 774 A.2d 40 (R.I. 2001).

The Confidential RES Procurement Records consist of financial and commercial information. National Grid would customarily not release this information to the public and its submission of the Confidential RES Procurement Records to the PUC is needed to comply with the Division’s discovery requests in the above-referenced docket. Accordingly, National Grid is providing the Confidential RES Procurement Records to fulfil its regulatory responsibilities.

¹ <http://www.riag.ri.gov/Forms/AGguidetoopengovernment.pdf>

Therefore, the Confidential RES Procurement Records are exempt from public disclosure “if the disclosure is likely either: (1) to impair the government’s ability to obtain information in the future, or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained.” See *The Attorney General’s Guide to Open Government in Rhode Island 6th Edition*, p. 22.

The release of the Confidential RES Procurement Records is likely to cause substantial harm to the competitive position of National Grid. The Confidential RES Procurement Records contain commercially sensitive market information, the disclosure of which could negatively impact the Company’s customers who receive revenue from Renewable Energy Credits (“RECs”), as well as the Company’s ability to negotiate competitive terms regarding RECs.

III. CONCLUSION

For the foregoing reasons, the Company respectfully requests that the PUC grant this motion for protective treatment of the Confidential RES Procurement Records.

Respectfully submitted,

NATIONAL GRID
By its attorney,

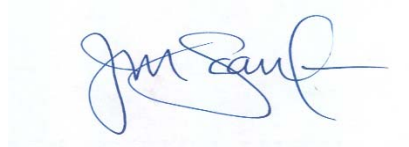


Andrew S. Marcaccio (#8168)
National Grid
280 Melrose Street
Providence, RI 02907
(401) 784-4263

Dated: February 16, 2021

CERTIFICATE OF SERVICE

I hereby certify that on February 16, 2021, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 5096.

A handwritten signature in blue ink, appearing to read "Joanne Scanlon", is positioned above a horizontal line.

Joanne M. Scanlon

Redacted
Division 1-1

Request:

Please refer to the following statement on page 6 of the testimony of James Ruebenacker: "If there are sales of excess New RECs in a quarter, the Company will utilize the procedure approved in Docket No. 4809 to determine the actual value of these RECs for the purpose of reconciling the LTC Recovery Factor and the RE Growth Factor. The Company will use the average sales price of excess New RECs transacted in the market during a quarter as the transfer price for New RECs provided that the average sales price does not differ from the average market price procedure by more than 20%. If the difference in prices exceeds 20%, the Company will average the market price procedure and the average sales price to determine the market costs for the reconciliation.

- a. Please identify the quarters from 2016 to 2020 in which there were sales of excess New RECs.
- b. For each quarter over this time period in which there were sales of excess New RECs, please provide the average sales price of the excess New RECs.
- c. For all quarters from 2016 to 2020, please calculate the price using the average market price procedure.
- d. For each quarter from 2016 to 2020 in which there were sales of excess New RECs, please calculate the difference in prices between the average sales price of the excess New RECs and the price using the average market price procedure.

Response:

- a. The Company has sold excess New RECs in January 2020 and January 2021. The January 2020 average sales price was the transfer price for the 2019 3rd quarter generation. The January 2021 average sales price was the transfer price for the 2020 3rd quarter generation.
- b. The average sales prices of excess New RECs for these quarters can be found in the table below.
- c. The transfer prices using the average market price procedure for all quarters from 2016 to 2020 can be found in the table below. The 4th quarter 2020 transfer price will be established in April/May.
- d. The difference in the average sale prices and the average market prices can be found in the table below.

RedactedDivision 1-1, page 2

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)	Average Market Price (\$)	Average Sales Price (\$)	Delta in Price (\$)	Delta in Percent
1Q16 (Jan – Mar 2016)	July 15, 2016	July 1-30, 2016	36.78			
2Q16 (Apr – Jun 2016)	October 15, 2016	Oct 1-30, 2016	26.29			
3Q16 (Jul – Sep 2016)	January 15, 2017	Jan 1-30, 2017	17.50			
4Q16 (Oct – Dec 2016)	April 15, 2017	Apr 1-30, 2017	16.80			
1Q17 (Jan – Mar 2017)	July 15, 2017	July 1-30, 2017	24.63			
2Q17 (Apr – Jun 2017)	October 15, 2017	Oct 1-30, 2017	13.62			
3Q17 (Jul – Sep 2017)	January 15, 2018	Jan 1-30, 2018	13.25			
4Q17 (Oct – Dec 2017)	April 15, 2018	Apr 1-30, 2018	5.11			
1Q18 (Jan – Mar 2018)	July 15, 2018	July 1-30, 2018	9.49			
2Q18 (Apr – Jun 2018)	October 15, 2018	Oct 1-30, 2018	4.17			
3Q18 (Jul – Sep 2018)	January 15, 2019	Jan 1-30, 2019	6.11			
4Q18 (Oct – Dec 2018)	April 15, 2019	Apr 1-30, 2019	8.54			
1Q19 (Jan – Mar 2019)	July 15, 2019	July 1-30, 2019	24.03			
2Q19 (Apr – Jun 2019)	October 15, 2019	Oct 1-30, 2019	37.99			
3Q19 (Jul – Sep 2019)	January 15, 2020	Jan 1-30, 2020	38.36			
4Q19 (Oct – Dec 2019)	April 15, 2020	Apr 1-30, 2020	25.83			
1Q20 (Jan – Mar 2020)	July 15, 2020	July 1-30, 2020	43.54			
2Q20 (Apr – Jun 2020)	October 15, 2020	Oct 1-30, 2020	45.13			
3Q20 (Jul – Sep 2020)	January 15, 2021	Jan 1-30, 2021	43.79			
4Q20 (Oct – Dec 2020)	April 15, 2021	Apr 1-30, 2021				

Division 1-2

Request:

Please refer to page 8 of the testimony of James Ruebenacker which states, "According to the RES Regulations, 30% of the New RES Obligation for a compliance year may be banked in order to satisfy the RES requirement over the following two years." Also, please refer to page 2 of the 2021 Renewable Energy Standard Procurement Plan which states: "The 2021 RES Plan will first allocate RECs banked from the prior year."

- a. Does the Company propose to allocate banked allowances from the prior year over one year or over two years, as allowed by the RES Regulations?
- b. If the Company proposes to allocate banked allowances over a one year period instead of a two year period, please explain why.

Response:

- a. The Company proposes to allocate banked RECs from the prior year only over the following year.
- b. Banking RECs from a prior year reduces the number of RECs necessary to comply with RES the following year(s). Banking can be financially advantageous, and it can also be beneficial if the Company expected to have an insufficient REC supply to comply with the RES the following two years. However, as illustrated in the graph in Schedule 1, Estimated New RES Requirements for LRS and Forecast of New RECs Supplied under Long-Term Renewable Contracts and the RE Growth Program, the Company will have an oversupply of RECs for the foreseeable future. Banking when there is a perpetual oversupply of RECs results in either more RECs sold or banked the following year. Because of the expected REC oversupply, the Company proposes in the 2021 RES Plan to bank solely if it is financially advantageous to do so because the banked RECs are not needed for future RES obligations. As described in the 2021 RES Plan, in the fourth quarter the Company will decide to bank or sell the remaining RECs by comparing the current year's market price, as determined by the proposed procedure to establish market costs for the reconciliation, to the next year's spot market price.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5096
In Re: 2021 Renewable Energy Standard Procurement Plan
Responses to the Division's First Set of Data Requests
Issued on February 2, 2021

Division 1-3

Request:

Please refer to page 9 of the testimony of James Ruebenacker which states, "Yes, the Company is seeking approval of its standard CPA, which is included as Schedule 2. There are only minor changes relating to notices to the CPA from that approved previously by the PUC. The Company would only accept non-substantive changes to the standard CPA if such changes proposed by suppliers do not shift risk to the Company's customers." Please provide a version of Schedule 2 with the changes identified.

Response:

Please see Attachment DIV 1-3 which is Schedule 2 with the changes identified. The changes may be found in Article 7, Notices, Representatives of the Parties, and in Appendix A, Form of Guaranty.

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 it's 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 ~~faesimile~~electronic mail (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 ~~faesimile~~electronic mail 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~~5403 (phone)

~~(516)-545-2464 (fax)~~
ElectricSupply@NationalGrid.com

and

With a copy to:

Michael Middleton
Assistant General Counsel and Director, Commercial
National Grid
40 Sylvan Road
Waltham, MA 02451-1120
(781) 907-~~1000~~1804 (phone)
~~(781) 907-5701 (fax)~~
Michael.Middleton@nationalgrid.com

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

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

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~~electronic mail, as follows:

To the Buyer:

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

~~Fax No.:~~ (516) 545-2464
ElectricSupply@NationalGrid.com
Phone No.: (516) 545-~~3282~~5403

To Guarantor:

~~Fax No.:~~Email:
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~~electronic mail 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. 5096
In Re: 2021 Renewable Energy Standard Procurement Plan
Responses to the Division's First Set of Data Requests
Issued on February 2, 2021

Division 1-4

Request:

Please refer to page 10 of the testimony of James Ruebenacker which states, "Yes, the Company is requesting approval for the standard RES RFP Notice, which is included as Schedule 3, and the standard RES RFP Summary, which is included as Schedule 4. There are no changes from the documents that the PUC previously approved for Schedule 3 and only a minor change for Schedule 4." Please provide a version of Schedule 4 with the changes identified.

Response:

Please see Attachment DIV 1-4 which is Schedule 4 with the changes identified. The Company changed "Standard Offer" to "Last Resort" in Section 1, RFP Issued.

**CONTAINS CONFIDENTIAL INFORMATION
DO NOT RELEASE**

National Grid: Page 1 of 10
Docket No. **NUMBER**

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~~ Last Resort 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.

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National Grid: Page 2 of 10
Docket No. **NUMBER**

A summary of the bids received is found in Exhibit 2.

Respondents were informed of awards on [DATE].

3. Contract Submissions

[NUMBER] bidders submitted contract comments to National Grid in the form of proposed revisions to the Certificate Purchase Agreement. These comments were [DESCRIPTION].

4. Award of New Renewable RECs

[NUMBER] bidders provided offers to sell National Grid RECs from new renewable resources. Exhibit 3 is an analysis and graphical summary of the bids received ranked by bid price. As shown in Exhibit 3, the RFP process selected the bids that provided the lowest cost up to the quantity required and did not perform any adjustment for non-price benefits.

5. Award of Existing Renewable RECs

[NUMBER] bidders provided offers to sell National Grid RECs from existing renewable resources. Exhibit 4 provides an analysis and graphical summary of the bids received ranked by bid price. As shown in Exhibit 4, the RFP process selected the bids that provided the lowest cost up to the quantity required and did not perform any adjustment for non-price benefits.

6. Summary of Award

On [DATE], National Grid shared the REC bids with the Division Staff for review.

Exhibit 5 is a list of the winning bidders by REC type and year. National Grid expects to purchase a total of [NUMBER] RECs at a cost of \$[NUMBER]. The following is a summary of the RECs procured in this RFP.

New or Existing	Vintage	Quantity	Average Price
New	YEAR	#	\$ #
Existing	YEAR	#	\$ #

7. Procurement Process Analysis

[PROVIDE SUMMARY OF PROCUREMENT PROCESS]

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National Grid: Page 3 of 10
Docket No. **NUMBER**

EXHIBIT 1
CALCULATION OF REQUESTED RECs

**CONTAINS CONFIDENTIAL INFORMATION
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National Grid: Page 4 of 10
Docket No. **NUMBER**

EXHIBIT 2
SUMMARY OF BIDS RECEIVED

**CONTAINS CONFIDENTIAL INFORMATION
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National Grid: Page 5 of 10
Docket No. **NUMBER**

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

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National Grid: Page 6 of 10
Docket No. **NUMBER**

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

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National Grid: Page 7 of 10
Docket No. **NUMBER**

EXHIBIT 5
SUMMARY OF WINNING BIDS

**CONTAINS CONFIDENTIAL INFORMATION
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National Grid: Page 8 of 10
Docket No. **NUMBER**

EXHIBIT 6
REC PROCUREMENT PLAN STATUS

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Docket No. **NUMBER**

EXHIBIT 7
GIS CERTIFICATE STATISTICS REPORTS

**CONTAINS CONFIDENTIAL INFORMATION
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National Grid: Page 10 of 10
Docket No. **NUMBER**

EXHIBIT 8
NEW ENGLAND TIER 1 RPS OBLIGATIONS

Division 1-5

Request:

Please refer to page 16 of the testimony of James Ruebenacker which states, "Conversely, if the current year's price is higher than the next year's price, the Company will bank 5% of the 30% limit (to prevent the possibility of a shortfall) and sell the remaining RECs."

- a. Please explain the rationale for choosing 5% over a different percentage.
- b. Did the Company perform any analysis to determine the choice of banking 5%? If yes, please provide the details of that analysis.
- c. To what extent does the price differential between the current year and next year influence the Company's decision on the proportion to bank?

Response:

- a. The Company does not have a specific rationale for banking 5% over a different percentage but it chose 5% to balance competing considerations. Banking some RECs lessens the effect of an Alternative Compliance Payment in the event of a future shortfall, and reducing the banking percentage would provide less of a "cushion" against such a shortfall. However, selling RECs decreases current RES costs for Last Resort Service (LRS) customers, making a low banking percentage advantageous, and a higher banking percentage would limit the Company's sales and result in higher costs for LRS customers. Therefore, the Company's choice to bank 5% balances these considerations.
- b. The Company did not perform an analysis in choosing to bank 5%.
- c. If the current year's prices are lower than next year's prices, then the Company will bank the full 30% allowance. If the current year's prices are higher than next year's prices, then the Company will attempt to sell RECs and bank only 5% of its RES obligation. The Company does not have a specific price differential between current and next year's prices to make its decision to sell or bank. Liquidity in the market and some price differential would be necessary for the sale to be successful. For example, if the current year's price is \$0.20 higher than next year's price, attempting to sell many RECs quickly could move the current price lower and remove the rationale for selling. In contrast, a sufficiently wide price differential would likely result in a successful sale.

The 2021 RES Plan requests an amendment to the 2020 RES Plan to allow the Company to change the banking strategy. Currently, 2020 New REC prices are \$2 to \$3 higher than 2021 New REC prices. Accordingly, LRS customers would benefit if the Company sold New RECs rather than banking the full amount at the higher 2020 price.

Division 1-6

Request:

Please refer to page 17 of the testimony of James Ruebenacker which states, "The benefit to LRS customers is that dollar-cost averaging of purchases will lower market price risk." Please explain how this approach will result in lower market price risk.

Response:

The goal of the 2021 RES Plan is to build a portfolio procured over time to mitigate the market price volatility. The 2020 RES Plan requires the Company to sell RECs once the amounts exceed the 30% banking allowance. This results in more RECs purchased (or transferred) earlier in the year for LRS customers' RES obligations from the Long-Term Renewable Contracts and the RE Growth Program. Most of the RECs used to comply with the RES obligation will be valued with market prices from the first and second quarter.

The 2021 RES Plan, which allocates banked RECs from the previous year evenly over the following year and sells excess RECs quarterly, results in more levelized purchases (or transfers) for RES compliance throughout the year. These RECs used to comply with the RES obligation will be valued with market prices from all four quarters.

Occasionally, REC prices may be volatile throughout a year. The table in the Company's response to Division 1-1 (and shown below) illustrates the REC volatility from quarter to quarter. Under the existing 2020 RES Plan, most of the RECs used for RES compliance will be valued with market prices from the first and second quarter. Under the proposed 2021 RES Plan, the purchases each quarter will be more levelized and will be valued each quarter, resulting in more price points for RES compliance, which therefore lowers market price risk.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5096
In Re: 2021 Renewable Energy Standard Procurement Plan
Responses to the Division's First Set of Data Requests
Issued on February 2, 2021

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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)	Average Market Price (\$)
1Q16 (Jan – Mar 2016)	July 15, 2016	July 1-30, 2016	36.78
2Q16 (Apr – Jun 2016)	October 15, 2016	Oct 1-30, 2016	26.29
3Q16 (Jul – Sep 2016)	January 15, 2017	Jan 1-30, 2017	17.50
4Q16 (Oct – Dec 2016)	April 15, 2017	Apr 1-30, 2017	16.80
1Q17 (Jan – Mar 2017)	July 15, 2017	July 1-30, 2017	24.63
2Q17 (Apr – Jun 2017)	October 15, 2017	Oct 1-30, 2017	13.62
3Q17 (Jul – Sep 2017)	January 15, 2018	Jan 1-30, 2018	13.25
4Q17 (Oct – Dec 2017)	April 15, 2018	Apr 1-30, 2018	5.11
1Q18 (Jan – Mar 2018)	July 15, 2018	July 1-30, 2018	9.49
2Q18 (Apr – Jun 2018)	October 15, 2018	Oct 1-30, 2018	4.17
3Q18 (Jul – Sep 2018)	January 15, 2019	Jan 1-30, 2019	6.11
4Q18 (Oct – Dec 2018)	April 15, 2019	Apr 1-30, 2019	8.54
1Q19 (Jan – Mar 2019)	July 15, 2019	July 1-30, 2019	24.03
2Q19 (Apr – Jun 2019)	October 15, 2019	Oct 1-30, 2019	37.99
3Q19 (Jul – Sep 2019)	January 15, 2020	Jan 1-30, 2020	38.36
4Q19 (Oct – Dec 2019)	April 15, 2020	Apr 1-30, 2020	25.83
1Q20 (Jan – Mar 2020)	July 15, 2020	July 1-30, 2020	43.54
2Q20 (Apr – Jun 2020)	October 15, 2020	Oct 1-30, 2020	45.13
3Q20 (Jul – Sep 2020)	January 15, 2021	Jan 1-30, 2021	43.79
4Q20 (Oct – Dec 2020)	April 15, 2021	Apr 1-30, 2021	

Redacted
Division 1-7

Request:

Please refer to the table on page 3 of the 2021 Renewable Energy Standard Procurement Plan.

- a. Please provide an updated version of this table with:
 - i. formulas for each column of the table.
 - ii. Definitions for the terms used in the headers of each column of the table.
 - iii. A total row at the bottom showing a sum of the quarters for each column, where appropriate.
- b. Please confirm if the values in each column are additive across the rows or cumulative across the rows.
- c. Please identify how the values from the LRS Existing RES Obligation and LRS New RES Obligation columns in the table on Page 1 are reflected in this table.
- d. Please explain how the values in the REC Supply column were allocated by quarter.
- e. Please explain how the values in the RES Requirement column were allocated by quarter.
- f. This table is marked 'illustrative.' Please clarify if this table reflects the 2021 Renewable Energy Standard Procurement Plan.
- g. If this table does not reflect the 2021 Renewable Energy Standard Procurement Plan, please provide an updated version of this table with these values.

Response:

The table on page 3 of the 2021 RES Plan is an illustration of the Company's new proposal to purchase New RECs from Long-Term Renewable Contracts and the RE Growth Program. The illustration included fictitious amounts for the prior year's banked RECs, REC Supply, and RES Requirement.

- a. Please see updated version of this table with the requested changes.
 - (a) REC Supply is the expected New RECs from Long-Term Renewable Contracts and the RE Growth Program. In this illustration, the Company included examples of the quarterly number of RECs that may be produced throughout the year and totaling to 760,000 RECs.
 - (b) RES Requirement is the expected number of New RECs required to meet the Last Resort Service (LRS) customers' RES requirement. In this illustration, the Company included examples of the quarterly number of RECs necessary to meet the LRS customers' New RES requirements throughout the year and totaling to 580,000 RECs.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5096
In Re: 2021 Renewable Energy Standard Procurement Plan
Responses to the Division's First Set of Data Requests
Issued on February 2, 2021

Redacted

Division 1-7, page 2

- (c) Banked RECs are the number of RECs from the prior year that will be banked for the next year's RES compliance. In this illustration, the Company included 100,000 banked RECs from the prior year. The Company's proposal in the 2021 RES Plan is to equally allocate banked RECs evenly from the prior year. Therefore, the quarterly RECs of 25,000 is 100,000 divided by four quarters.
- (d) RES Purchases are the quarterly number of RECs to purchase from the REC Supply to meet the quarterly LRS customers' RES requirement. In this illustration the Company calculated the LRS RES Requirement for the quarter, subtracted the allocated Banked RECs for the quarter, and determined the number of New RECs to purchase from the REC Supply.
- (e) Bank & Purchases for LRS are the sum of Banked RECs and RES Purchases. This column demonstrates that the quarterly RES Requirements were fully met by a supply of New RECs from Banked RECs and RES Purchases from the REC Supply.
- (f) Sell are the number of New RECs sold quarterly. The quarterly amounts are the REC Supply in excess of the RES Purchases which were RECs purchased used to comply with the RES.

	(a) REC Supply	(b) RES Requirement	(c) Banked RECs	(d) RES Purchases (= b - c)	(e) Bank & Purchases for LRS (= c + d)	(f) Sell (= a - d)
Q1	200,000	150,000	25,000	125,000	150,000	75,000
Q2	180,000	125,000	25,000	100,000	125,000	80,000
Q3	180,000	175,000	25,000	150,000	175,000	30,000
Q4	200,000	130,000	25,000	105,000	130,000	95,000
Total	760,000	580,000	100,000	480,000	580,000	280,000

- b. The values in each column are additive. In the revised table, the Total row for each column is the sum of all four rows.
- c. The table from page 1 of the 2021 RES Plan, which is reproduced below, include the anticipated number of RECs that will be necessary to satisfy the RES in 2021. It is the actual Company forecast and includes the Existing RES obligation and the New RES obligation. The RECs in the table provided above, which is an illustration, are New RECs that are necessary to satisfy the New Renewable Energy Resources obligation in the RES. This table does not include Existing RECs because the Company does not

Redacted
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obtain Existing RECs from Long-Term Renewable Contracts and the RE Growth Program. The column titled 'LRS New RES Obligation' in the table below corresponds to the column titled '(b) RES Requirement' in the illustration above.

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 LRS Load (MWhs)	LRS Existing RES Obligation (RECs)	LRS New RES Obligation (RECs)
2021	15.5	2.0	17.5	4,017,808	80,357	622,761

- d. The specific quarterly values in the REC Supply column were arbitrarily chosen for this example.
- e. The specific quarterly values in the RES Requirement column were arbitrarily chosen for this example.
- f. The Company used fictitious numbers in this table to demonstrate the proposal included in the 2021 RES Plan. It does not include the Company's forecasted REC supply or New RES requirement.
- g. The 2021 RES Plan requests an amendment to the 2020 RES Plan to allow the Company to change its banking strategy. If approved, the Company may bank only 5% of its RES obligations instead of 30%. Below are two tables to capture the two banking scenarios (5% and 30%). It is also possible that the final banking percentage will be between 5% and 30% if the Company is not able to sell all of its RECs.

Notably, 2020 loads and the final RES obligations are not yet known. The banking amounts below are estimates based on best available information.

If the proposed amendment to the 2020 RES Plan is approved and its advantageous to bank only 5% of the RES obligation, the Company will sell more RECs in 2020 than if it

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banked the full amount. Under this scenario, the Company would bank approximately [REDACTED] RECs which would be allocated evenly each quarter for 2021.

	(a) REC Supply	(b) RES Requirement	(c) Banked RECs	(d) RES Purchases (= b - c)	(e) Bank & Purchases for LRS (= c + d)	(f) Sell (= a - d)
Q1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Q2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Q3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Q4	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		622,761			622,761	

If the proposed amendment to the 2020 RES Plan is not approved, or if it is not advantageous to sell potentially banked RECs, the Company will bank the full amount. Under this scenario, the Company would bank approximately [REDACTED] RECs which would be allocated evenly each quarter for 2021.

	(a) REC Supply	(b) RES Requirement	(c) Banked RECs	(d) RES Purchases (= b - c)	(e) Bank & Purchases for LRS (= c + d)	(f) Sell (= a - d)
Q1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Q2	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Q3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Q4	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total		622,761			622,761	

Division 1-8

Request:

Please refer to page 4 of the 2021 Renewable Energy Standard Procurement Plan which states, "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 ($2,500 / 7,500 * 5,000$)."

- a. Please explain the implications of this reallocation approach on the bidders and the projects they propose to build or have built.
- b. Can bidders reject their reallocation?
- c. In the event there are three identical bids, and one bidder rejects their reallocation, what happens?
- d. In the event there are three identical bids, and all bidders reject their reallocation, what happens?

Response:

This section of the 2021 RES Plan is regarding the Company's standalone REC Requests for Proposals (RFPs) for purchasing Existing RECs. The Company incorporates this allocation to be transparent and fair in acceptance of bids for RECs. To date, the Company has not had to utilize this allocation methodology because it has not received identical bids. However, the Company has successfully awarded partial bids in the past. For example, if a bidder submitted quantities that were higher than needed (after the Company had already selected lower-priced bids), the Company would select this bidder only up to the needed amount of RECs. In no instance has a bidder rejected a partial award in this event.

- a. These standalone REC RFPs are used to procure Existing RECs, which are from resources that began operation prior to 1998. As these resources are already operational, the allocation methodology does not impact proposed projects. Also, the Existing RECs are relatively inexpensive, trading for \$1 to \$2 per REC. The awards of these low revenue transactions likely do not have a significant impact on operational projects.
- b. This methodology is included in Section 5 of Schedule 3, RES RFP Notice. The RES RFP Notice also states the proposed pricing submitted is binding upon a bidder. However, there is no financial penalty if the bidder chooses not to execute the Certificate Purchase Agreement at the awarded quantity.

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- c. In the event that there are three identical bids and one bidder rejects the quantities allocated, the Company will offer the rejected quantities equally to the other two bidders at the same price. If the two bidders reject the offered quantities, the Company will include the rejected quantities in a future REC RFP or attempt to procure them through environmental brokers, online broker platforms, or from other market participants.
- d. In the event that there are three identical bids and all bidders reject the quantities allocated, the Company will include the rejected quantities in a future REC RFP or attempt to procure them through environmental brokers, online broker platforms, or from other market participants

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Division 1-9

Request:

Please refer to page 4 of the 2021 Renewable Energy Standard Procurement Plan which states, "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."

- a. Please provide the cost per unit for the Alternative Compliance Payment for 2021.
- b. Please provide a comparison of the cost per unit for the Alternative Compliance Payment for 2021 and the forecasted REC prices for 2021.

Response:

- a. The Alternative Compliance Payment (ACP) rate for 2021 has not been posted to the RIPUC website. The Company estimates the ACP as \$72.51.
- b. As of February 10, 2021, the 2021 market price for New RECs is \$39.71, or \$32.80 less than the ACP. The 2021 market price for Existing RECs is \$1.45, or \$71.06 less than the ACP.

Division 1-10

Request:

Please refer to the chart titled “Forecast of RECs from Long-Term Renewable Contracts and the RE Growth Program and RES Requirements” on Page 5 of the 2021 Renewable Energy Standard Procurement Plan. Please also refer to the following text on the same page, “The Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will exceed the RES obligation and the allowable banking limit in 2020 and the foreseeable future.”

- a. Please explain the significant increase in the ‘sell’ portion of RECs (shown in green) starting in 2024 and continuing through 2038.
- b. Please provide a comparison of the forecasted purchase and sale prices for the ‘sell’ portion of RECs (shown in green) from 2019 to 2038. Please calculate the difference between the two prices.
- c. Please provide the percentages associated with the banked RECs (shown in blue) for each year from 2019 to 2038.

Response:

- a. The graph named “Estimated New RES Requirements for LRS and Forecast of New RECs Supplied under Long-Term Renewable Contracts and the RE Growth Program” includes the Power Purchase Agreement (PPA) between The Narragansett Electric Company and DWW Rev I, LLC, which was reviewed and approved by the Rhode Island Public Utilities Commission in Docket No. 4929. This PPA requires the Company to purchase energy and RECs from the 400 MW Revolution Wind Farm offshore wind facility (Revolution Wind) which is expected to become operational in 2024 for a term of 20 years. The expected RECs from this PPA are responsible for the significant increase in the ‘sell’ portion of RECs starting in 2024.
- b. The Company does not purchase the RE Growth Program RECs and most Long-Term Renewable Contracts RECs at a specific REC price. The Company pays a bundled rate for all products: energy, RECs, and sometimes capacity. Therefore, it is not possible to directly compare forecasted REC purchase and sell prices because REC purchase prices cannot be determined.
- c. The graph assumes that the Company will bank the maximum 30% of its RES obligation for the following year.

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Division 1-11

Request:

Please provide a comparison of the Company's forecasted REC prices to actual REC prices for 2016 to 2020.

- a. Please provide the Company's forecasted REC prices for these years.
- b. Please provide the actual REC prices for these years.
- c. Please calculate the difference, in dollar and percentage terms, between the Company's forecast and actuals.

Response:

The Company estimates REC prices to calculate the Renewable Energy Standard (RES) Charge, the Long-Term Contracting for Renewable Energy Recovery (LTCRER) Factor, and the Renewable Energy (RE) Growth Factor. The tables below include the estimated REC prices, the actual REC prices, and the differences.

RES Charge:

The REC prices included in the RES Charge are estimated once a year for New and Existing RECs. The final actual prices for 2020 have yet to be determined.

REC Vintage	New				Existing			
	Estimate Price	Actual Price	Difference \$	Difference %	Estimate Price	Actual Price	Difference \$	Difference %
2016	47.50	26.58	-20.92	-44%	1.00	1.15	0.15	15%
2017	25.88	14.20	-11.68	-45%	1.11	1.51	0.40	36%
2018	15.83	7.83	-8.00	-51%	1.59	1.73	0.14	9%
2019	13.35	30.91	17.56	132%	1.50	1.18	-0.32	-21%
2020	40.08				1.23			

LTCRER Factor:

The REC prices included in the LTCRER Factor are estimated twice a year for a January to June pricing period and a July to December pricing period. The final actual prices for the July to December 2020 pricing period have yet to be determined.

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REC Vintage	Pricing Period	New			
		Estimate Price	Actual Price	Difference \$	Difference %
2016	Jan - Jun	48.53	31.50	-17.03	-35%
2016	Jul - Dec	35.95	17.16	-18.79	-52%
2017	Jan - Jun	22.00	19.13	-2.87	-13%
2017	Jul - Dec	18.50	8.98	-9.52	-51%
2018	Jan - Jun	18.40	6.98	-11.42	-62%
2018	Jul - Dec	16.75	7.37	-9.38	-56%
2019	Jan - Jun	7.56	30.97	23.41	310%
2019	Jul - Dec	22.10	30.26	8.16	37%
2020	Jan - Jun	42.70	44.31	1.61	4%
2020	Jul - Dec	29.88			

RE Growth Factor:

The REC prices included in the RE Growth Factor are calculated once a year for an April to March pricing period. The final actual prices for the April to December 2020 pricing period have yet to be determined.

REC Vintage	Pricing Period	New			
		Estimate Price	Actual Price	Difference \$	Difference %
2016	Jan - Mar	51.20	36.78	-14.42	-28%
2016	Apr - Dec	35.95	17.79	-18.16	-51%
2017	Jan - Mar	35.95	24.63	-11.32	-31%
2017	Apr - Dec	21.40	10.52	-10.88	-51%
2018	Jan - Mar	24.17	9.49	-14.68	-61%
2018	Apr - Dec	15.00	6.06	-8.94	-60%
2019	Jan - Mar	24.75	24.03	-0.72	-3%
2019	Apr - Dec	19.00	33.75	14.75	78%
2020	Jan - Mar	22.20	43.54	21.34	96%
2020	Apr - Dec	41.55			

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Division 1-12

Request:

Please provide information on the Company's forecast of REC prices from 2021 to 2038, or for the period over which the Company has produced a forecast.

- a. Please provide the Company's forecasted REC prices for these years.
- b. Please explain how the trend in the Company's forecasted REC prices will impact its strategy moving forward.

Response:

- a. The Company utilizes available current spot market information, such as broker information or published REC indices, to estimate REC prices in setting rates. It does not create long term price forecasts for RECs. However, S&P Global Market Intelligence has published the following long term price forecast for Rhode Island RECs on September 30, 2020.

RI New		RI New	
2021	37.50	2030	32.20
2022	30.51	2031	30.94
2023	28.68	2032	29.39
2024	29.79	2033	32.45
2025	30.48	2034	31.41
2026	30.86	2035	29.86
2027	29.95	2036	27.16
2028	30.65	2037	28.83
2029	32.49	2038	26.16

- b. At this time, REC price trends do not impact the Company's future strategies regarding RECs. The RECs received from the Long-Term Renewable Contracts and the RE Growth Program will exceed the Company's RES obligations for its Last Resort Service customers, and therefore the Company expects to sell excess RECs in the future.

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Division 1-13

Request:

Please provide the total forecasted cost of the 2021 Renewable Energy Standard Plan broken out by:

- a. Each component, for example existing Long-Term Renewable Contracts, existing RE Growth Program, new Long-Term Renewable Contracts, and new RE Growth Program.
- b. Cost categories, for example administrative costs and broker fees.

Response:

- a. The table below includes estimated costs of the 2021 RES Plan. This estimate of total costs assumes that the Company banks 30% of its 2020 RES obligation to meet its 2021 RES compliance. It also utilizes the 2021 REC market prices provided in its response to Division 1-9.

<u>Component</u>	<u>Costs (\$)</u>
Transactions for Existing RECs	116,518
2020 Banked New RECs	7,438,417
RE Growth Program New RECs	8,575,255
Long-Term Renewable Contracts New RECs	9,132,188
Total	25,262,378

- b. The Company does not specifically track administrative costs associated with its RES compliance. Any administrative costs to comply with the RES are included in the Last Resort Service (LRS) Administrative Cost Factor because RES compliance is applicable to the LRS customers. Additionally, the Company did not utilize environmental brokers to comply with its 2020 RES obligation and expects it will be able to meet its 2021 RES obligation without environmental brokers. The New RES obligation is expected to be met by the supply of RECs from the Long-Term Renewable Contracts and the RE Growth Program. The Existing RES obligation is expected to be met by the issuance of standalone REC Request for Proposals.

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Division 1-14

Request:

Please provide actual costs for 2020, broken out by:

- a. Each component, for example existing Long-Term Renewable Contracts, existing RE Growth Program, new Long-Term Renewable Contracts, and new RE Growth Program.
- b. Cost categories, for example administrative costs and broker fees.

Response:

Actual costs for the 2020 RES compliance year cannot be determined, at this time, for several reasons. The final loads for the Company's Standard Offer Service customers are not yet available. Additionally, the Company has not made all its REC purchases to meet the RES. Finally, there is uncertainty regarding the final number of RECs banked from 2019.¹

- a. The table below includes estimated costs of the 2020 RES Plan. The Company uses initial load data when final load data is not available. The Company utilizes market prices for RECs it has not yet procured. Finally, for this estimate of total costs the Company assumes its 2019 banked REC supply remains intact and that it does not apply 2019 RECs to its 2017 and 2018 obligation.

Component	Costs (\$)
Transactions for Existing RECs	68,529
2019 Banked New RECs	2,777,862
RE Growth Program New RECs	3,985,997
Long-Term Renewable Contracts New RECs	17,224,484
Total	24,056,871

- b. The Company does not specifically track administrative costs associated with its RES compliance. Any administrative costs to comply with the RES are included in the Last Resort Service (LRS) Administrative Cost Factor because RES compliance is applicable to the LRS customers. Additionally, the Company did not utilize environmental brokers

¹ On July 2, 2020, the Company petitioned the Rhode Island Public Utilities Commission to revise its 2017 and 2018 RES compliance filings and proposed applying 27,790 RECs banked in 2019 to its 2017 and 2018 obligations. The petition was docketed as RIPUC Docket No. 5041. The Company had petitioned to lower the number of banked RECs for use for the 2020 RES Plan. The Commission dismissed the Company's petition without prejudice at an Open Meeting on July 23, 2020, and this matter remains pending. PUC Order 23870 (July 30, 2020). Thus, it is possible that a similar petition may be approved in the future.

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to comply with its RES obligation. The New RES obligation will be met by the supply of RECs from the Long-Term Renewable Contracts and the RE Growth Program. The Existing RES obligation is expected to be met by a final standalone REC Request for Proposals.

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Division 1-15

Request:

Will the changes proposed in 2021 increase administrative costs and broker fees as compared to 2020? Please explain.

Response:

As noted in its response to data request Division 1-13, the Company does not specifically track administrative costs associated with its Renewable Energy Standard (RES) compliance. Such costs are included in the Last Resort Service (LRS) Administrative Cost Factor because RES compliance is applicable to the LRS customers. At this time, the Company does not expect its proposed changes to the 2021 RES Plan to result in increased administrative costs included in the LRS Administrative Cost Factor compared to the 2020 RES Plan.

One of the Company's proposed changes to the 2021 RES Plan would allow the Company to procure RECs through online broker platforms, an activity that could result in fees. However, the Company did not utilize environmental brokers to comply with its 2020 RES obligation, and it expects that it will be able to meet its 2021 RES obligation without environmental brokers. The New RES obligation is expected to be met by the supply of RECs from the Long-Term Renewable Contracts and the RE Growth Program. The Existing RES obligation is expected to be met by the Company's issuance of standalone REC Request for Proposals.

The Company's 2021 RES Plan includes a proposal to sell RECs rather than bank them if it is financially advantageous to do so. This may mean that the Company sells more RECs in 2021, as compared to 2020. The Company intends to sell these RECs through a Request for Bids (RFB) process. However, the Company may also utilize environmental brokers and/or online broker platforms to sell these additional RECs. The Company has utilized environmental brokers to complement its RFBs and sold a portion of its 2019 and 2020 New RECs via environmental brokers. Typically, a broker fee is 25 cents or less per REC. To date, the Company's broker fees have totaled \$5,000 or less each of the last two years.¹

It is possible that, due to increased REC sales, there may be higher broker fees in 2021 compared to 2020. However, the Company will only consider using environmental brokers if there is a financial benefit for its customers. These broker fees would be included in the LTC Recovery Factor reconciliation and the RE Growth Factor reconciliation, as applicable, as a slight reduction to REC proceeds.

¹ REC sales for 2020 are still ongoing.