

Granite State Electric Company
d/b/a National Grid

Default Service

ORIGINAL	
N.H.P.U.C. Case No.	DG 10-020
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Witness	Panel #1
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For the Period Beginning
February 1, 2011

Testimony and Schedules
of
Margaret M. Janzen
and
John O. Leana

December 13, 2010

Submitted to:
New Hampshire Public Utilities Commission
Docket No. 10-020

Submitted by:

nationalgrid

DIRECT TESTIMONY
OF
MARGARET M. JANZEN
AND
JOHN O. LEANA

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1 **I. Introduction**

2 Margaret M. Janzen

3 Q. Please state your name and business address.

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

6

7 Q. Please state your position.

8 A. I am the Director of Electric Supply and Distributed Generation for National Grid USA
9 Service Company, Inc. I oversee the procurement of energy, capacity and ancillary
10 services, portfolio hedging strategies and other energy supply related activities, as well as
11 the interconnections of unaffiliated generating units to the electric distribution systems,
12 for National Grid's operating companies, including Granite State Electric Company d/b/a
13 National Grid ("Granite State" or "Company"). For Granite State, these activities include
14 the procurement of power for Default Service as well as the procurement of renewable
15 energy certificates ("RECs").

16

17 Q. Will you describe your educational background and training?

18 A. I graduated from The Cooper Union in 1993 with a Bachelor of Engineering in Civil
19 Engineering. I received a Masters in Business Administration in Finance from Baruch
20 College in 2000.

21

22 Q. What is your professional background?

1 A. In July 1993 I joined the Brooklyn Union Gas Company as a Management Trainee and
2 Associate Engineer in the Project Engineering Department. In September 1997 I
3 accepted a position as an analyst in the Strategic Planning Department, and the name of
4 the company was changed to KeySpan Corporation. In August 1999 I became Manager
5 of the Capital Markets group in the Treasury Department and was responsible for
6 hedging of the corporate bond portfolio as well as new equity and debt issuances for
7 KeySpan. In August 2003 I moved to the Investor Relations Department, providing
8 financial and strategic information regarding the company to the investment community.
9 In March 2006 I joined the Regulatory Department and became Manager of the Gas
10 Pricing group, working on gas rate cases, regulatory mechanisms, implementation and
11 compliance. In March 2008 I accepted my current position of Director of Electric Supply
12 and Distributed Generation.

13

14 Q. Have you previously testified before the New Hampshire Public Utilities Commission
15 (“Commission”)?

16 A. Yes.

17

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

19 A. Yes. I have testified before the Rhode Island Public Utilities Commission regarding
20 electric supply procurement activities.

21

22 John O. Leana

23 Q. Please state your name and business address.

1 A. My name is John O. Leana and my business address is 300 Erie Boulevard West,
2 Syracuse, New York 13202.

3

4 Q. Please state your position and responsibilities.

5 A. I am the Director of Meter Data Services and have responsibility for electric and gas
6 retail and wholesale meter data collection and management, electric wholesale market
7 settlement; and load research for National Grid USA's electric operations. With respect
8 to electric wholesale market settlement, I am responsible for overseeing the energy and
9 ICAP settlements for the New England and New York wholesale and retail markets,
10 which are upstate and downstate New England and the New York markets.

11

12 Q. Will you describe your educational background and training?

13 A. I received a Bachelor of Science Degree from Clarkson University in 1988 and a Master
14 of Science Degree in Electrical Engineering from the same institution in 1989. In 1998 I
15 graduated from Oswego State University with a Master of Science Degree in Business
16 Administration.

17

18 Q. What is your professional background?

19 A. In 1989, I joined Niagara Mohawk Power Corporation ("Niagara Mohawk") and have
20 held various positions of increasing responsibility with Niagara Mohawk and National
21 Grid USA in the areas of Transmission Planning, Corporate Planning, Finance, Merger
22 Integration, and Credit and Collections. I assumed my current role as director of Meter
23 Data Services in 2007.

1 Q. Have you previously testified before the New Hampshire Public Utilities Commission
2 (“Commission”)?

3 A. No.
4

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

6 A. Yes. I have testified before the New York Public Service Commission.
7

8 **II. Purpose of Testimony**

9 Q. Ms. Janzen, what is the purpose of your testimony?

10 A. The purpose of my testimony is to request approval of the Default Service rates for the
11 Large and Medium Commercial and Industrial Customer Group (“Large Customer
12 Group”¹) resulting from Granite State’s recent procurement of Default Service power
13 supply. To support this request, I will describe the process used by Granite State to
14 procure Default Service for the Large Customer Group for the three-month period
15 February 1, 2011 through April 30, 2011. My testimony presents Granite State’s
16 proposed Default Service rates, including rate adjustments, for usage on and after
17 February 1, 2011, in accordance with the Default Service Adjustment Provision and
18 Default Service Cost Reclassification Adjustment Provision of the Company’s tariff, and
19 the Settlement Agreement in Docket No. DE 05-126, approved by Order No. 24,577
20 (January 13, 2006) (“Settlement Agreement”). My testimony will also describe how the
21 Company proposes to meet the Renewable Portfolio Standard obligation.

22 Q. Mr. Leana, what is the purpose of your testimony?

¹ Customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of

1 A. The purpose of my testimony is to provide an update on the replacement of the meter at
2 the Tewksbury Substation.

3

4 **III. Bidding Process**

5 Q. Why does Granite State need to procure Default Service for the Large Customer Group
6 for the period beginning February 1, 2011?

7 A. Granite State's currently effective Default Service supply contract for the Large
8 Customer Group expires on January 31, 2011. Therefore, to assure that Default Service
9 will continue to be available to these customers, Granite State requires a new Default
10 Service supply arrangement beginning February 1, 2011.

11

12 Q. Please describe the process Granite State used to procure its Default Service supply.

13 A. Granite State conducted the procurement of Default Service supply in accordance with
14 applicable law including Granite State's Second Amended Restructuring Settlement
15 Agreement ("Restructuring Settlement"), RSA 374-F (the "New Hampshire Act"), and
16 the terms of the Settlement Agreement approved by the Commission pursuant to Order
17 No. 24,577 issued on January 13, 2006 in Docket No. DE 05-126² (the "Order"). Granite
18 State and its retail distribution affiliates in Massachusetts, Massachusetts Electric
19 Company and Nantucket Electric Company (together "Mass. Electric") (all three
20 companies together "National Grid"), issued a joint request for proposals ("RFP") for

the Company's Retail Delivery Tariff.

² The Order granted Granite State's August 1, 2005 Petition for Post-Transition Service Default Service Proposal as amended by the Post-Transition Service Default Service Proposal Settlement Agreement filed with the Commission on November 18, 2005 ("Settlement Agreement"). Granite State's original proposal filed August 1, 2005 and the subsequent Settlement Agreement will together be referred to as the "Settlement Agreement" throughout my testimony.

1 certain power supply services (including Granite State's Default Service) from suppliers.

2 The RFP sought a supply for Granite State's Default Service and a portion of Mass.
3 Electric's Basic Service supply. This is consistent with the process approved by the
4 Commission in the Order. This process is also consistent with past procurements.³

5
6 Q. Could you describe the nature of the RFP that National Grid issued?

7 A. On November 5, 2010, National Grid issued an RFP to approximately twenty-five
8 potential suppliers soliciting power supplies for the period February 1, 2011 through
9 April 30, 2011. National Grid also distributed the RFP to all members of the NEPOOL
10 Markets Committee and posted the RFP on its energy supply website. As a result, the
11 RFP had wide distribution throughout the New England energy supply marketplace. The
12 RFP requested fixed pricing for each month of service on an as-delivered energy basis.
13 Prices could vary by month and by service – that is, the prices did not have to be uniform
14 across the entire service period or between Granite State and Mass. Electric. A copy of
15 the RFP is provided as Schedule MMJ-1.

16
17 Q. Are the Company's Default Service rates consistent with least cost resource planning?

18 A. Yes. While the Company has received a waiver from the Commission regarding its
19 compliance with an Integrated Least Cost Resource Plan for generation issues, the
20 Company has conducted its Default Service RFP process in a manner that is consistent

³ See e.g., Order No. 24,736 at 10 (March 26, 2007), Order No. 24,764 at 9 (June 22, 2007), Order No. 24,787 at 11 (September 21, 2007), Order No. 24,810 at 10-11 (December 17, 2007), Order No. 24,836 at 11-12 (March 21, 2008), Order No. 24,862 at 9-10 (June 20, 2008), Order No. 24,902 at 12-13 (September 29, 2008), Order No. 24,922 at 13-14 (December 19, 2008), Order No. 24,953 at 12-13 (March 23, 2009), Order No. 24,981 at 11 (June 19, 2009), Order No. 25,013 at 11-12 (September 21, 2009), Order No. 25,055 at 10-11 (December 21, 2009) Order No. 25,083 at 15 (March 22, 2010), Order No. 25,117 at 11 (June 18, 2010), and Order No. 25,150 at 11 (September

1 with least cost planning principles. The Company's proposed Default Service rates are
2 the result of a competitive bidding process used to procure the Company's power
3 obligations. This is consistent with least cost planning goals, which are to minimize costs
4 in the procurement of energy.

5
6 **IV. Results of Bidding**

7 Q. Did Granite State receive responses to the RFP?

8 A. Yes. Indicative proposals were received on December 1, 2010. Final proposals were
9 received on December 8, 2010. None of the bidders made their provision of Granite
10 State's Default Service contingent upon the provision of any other service. A summary
11 of the RFP process and bid evaluation is included in Schedule MMJ-2.

12
13 Q. How do the current futures prices for electricity and natural gas compare to the futures
14 prices at the time of the June 9, 2010 and September 15, 2010 RFPs?

15 A. The futures market prices for electricity and natural gas at the time of the June 9, 2010
16 and September 15, 2010 procurements as well as current futures market prices are shown
17 in Schedule MMJ-3.

18
19 Q. Did Granite State select any of those proposals?

20 A. Yes. Granite State evaluated the bids received and selected the supplier that (i) provided
21 a bid that was conforming to the RFP, (ii) had the lowest price, (iii) met the credit
22 requirements described in the RFP, and (iv) passed our qualitative evaluation. On

1 December 8, 2010, Granite State entered into a wholesale Transaction Confirmation with
2 DTE Energy Trading, Inc. (“DTE”), the winning bidder for the Large Customer Group
3 block, to provide Default Service to the Large Customer Group for the three-month
4 period February 1, 2011 through April 30, 2011. Together, a Transaction Confirmation
5 and a Master Power Agreement provide the terms for the purchase of Default Service
6 from a supplier. A copy of the DTE Master Power Agreement was filed with the
7 Commission on December 14, 2009 in Docket No. DE 09-010. A copy of the
8 Transaction Confirmation between Granite State and DTE, with certain confidential
9 sections redacted, is attached hereto as Schedule MMJ-4. Granite State is filing the
10 Transaction Confirmation with the Commission pursuant to a Motion for Confidential
11 Treatment. Although the Transaction Confirmation and Master Power Agreement have
12 differences from the sample power supply agreement in the Settlement Agreement
13 approved by the Commission, the executed documents do not shift any of the risks or
14 obligations described in the sample power supply agreement provided in the Settlement
15 Agreement.

16
17 **V. Renewable Portfolio Standard**

18 Q. What is the Renewable Portfolio Standard (“RPS”) obligation for 2011?

19 A. As specified in the RPS law⁴, the RPS obligation for calendar year 2011 is a minimum of
20 nine and fifty-eight one hundredths percent (9.58%) of Granite State’s Default Service
21 load, of which at least two percent (2.0%) can come from Class I New Renewable Energy
22 Resources, at least eight hundredths percent (0.08%) can come from Class II Solar

⁴ N.H. RSA 362-F.

1 Energy Resources, at least six and one-half percent (6.5%) can come from Class III
2 Existing Renewable Energy Resources and at least one percent (1.0%) can come from
3 Class IV Existing Renewable Energy Resources.
4

5 Q. How does Granite State expect to satisfy its RPS obligations consistent with the RPS
6 rules as promulgated by the Commission?

7 A. On February 18, 2009, Granite State entered into an amended settlement agreement with
8 Commission Staff and the Office of Consumer Advocate, intended to resolve all issues
9 associated with the process by which Granite State would comply with the requirements
10 of the RPS law and the Puc 2500 rules (“Amended RPS Settlement”). The Amended RPS
11 Settlement was approved by the Commission on March 23, 2009 in Order No. 24,953.
12 As specified in the Amended RPS Settlement, Granite State requested bidders to provide
13 a separate RPS compliance adder with their bids. This RPS compliance adder is the
14 incremental charge by a bidder for agreeing to take on the RPS obligation with the
15 Default Service obligation.
16

17 Q. What were the criteria Granite State used to evaluate the RPS compliance adders
18 provided by the bidders?

19 A. Granite State evaluated the RPS compliance adders by comparing them to Granite State’s
20 most recent solicitation for New Hampshire RECs. The RPS compliance adder from the
21 winning bidder for the Large Customer Group was above Granite State’s market
22 estimate. As a result, Granite State did not accept the winning bidder’s RPS compliance
23 adder. Granite State plans to issue an RFP in the future for the acquisition of RECs. If

1 Granite State is unable to purchase sufficient RECs to meet its NH RPS obligations, it
2 will then, consistent with the RPS rules, make an Alternative Compliance Payment
3 (“ACP”) to the Renewable Energy Fund.
4

5 Q. Is Granite State proposing any changes to the RPS compliance adder at this time?

6 A. Yes. Granite State is proposing to change the Commission-approved RPS compliance
7 adder in order to reflect the changes in estimated market costs to meet RPS obligations
8 required in the RPS regulations as described previously. The Company is proposing a
9 new RPS adder for the Large Customer Group.
10

11 Q. What is the Company proposing for changes to the RPS adders the Large Customer
12 Group?

13 A. Effective February 1, 2011, the Company is proposing to reduce the RPS adder for the
14 Large Customer Group from 0.208¢ per kWh to 0.186¢ per kWh.
15

16 Q. How did Granite State calculate the RPS adders for 2011?

17 A. As shown in Schedule MMJ-5, Granite State calculated the wholesale RPS costs on a per
18 MWh basis. The Company then converted the wholesale RPS costs to a retail cost by
19 dividing the calculated costs by ten in order to convert from a \$ per MWh wholesale cost
20 to a ¢ per kWh rate for retail use.
21

22 Q. What costs did Granite State use to develop its RPS adders?

1 A. As a proxy for actual RPS costs, the RPS adders are based on the recent Company
2 purchases of 2011 Class I, Class II, and Class IV RECs and the estimated market rate for
3 the Class III RECs.

4
5 Q. What happens if Granite State's actual RPS compliance costs are different from that used
6 in calculating the RPS adders?

7 A. Granite State will reconcile its costs to comply with the RPS with the revenue billed to
8 customers from the RPS adders. This will occur as part of the Company's annual
9 reconciliation which occurs in December of each year.

10
11 Q. Has Granite State been able to contract for RECs?

12 A. Yes. In November of this year Granite State issued a RFP to procure RECs to approved
13 New Hampshire renewable generators, generators in the process of applying for approval
14 to generate New Hampshire RECs, as well as other REC suppliers, for its 2010 and 2011
15 RPS obligations. The Company received bids for RECs and contracted for Class I, Class
16 II, and Class IV RECs for both years. The Company also contracted for 2010 Class III
17 RECs. Granite State shared the results of its RFP with Staff prior to executing a contract
18 for the purchase of RECs.

19
20 Q. When will Granite State issue the next REC RFP?

21 A. Granite State will issue a REC RFP within the next six months to procure RECs to satisfy
22 the 2010 and the 2011 RPS obligations. Granite State will attempt to procure the
23 quantity of RECs necessary to satisfy the 2010 and 2011 obligations for load that will be

1 serviced under Default Service supply contracts.

2
3 **VI. Default Service Commodity Costs and Retail Rates**

4 Q. Please summarize the commodity cost at the retail meter based on Granite State's
5 expected procurement cost used to develop the proposed retail rates.

6 A. Granite State estimates the procurement costs for Default Service at the retail customer
7 meter for each month to be as set forth in Schedule MMJ-6. The load-weighted average
8 of the commodity costs for the Large Customer Group is 7.029¢ per kWh compared to
9 the load-weighted average of 6.946¢ per kWh for the period November 2010 through
10 January 2011. The commodity costs at the retail customer meter (¢ per kWh) were
11 calculated by multiplying the commodity costs at the wholesale level (\$ per MWh) by the
12 applicable loss factor and then dividing the results by ten. The applicable loss factors can
13 be found in the RFP summary in Schedule MMJ-2.

14
15 Q. What are the Default Service rates that the Company is proposing for the Large Customer
16 Group?

17 A. As presented in Schedule MMJ-6, the Company is proposing monthly Default Service
18 rates for the Large Customer Group based on the three monthly contract prices contained
19 in the supply agreement with the winning Default Service supplier for the Large
20 Customer Group. These base rates are adjusted by the currently effective Default Service
21 Cost Reclassification Adjustment Factor to recover administrative costs associated with
22 Default Service in accordance with the Fourth Revised Page 93 of Granite State's tariff.
23 On line (3) these rates are further adjusted by the currently effective Default Service

1 Adjustment Factor in accordance with the Second Revised Page 87 of Granite State's
2 tariff. Finally, on line (4) these rates are adjusted by the proposed RPS adder discussed
3 above. As displayed on line (9), the proposed base Default Service rates for the Large
4 Customer Group are 7.400¢ per kWh, 7.449¢ per kWh, and 7.282¢ per kWh for the
5 months of February 2011 through April 2011.
6

7 Q. How will Granite State reconcile any difference in costs associated with Default Service?

8 A. To the extent that the actual cost of procuring Default Service varies from the amounts
9 billed to customers for the service, Granite State will continue to reconcile the difference
10 through a reconciliation mechanism pursuant to Granite State's Default Service
11 Adjustment Provision contained in its currently effective tariff on Second Revised Page
12 87.
13

14 Q. How and when is the Company proposing that these rate changes be implemented?

15 A. Consistent with the Commission's rules on the implementation of rate changes, the
16 Company is proposing that these Default Service rates become effective for service
17 rendered on and after February 1, 2011.
18

19 Q. Has the Company determined the impact of these proposed rate changes on customer
20 bills?

21 A. Yes. The Company has provided typical bill impacts in Schedule MMJ-7. For customers
22 in the Large Customer Group illustrative bill impacts for the three-month period ending

1 April 2011 a range of 0.8% to 0.9% as compared to the three-month period ending
2 January 2011.

3
4 Q. Has the Company prepared a revised Summary of Rates tariff page reflecting the
5 proposed rates?

6 A. No. The Company has already submitted a revised Summary of Rates tariff page
7 reflecting proposed rates for January 1, 2011 in Docket No. DE 10-307. Upon receiving
8 orders in Docket No. DE 10-307 and in this proceeding, the Company will file a revised
9 Summary of Rates tariff page, reflecting the appropriate approved rates.

10
11 Q. Has Granite State included the most recent quarterly report of migration information
12 based on monthly migration by customer class and load, as required by the Commission's
13 Order No. 24,715 in Docket No. DE 06-115?

14 A. The quarterly report of customer migration information for the third quarter of calendar
15 year 2010 is included as Schedule MMJ-8.

16
17 **VII. Tewksbury Meter Update**

18 Q. In Order No. 25,083, the Commission required the Company to keep the Commission
19 apprised of the status of the Tewksbury meter replacement. Have there been any changes
20 to the status of the replacement since the Company filed its last quarterly report with the
21 Commission on September 30, 2010?

22 A. Yes. In its September 30 report, the Company informed the Commission that it was
23 working to replace the meter and instrument transformers. Based on engineering

1 projections at that time, the project was estimated to be completed by February 2011.

2 Since that time, a more detailed engineering project plan has been established that also
3 considers ISO-NE constraints regarding when a transmission outage can be taken to
4 complete the work. The new projected completion date is November 2011, which also
5 reflects a significant change in approach and work scope, based on field investigation and
6 engineering decision making. Initially, the approach was a “reclassification” of the
7 meter. The new approach requires the replacement of the meter and instrument
8 transformation equipment in its entirety.

9
10 Q. Please explain what it means to “reclassify” a metering installation.

11 A. In cases where a metering circuit has not been providing revenue grade metering accurate
12 results, metering accuracy issues may be resolved by obtaining real time simultaneous
13 highly accurate measurements from a temporarily installed primary current or voltage
14 sensor on the designated transmission line. This type of solution, often referred to as
15 “metering circuit reclassification,” has been successful where the designated site has one
16 current transformer per phase and one voltage transformer per phase providing
17 measurements for each phase of the designated transmission circuit. Reclassification
18 software then analyzes data from the temporarily installed highly accurate current and
19 voltage transformers. This highly accurate data is compared simultaneously with the
20 existing current and voltage transformers data and establishes the appropriate ratio
21 correction factors. These correction factors are then applied real time to the existing
22 instrument transformation at the site. The reclassified measurement circuit then provides
23 revenue accurate measurement data and is used to reflect the energy reported for

1 wholesale settlement at that data point.

2

3 In this case, the Company initially believed that it could resolve the measurement issues
4 associated with the Tewksbury metering circuit through reclassification of the meter.

5 This approach is preferable, where technically applicable, because a reclassification
6 solution eliminates the need to purchase new instrument transformers and can be
7 implemented without a line outage; thereby it substantially reduces the time and
8 expenditures required for the upgrade of the measurements at any designated site.

9

10 Q. Why is meter reclassification not preferable with the Tewksbury meter?

11 A. After completing a technical site analysis and analyzing the energy measurements at the
12 Tewksbury meter, the Company determined, through engineering analysis, that the
13 existing metering and instrument transformation equipment, including the relative sizing
14 of the current transformers, is not typical when compared to other existing transmission
15 tie point installations, and that as a result, reclassification of the meter would not be
16 preferable. Reclassification was not considered the best approach for the Tewksbury
17 Substation because the existing current transformers are not sensitive enough to measure
18 the full dynamic range of current seen at this location. The preferred remediation is to
19 replace the current transformers at 800:5 with a rating factor of 4 thus allowing a
20 sensitive and revenue grade accuracy measurement over the full range of current seen at
21 this location. Based on this analysis, the Company has determined that it must replace
22 the existing transformers, capacitor voltage transformers and install a revenue grade
23 meter at Tewksbury in order to resolve the meter accuracy issues.

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Q. What is the projected completion date for the repair based on this change in approach?

A. The Company estimates that the repair will be complete in November 2011. There is an 18 week lead time for the ordering and receipt of instrument transformation equipment and the repair also requires a transmission outage which cannot be scheduled during the summer months. The outage must ultimately be approved by the ISO-NE.

Q. Will replacement of the meter, transformers and capacitor voltage transformers resolve the meter accuracy issues?

A. Yes. The Company believes that replacement of the equipment will resolve the outstanding issues. After installation, the Company will monitor closely the meter's performance to determine whether all measurement issues have been resolved.

Q. Will the Company keep the Commission informed of the status of this project?

A. Yes. The Company will continue to provide updates to the Commission every quarter on the status of the meter replacement as well as any power cost-resettlements with ISO-NE relating to measurement or modeling problems linked to the meter.

Q. Does the Company anticipate that there will be any power cost resettlements with ISO-NE?

A. No.

1 **VIII. Conclusion**

2 Q. When will Granite State issue the next RFP for Default Service?

3 A. The Large Customer Group rates proposed in this filing end on April 30, 2011. Per the
4 terms of the Settlement Agreement, Granite State will issue an RFP for the Large
5 Customer Group and the Small Customer Group in February 2011. For purposes of
6 notice to the Commission, the following table illustrates National Grid's proposed
7 timeline for the next two RFPs:

RFP	Feb 2011 RFP	May 2011 RFP
RFP Issued	February 4, 2011	May 6, 2011
Indicative Bids Due	March 2, 2011	June 1, 2011
Final Bids Due	March 9, 2011	June 8, 2011
Contract Execution	March 10, 2011	June 9, 2011
Default Service Filing to Commission	March 15, 2011	June 14, 2011
Commission Order Needed	March 22, 2011	June 21, 2011
Service Begins	May 1, 2011	August 1, 2011

8
9 Q. Are there any proposed changes to the calendar for the February 2011 RFP that was
10 previously submitted in this Docket?

11 A. Yes. Pursuant to the Settlement Agreement, the Company must make its Default Service
12 filing no later than three business days following execution of the contract(s) with the
13 winning bidder(s). In order to provide the staff with more time to review the filing, the
14 Company typically makes its Default Service filing two business (2) days following
15 execution of contract(s) with the winning bidder(s). Because of the complexity of the
16 March filing related to the February 2011 RFP, the Company is requesting a change to
17 the previously supplied schedule to allow it to submit the Default Service Filing to the

1 Commission on March 15, 2011 rather than March 14, 2011. To afford the staff the same
2 amount of time to review the filing, the Company is also proposing to change the
3 requested date for a Commission order from March 21, 2011 to March 22, 2011.

4

5 Q. Does this conclude your testimony?

6 A. Yes. It does.

Schedules
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Schedule MMJ-6	Summary of Large Customer Group Default Service Rates
Schedule MMJ-7	Typical Bill Impacts
Schedule MMJ-8	Quarterly Customer Migration Report

SCHEDULE MMJ – 1

Default Service RFP

February 1, 2011 through April 30, 2011

Request for Power Supply Proposals to Provide the Following Services:

Default Service in:
Massachusetts
New Hampshire

For the Period:

February 1, 2011 –
April 30, 2011

November 5, 2010

nationalgrid

REQUEST FOR POWER SUPPLY PROPOSALS

1. Overview

1.1 Background

Legislation and restructuring settlement agreements in Massachusetts¹ and New Hampshire² provide for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The Massachusetts Act provides access to the competitive retail electricity market for all retail customers of National Grid in Massachusetts (Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid) as of March 1, 1998. The Massachusetts Act requires each distribution company to provide default service (“MA Default Service”) to those customers that are not receiving generation service from a competitive supplier.

In New Hampshire, the Restructuring Settlement provides access to the competitive retail electricity market for all retail electric customers of National Grid in New Hampshire (Granite State Electric Company d/b/a National Grid) as of July 1, 1998 pursuant to the provisions of the New Hampshire Act. The Restructuring Settlement and the New Hampshire Act require National Grid to provide default service (“NH Default Service”) to those customers that are not receiving generation service from a competitive supplier³.

MA Default Service and NH Default Service together will be referred to as “Default Service”.

1.2 MA Default Service

The Massachusetts Act requires MA Default Service to be competitively procured. The Massachusetts Department of Telecommunications and Energy (“MDTE”) initiated a generic proceeding on rules and procedures for the provision and pricing of MA Default

¹ Act Relative to Restructuring the Electric Utility Industry in the Commonwealth, Regulating the Provision of Electricity and Other Services, and Promoting Enhanced Consumer Protections Therein, Chapter 164 of The Massachusetts Acts of 1997 (“Massachusetts Act”).

² Granite State Electric Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”) and RSA 374-F (“New Hampshire Act”).

³ The New Hampshire Act specifies that Transition Service ends at midnight on April 30, 2006. All Transition Service customers who did not choose a competitive supplier by April 30, 2006 began receiving NH Default Service on May 1, 2006. A settlement agreement approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577 provides for the procurement of NH Default Service commencing May 1, 2006 (“DS Settlement Agreement”).



Service⁴. The MDTE ordered all electric companies in Massachusetts to procure MA Default Service through competitive solicitations by customer group (residential, commercial and industrial) and to procure such power at fixed monthly prices⁵. The MDTE also ordered electric companies to procure power for each customer group on a zone-specific basis based on the three Standard Market Design (“SMD”) Load Zones in Massachusetts⁶. Retail pricing for MA Default Service is to be provided on a zone-specific basis for the industrial customer group while retail MA Default Service prices for the residential and commercial customer groups are to be averaged across the zones served by the utility.

The MDTE also ordered electric companies to procure power for the industrial customer group (i.e., larger customers) on a quarterly basis⁷.

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its MA Default Service requirements.

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

1.3 Massachusetts Customer Groups

For the purposes of this solicitation, the Massachusetts customer groups are defined as:

Customer Group	Rate Class
Residential	R-1, R-2, R-4 and R-E
Commercial	G-1 and street lights
Industrial	G-2 and G-3

1.4 NH Default Service

The DS Settlement Agreement in New Hampshire and the New Hampshire Act require National Grid to provide NH Default Service to those customers that are not receiving generation service from a competitive energy supplier. In compliance with the DS Settlement Agreement, National Grid will procure NH Default Service by customer group (small customer group and large customer group). For the large customer group, National Grid will procure 100% of their NH Default Service supply for a three-month period.

⁴ Docket D.T.E. 99-60.

⁵ See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

⁶ See Docket D.T.E. 02-40-A.

⁷ See Docket D.T.E. 02-40-C.



National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its NH Default Service requirements.

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

1.5 New Hampshire Customer Groups

For the purposes of this solicitation, the New Hampshire customer groups are defined as:

Customer Group	Rate Class
Small Customer Group	D, D-10, G-3, M, T and V
Large Customer Group	G-1 and G-2

2. Description of Services

2.1 Description

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

- A brief description of MA Default Service;
- A brief description of NH Default Service;
- The eligibility requirements for a customer to obtain or leave Default Service.

2.2 Expected Loads

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

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

For MA Default Service:

- Aggregate historical wholesale hourly load information for MA Default Service (since March 1, 1998);
- Aggregate historical wholesale hourly loads for MA Default Service by customer group (since November 1, 2000);



- Historic hourly loads by SMD Load Zone and customer group for MA Default Service (since March 1, 2003);
- Reports showing the number of customers enrolled in various electric services and energy consumption at retail by rate class can be found at the Division of Energy Resource's ("DOER") Electric Deregulation page;
- Marlborough Aggregation customer count and historical wholesale load information (since January 2006).

For NH Default Service:

- Aggregate historical wholesale hourly load information for NH Default Service (from December 1, 2002 to April 30, 2006);
- Aggregated historical hourly load information for NH Default Service (since May 1, 2006)

For All Services:

- Class average load shapes at the retail meter point;
- Historical customer counts, as of the last billing day in each month, by each National Grid company, SMD Load Zone (since March 1, 2003) and rate class. These counts represent the number of active accounts in each rate class as of the last billing day in each month;
- Historical customer counts for customers taking service from a competitive supplier, as of the last billing day in each month, by rate class.
- ICAP tags as of the last day of the month for each load asset.

Please use the following link to access the site:

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

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

2.3 Load Blocks

National Grid's total Default Service requirements covered by this RFP are broken down into the following 4 load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	SEMA	100%	MA Default Service	02/01/11 – 04/30/11
B	Industrial	WCMA	100%	MA Default Service	02/01/11 – 04/30/11
C	Industrial	NEMA	100%	MA Default Service	02/01/11 – 04/30/11
D	Large	NH	100%	NH Default Service	02/01/11 – 04/30/11



The load blocks in the SEMA Load Zone include National Grid's customers on the Island of Nantucket.

A Respondent may bid on any number of load blocks that it wishes to serve. A Respondent wishing to serve the entire load for a particular customer group should submit a bid for each load block of that customer group. Respondents may not limit the amount of service that may be purchased for a given load block. Proposals that contain limits on the amount of service provided will be rejected⁸.

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

2.4 Massachusetts Retail Customer Rates

During the term of service covered by this RFP, National Grid intends, in accordance with MDPU orders, to establish retail rates for generation service for MA Default Service customers ("Basic Service Rates"). Such Basic Service Rates will reflect National Grid's purchase costs for such service due to commitments made as a result of this and previous RFPs and those costs associated with arranging MA Default Service (see below).

The retail rates for the industrial customer group will vary by SMD Load Zone based on the winning bids. National Grid will file proposed Basic Service Rates with the MDPU following execution of an agreement(s) with a winning supplier(s). The Basic Service Rates charged to retail customers during the term of service covered by this RFP will be as ultimately approved by the MDPU.

In Docket D.T.E. 02-40-B, the MDTE determined that it is appropriate to include other costs an electric company incurs in providing MA Default Service in its Basic Service Rates. In Docket D.T.E. 03-88-E, the MDTE ordered National Grid to include those costs associated with arranging MA Default Service in its Basic Service Rates. National Grid implemented this change with the Default Service Cost Reclassification Adjustment Provision (MDPU No. 1162) to include such charges with the provision of MA Default Service to its customers.

2.5 New Hampshire Retail Customer Rates

During the term of service covered by this RFP, National Grid intends, in accordance with the DS Settlement Agreement, to establish retail rates for generation service for NH Default Service customers ("Energy Service Rates"). The Energy Service Rates will reflect National Grid's purchase costs for such service due to commitments made as a

⁸ For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period (for example, 100% of the total load of the Industrial customer group in the SEMA Load Zone). The Respondent may not offer to serve Block A provided that the amount of service purchased does not exceed [specified value] MW in any hour.



result of this RFP. The DS Settlement Agreement also requires National Grid to include in its Energy Service Rates a surcharge to account for the administrative costs associated with NH Default Service. The Energy Service Rates will be as ultimately approved by the New Hampshire Public Utilities Commission (“NHPUC”).

2.6 Effectiveness of Contracts

Any agreement(s) entered into for the delivery of MA Default Service pursuant to this solicitation will be subject to the MDPU’s favorable review of the results of National Grid’s solicitation for Default Service. Section 1 of the Massachusetts Master Power Agreement Form of Confirmation addresses the possibility that the MDPU does not favorably review the results of National Grid’s solicitation for Default Service.

Any agreement(s) entered into for the delivery of NH Default Service pursuant to this solicitation will be subject to the approval by the NHPUC of the retail rates prior to the agreement(s) becoming effective. Section 1 of the New Hampshire Master Power Agreement Form of Confirmation addresses the possibility that the NHPUC may not approve the retail rates.

3. General Provisions

3.1 Terms and Conditions

The winning Supplier(s) will be selected to provide Default Service to the applicable customer groups/load blocks during the term covered by this RFP. Up to four (4) separate Suppliers may be selected – one for each load block. Default Service will be provided by such Supplier(s) to National Grid in accordance with the terms and conditions of the Master Power Agreements. A copy of the Master Power Agreement for Massachusetts is provided in Appendix B, a copy of the Master Power Agreement for New Hampshire is provided in Appendix C.

All Respondents must have an updated executed Master Power Agreement(s) prior to the indicative bid date.

The winning Supplier(s) will be required to execute the applicable confirmation(s) within three (3) business days of being notified that it has been selected as the winning Supplier. Under Article 7 of the Master Power Agreement, failure of the winning supplier to deliver Requirements would constitute an event of default under the agreement, allowing National Grid to terminate and recover liquidated damages from the supplier.

3.2 Proposal Process and Submission Dates

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

Process Step	Date
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Issue Request for Proposal	November 5, 2010
Submit Respondent Proposal Information	November 17, 2010 – 5pm EPT
Submit Indicative Pricing	December 1, 2010 – 10am EPT
Submit Final Pricing	December 8, 2010 – 10am EPT
Execute Agreements and Submit solicitation process summary, Agreements and retail rates to MDPU and NHPUC, as applicable	No later than three business days after receipt of all executed agreements.
MDPU Reviews and Approves both Agreements and Basic Service Rates	No later than five business days after filing of Basic Service Rates
NHPUC Reviews and Approves Default Service Rates	No later than five business days after filing of Default Service Rates
Service Begins	February 1, 2011

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

James Ruebenacker
 Electric Supply & Distributed Generation
 National Grid
 100 East Old Country Road
 Hicksville, NY 11801
 (516) 545-3227
 (516) 545-2464 (fax)
 e-mail: electric.electricsupply@us.ngrid.com

National Grid is conducting the procurement process in three steps. The first step is for Respondents to provide National Grid with their background and financial information by 5:00 p.m. EPT on Wednesday, November 17, 2010. Upon receipt, National Grid will evaluate each Respondent's qualifications and will notify any Respondent that does not qualify by at least one business day before indicative pricing is due.

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

The second step in this process is for Respondents to provide indicative pricing information by 10:00 a.m. EPT on Wednesday, December 1, 2010 at the above address. National Grid will evaluate the indicative pricing as described above, and if required, National Grid may seek clarifications from Respondents.

The third step is as follows: Respondents to provide final pricing information by 10:00 a.m. EPT on Wednesday, December 7, 2010 at the above address. National Grid requests final pricing be valid until 1:00 p.m. National Grid intends to evaluate the final pricing and select a Supplier(s) that day by that time. Final pricing shall be binding until execution of a confirmation. Respondents should specify the manner in which they will accept a binding acceptance of their offer by National Grid prior to receipt of an executed



agreement (letter of intent or e-mail) or they will be deemed to be bound by National Grid's acceptance communicated in any of the preceding manners.

Within three business days of receipt of all executed agreements, National Grid will file with the MDPU and the NHPUC a confidential summary of the solicitation process, the executed agreement(s) and proposed Basic Service Rates or Energy Service Rates, respectively.

Consistent with its rules, the MDPU will have five business days to review the results of National Grid's solicitation for Default Service. If the MDPU takes no action, National Grid's proposed Default Service price will go into effect. If the Department issues an order disapproving or rejecting the results of National Grid's solicitation for Default Service, the agreement between National Grid and Supplier(s) shall become null and void.

Consistent with its rules, the NHPUC will have five business days to either approve the proposed Energy Service Rates or reject them. If the NHPUC denies National Grid's request for approval of the retail rates, the agreement(s) will be void and the parties will have no further obligation under the agreements(s).

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

3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to James Ruebenacker at the address provided above.

3.4 Right to Select Supplier

National Grid shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason.

4. Service Features

4.1 Commencement Date of Supply

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

Service from National Grid to individual customers, who are taking Default Service in each customer group as of the Commencement Date, if any, will continue with the winning Supplier(s) providing such service to National Grid as of the Commencement Date.



Service from National Grid to individual customers taking Default Service as of the Commencement Date shall begin on the customer's meter reading date following notification/determination that a customer will be commencing Default Service or such other date designated by National Grid consistent with National Grid's Tariff for Off Cycle Meter Read For Switch of Supplier Provision, M.D.P.U. No. 1172 in Massachusetts, or the Off Cycle Meter Read for Switch of Supplier Provision, First Revised Page 92, of National Grid's *Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially All of Its Non-Nuclear Generation, N.H.P.U.C. No. 17* in New Hampshire.

National Grid's procedures provide for customers to be switched from one service option to another (e.g., from Default Service to a competitive supplier, from one competitive supplier to another competitive supplier, from a competitive supplier to Default Service) on their normal cycle meter reading dates. However, there may be circumstances (e.g., default of a competitive supplier) that might require a customer to be switched to Default Service "off-cycle". In such case, the customer will be switched to Default Service on a date designated by National Grid consistent with National Grid's Off Cycle Meter Read For Switch of Supplier Provision, M.D.P.U. No. 1172 in Massachusetts, or the Off Cycle Meter Read for Switch of Supplier Provision, First Revised Page 92, of National Grid's *Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially All of Its Non-Nuclear Generation, N.H.P.U.C. No. 17* in New Hampshire.

4.2 Termination Date of Supply

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

Individual customers taking Default Service from National Grid may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer's taking competitive service from a competitive supplier, (ii) disconnection of service by National Grid in accordance with regulations and procedures approved by the MDPU or the NHPUC, or (iii) closing of a customer's account. National Grid's procedures provide for customers electing to terminate such service to be switched to their successor service on their normal cycle meter reading date following the date that National Grid receives notification of such switch. However, there may be circumstances which might require a customer to be terminated "off-cycle". In such a case, the customer will be terminated from Default Service on a date to be determined by National Grid.

4.3 Delivery Points

The Supplier(s) of Default Service will be responsible for delivering power to the nodes/zones representing the actual locations of the Default Service loads. The Supplier(s) of each of the services will be responsible for any PTF losses allocated by the



ISO related to the services. The locations of the Default Service load assets are as follows:

Company	SMD Load Zone	Load Asset	Load Asset Name	Load Block
Nantucket	SEMA	10021	NANT-DEF SVC-ICG LOAD	A
MECo	SEMA	7605	DEF SVC-MECO-ICG LOAD_4006	A
MECo	WCMA	7707	DEF SVC-MECO-ICG LOAD_4007	B
MECo	NEMA	7807	DEF SVC-MECO-ICG LOAD_4008	C
GSECo	NH	11437	GSECO-DEF SVC LARGE CG LOAD	D

4.4 Form of Service

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

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

The Supplier(s) shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier(s) shall be responsible for all components of any Locational Marginal Prices the Supplier must pay in delivery of the services. These components include, but are not limited to, the day-ahead and real-time energy, marginal losses, and congestion charges. As the supplier of such services, the Supplier(s) will be responsible for all present or future requirements and associated costs (to the extent such charges are not imposed on National Grid as a transmission charge by NEPOOL or the ISO) associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time.

The Supplier(s) will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the Default Service



customer's meter. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the Master Power Agreements, found in Appendices B and C of this RFP.

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

4.5 Implementation of the Massachusetts Renewable Energy Portfolio Standards ("MA-RPS")

The Massachusetts Act requires the Massachusetts Division of Energy Resources ("DOER") to establish renewable energy portfolio standards for all retail electricity suppliers selling electricity to end-use consumers in the Commonwealth⁹.

The standards are:

RPS Class I consists of new renewable generators that began operation after December 31, 1997, or, in the case of a Solar Carve-Out Renewable generator, after December 31, 2007.

RPS Class II Renewable Generation consists of renewable generators that began operation on or before December 31, 1997.

RPS Class II Waste Energy Generation consists of waste to energy generators that began operation on or before December 31, 1997.

APS Alternative Energy Generation consists of qualifying alternative generation units that began operation after January 1, 2008.

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

Year	Class I	Class II Renewable	Class II Waste	APS	Total
2011	6.0	3.6	3.5	2.0	15.1

A portion of the Class I requirements must be met by Solar Carve-Out Renewable Generation. The Minimum Standard for Compliance Year 2011 is estimated to be 0.1627%.

⁹The Electric Restructuring Act of 1997 was modified by the Green Communities Act of 2008. .



National Grid requests Respondents to separately bid the cost of MA RPS compliance equivalent to 15.1% of sales in 2011. National Grid will have the option to select bids that include or exclude the MA-RPS component.

If National Grid accepts bids with the RPS component, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System (“NEPOOL GIS”) to provide NEPOOL GIS Certificates that comply with the requirements of the RPS regulations. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the RPS component, National Grid will take a credit equal to the product of the RPS obligation and the Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

4.6 Implementation of the New Hampshire Renewable Portfolio Standards (“NH-RPS”)

In 2007 the State of New Hampshire enacted an Electric Renewable Portfolio Standards law (“NH-RPS Law”) (RSA 362-F) to foster the development of renewable energy sources to meet New Hampshire’s energy needs. The NH-RPS Law requires all retail electricity suppliers to source a minimum portion of their energy needs from a portfolio of renewable energy resources. On June 2, 2008, the NHPUC issued final rules (Chapter PUC 2500) implementing the NH-RPS Law. These rules can be found at:

<http://www.puc.state.nh.us/Regulatory/Rules/Puc2500.pdf>

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

Class I consists of new renewable generators that began operation after January 1, 2006).

Class II consists of new generators utilizing solar technologies.

Class III consists of existing generators utilizing: 1) biomass technologies with a gross nameplate capacity of 25 MW or less; and 2) methane gas.

Class IV consists of existing qualifying small hydroelectric generators with a gross nameplate capacity of 5 MW or less.

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

Year	Class I	Class II	Class III	Class IV	Total
2011	2.0	0.08	6.5	1.0	9.58

National Grid requests Respondents to separately bid the cost of NH-RPS compliance equivalent to 9.58% of sales in 2011. National Grid will have the option to select bids that include or exclude the NH-RPS component.



If National Grid accepts bids with the NH-RPS components, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System (“NEPOOL GIS”) to provide NEPOOL GIS Certificates that comply with the requirements of the NH-RPS rules. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the NH-RPS component, National Grid will take a credit equal to the product of the NH-RPS obligation and the applicable Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

5. Proposal Requirements

5.1 Format of Proposal

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

5.2 Proposed Pricing

Respondents must specify the price at which they will provide Default Service for each Load Block on which they are bidding to serve. Purchases will be made on an “as-delivered” energy basis with prices stated on a fixed \$/MWh basis. Such prices may vary by SMD Zone, calendar month and by customer group, but must be uniform for the entire calendar month and cover the entire term of this Request for Proposals.

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

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

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (A through D), a price which includes all costs. Should National Grid select this option, (1) suppliers would be responsible for all costs including capacity market charges and (2) Suppliers would not be responsible for supplying the RPS component.



- **MA-RPS Compliance:** Price, on a separate \$ per MWh basis in 2011, for Supplier to provide the MA-RPS component for Load Blocks A through C. Should National Grid select this option, the MA-RPS Compliance Bid price would be added to the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.5).
- **NH-RPS Compliance:** Price, on a separate \$ per MWh basis in 2011, for Supplier to provide the required NH-RPS component for Load Block D. Should National Grid select this option, the NH-RPS Compliance Bid prices would be added to either the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.7).

5.3 Terms and Conditions

Service will be provided pursuant to the terms of the Master Power Agreements provided in Appendices B and C.

5.4 New England Market Participation

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

5.5 Competitive Supplier Registration

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

5.6 Regulatory Approvals

The Supplier(s) of the services covered by this Request for Proposal must obtain and maintain all necessary regulatory approvals required to enable it to provide the applicable service; such approvals must be obtained prior to February 1, 2011.

6. Retail Customer Relationships

6.1 Customer Billing



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

6.2 Customer Bill Inserts in Massachusetts

The Supplier(s) of MA Default Service may furnish a one-page bill insert which National Grid may include in the bill that it sends to each customer taking such service in the applicable customer group and Load Zone in Massachusetts during the delivery term. Bill inserts may be included in only one monthly billing cycle during the term of service. Inserts shall be printed on 60# Mountie Matte paper, shall be three and one-quarter inches high by six and one-quarter inches wide in size and may be of any typeface *except* ITC Century and ITC Franklin Gothic.

The Supplier(s) must inform National Grid at least sixty (60) days prior to the start of the monthly billing cycle in which it seeks National Grid to include its insert in applicable MA Default Service customer bills. National Grid will respond within seven (7) days if it can accommodate the request, provide an estimate of the cost of additional postage to be paid by the Supplier(s) in order to include the insert in the requested monthly billing cycle, or suggest an alternate monthly billing cycle. Customer bill inserts must be received by National Grid at least ten (10) days prior to the start date of its inclusion in customer bills. National Grid will be responsible for including only the number of inserts that are provided to them. National Grid will not be responsible for returning to the Supplier(s) unused inserts unless the Supplier(s) have made arrangements for its return. National Grid reserves the right to schedule bill inserts in order to minimize postage and handling costs.

6.3 Notification of Enrollments and Terminations

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

6.4 Customer Service

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

7. Selection Process



The principal criteria to be used in evaluating proposals will include:

- Lowest evaluated bid price by Load Block;
- Respondent's ability to meet the credit requirements established in the Master Power Agreements provided in Appendices B and C;
- Firmness of delivery;
- The supplier's past experience in providing similar services to National Grid;
- The supplier's past experience in providing similar services to other companies in New England;
- The supplier's past experience in providing similar services to other companies in other regions;
- The supplier's demonstrated understanding of its obligations under the Master Power Agreement; and
- Whether there have been any past or are any present events that are known that may adversely affect the supplier's ability to provide the requirements to National Grid's Default Service customers.

National Grid will evaluate the RPS Compliance bids only for the Load Block winning bidders. National Grid will accept the RPS Compliance bid if it is at or less than the available market prices.

8. Credit Requirements

In order to protect National Grid's Default Service customers from the risk of Supplier(s) default, a winning Supplier(s) must be able to demonstrate it has the financial resources to perform during the term of the agreement. As reflected in the attached Master Power Agreements (Appendices B and C to this RFP), National Grid will require Supplier(s) to provide some form of security when entering into a Confirmation. The security arrangement will be based on the expected volume of load for the bid block and a mark-to-market margining clause. As forward market prices change, the Supplier(s) will be required to post security for those incremental changes. Additionally, Suppliers that are rated at or below BBB-/Baa3 will be required to post an Independent Amount equal to 10% of the notional value of each Load Block awarded. The Supplier(s) shall provide security in one of the following forms:

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

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



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

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

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

9. General Requirements

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

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

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



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

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

APPENDIX A

DESCRIPTION OF SERVICES

Massachusetts Electric Company Nantucket Electric Company MA Default (Basic) Service	
Description	Electric Service provided to retail customers who are not taking service from a competitive supplier.
Eligibility Requirements	Service to customers can be initiated by: a) A customer notifying National Grid that it wishes to terminate service from its competitive supplier and commence Default Service. b) A competitive supplier notifying National Grid that it is terminating service to a customer. c) A competitive supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid’s service territory and does not affirmatively choose a competitive supplier.
Aggregate Number of Customers Taking Service and Historical Load Profiles	Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement website: http://www.nationalgridus.com/energysupply/

Granite State Electric Company NH Default (Energy) Service	
Description	Service provided to retail customers who are not taking service from a competitive energy supplier.
Eligibility Requirements	Service to customers is initiated by: a) A customer notifying National Grid that it wishes to terminate service from its competitive energy supplier and commence Default Service. b) A competitive energy supplier notifying National Grid that it is terminating service to a customer. c) A competitive energy supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid’s service territory and does not affirmatively choose a competitive energy supplier.
Aggregate Number of Customers Taking Service and Historical Load Profiles	Note: Historic customer count data and historical hourly load profiles are available at National Grid’s procurement website: http://www.nationalgridus.com/energysupply/

APPENDIX B

MASSACHUSETTS MASTER POWER AGREEMENT

APPENDIX C

NEW HAMPSHIRE MASTER POWER AGREEMENT

APPENDIX D

REQUIRED PROPOSAL INFORMATION

RESPONDENT: _____

1. General Information

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

RESPONDENT: _____

2. Financial Information

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

3. Defaults and Adverse Situations

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

RESPONDENT: _____

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

4. NEPOOL AND POWER SUPPLY EXPERIENCE

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

RESPONDENT: _____

5. CONFLICTS OF INTEREST

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

6. SCOPE OF BID AND TERMS OF SALE

<p>Will Respondent execute a contract substantially similar to the Master Power Agreements contained in Appendices B and C?</p> <p>Explain any proposed modifications.</p>	
<p>List all regulatory approvals required before service can commence.</p>	

RESPONDENT: _____

7. Proposed Pricing
(Respondent required to use bidding spreadsheet included on procurement website)

Bid Block	SMD ZONE	Customer Group	Period		Monthly Pricing - \$/MWh (all inclusive w/o RPS Compliance)					
			From	To	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
A	SEMA	Industrial	01-Feb-11	30-Apr-11						
B	WCMA	Industrial	01-Feb-11	30-Apr-11						
C	NEMA	Industrial	01-Feb-11	30-Apr-11						

MA RPS Compliance Adder - 2011 \$/MWh

Proposed Pricing New Hampshire Default Service

Bid Block	SMD ZONE	Customer Group	Period		Monthly Pricing - \$/MWh (all inclusive w/o RPS Compliance)					
			From	To	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
D	NH	Large	01-Feb-11	30-Apr-11						

NH RPS Compliance Adder - 2011 \$/MWh

SCHEDULE MMJ – 2

Default Service Procurement Summary

NATIONAL GRID

DEFAULT SERVICE PROCUREMENT SUMMARY

FOR GRANITE STATE ELECTRIC COMPANY AND MASSACHUSETTS ELECTRIC COMPANY

FOR THE PERIODS
FEBRUARY 2011 – APRIL 2011

1. RFP Issued

National Grid issued its Request for Power Supply Proposals (“RFP”) on November 5, 2010 directly to approximately 25 suppliers for the service period February 2011 through April 2011.

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 applicable New Hampshire rules and regulations including Granite State Electric Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”), RSA 374-F (“New Hampshire Act”) and Granite State Electric Company Post-Transition Service Default Service Proposal Settlement Agreement (“New Hampshire Settlement Agreement”) approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577.

This procurement was also conducted in accordance with applicable Massachusetts rules and regulations including the various orders in Dockets D.T.E. 99-60A, 99-60B, 99-60C, 02-40A, 02-40B and 02-40C and was consistent with prior procurements conducted by National Grid.

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

- 100% of the New Hampshire Large Customer Group Default Service requirements for the period February 2011 through April 2011;
- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period February 2011 through April 2011.

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

2. Key RFP Dates

- The RFP was issued on November 5, 2010.
- Supplier information was received on November 17, 2010.
- Indicative bids were received on December 1, 2010.
- Final bids were received on December 8, 2010.

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3. **Contract Submissions**

All bidders had previously executed Master Power Agreements with National Grid prior to final bids.

4. **Indicative Bids**

Indicative bids were received on December 1, 2010 from [REDACTED] bidders.

The indicative bids were evaluated and ranked (see Exhibits 2 and 3). Indicative pricing was used only to determine current market prices, to prepare an initial ranking of bids and to identify any bidding anomalies. The Massachusetts retail prices in Exhibit 3 were calculated by adjusting the wholesale prices in Exhibit 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending November 30, 2010. For New Hampshire, the retail prices in Exhibit 3 were calculated by adjusting the wholesale prices in Exhibit 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

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

In evaluating the bid prices, National Grid compared the expected bid price for each block from the method above to the lowest average indicative bid price for the block. [REDACTED]

In addition to evaluating the bid price and ability to meet credit requirements, National Grid also performed a qualitative review of each bidder's ability to provide Default Service during the service period based on the following:

- The bidder's past experience in providing similar services to National Grid or its affiliates;
- The bidder's past experience in providing similar services to other companies in New England;
- The bidder's past experience in providing similar services to other companies in other regions;
- The bidder's demonstrated understanding of the market rules related to the provision of Default Service;
- The bidder's demonstrated understanding of its obligations under the proposed Master Power Agreement; and
- Whether there have been any past or are any present events that are known that may adversely affect the bidder's ability to provide Default Service.

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National Grid concluded that all bidders were qualified to provide Default Service and would be capable of providing any required contract security.

5. Regulatory Communication

The results of the Massachusetts indicative bids were shared with staff of the Massachusetts Department of Public Utilities (“MADPU”) on December 3, 2010.

6. Final Bids

Final bids were received on December 8, 2010 from [REDACTED] bidders.

The final bids were evaluated and ranked (see Exhibits 5 and 6). The retail prices for Massachusetts in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending November 30, 2010. For New Hampshire, the retail prices in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

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

Block - # Bids	Block - # Bids	Block - # Bids
A- [REDACTED]	B- [REDACTED]	C- [REDACTED]
D- [REDACTED]		

7. Analysis and Award

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



Exhibit 8 provides a summary of the winning supplier for each block as well as the basis for the award. Exhibit 9 provides a bidder key to help identify bidders.

8. Renewable Portfolio Standard

The Massachusetts load covered by this RFP is subject to the following Renewable Portfolio Standard (“RPS”) requirement:

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RPS Obligations	2011 % of Load
RPS Class I New	6.0%
RPS Class II Existing	3.6%
RPS Class II Waste to Energy	3.5%
APS Resource	2.0%
Total	15.1%

A portion of the Class I requirements must be met by Solar Carve-Out Renewable Generation. The Minimum Standard for Compliance Year 2011 is estimated to be 0.1627%.

National Grid evaluated the cost of obtaining the RPS Renewable Energy Certificates (“RECs”) associated with the load requirements from the bidders versus the current market prices and the Alternative Compliance Payment (“ACP”) rates for RPS certificates.

Exhibit 10 provides an analysis of the proposed RPS cost adders contained in the final bids. Because the prices from the winning bidder was higher than National Grid’s estimate of the market cost for RECs, National Grid did not include the purchase of RPS RECs in their bid awards. Consistent with its RPS Compliance Plan that was filed with the Department on November 1, 2002, National Grid will attempt to procure these requirements through separate solicitations at a later date or by an Alternative Compliance Payment (“ACP”) to the Massachusetts Clean Energy Center.

National Grid estimated the costs to comply with the RPS and APS obligations by utilizing the applicable market price or ACP rates as specified in the RPS and APS regulations. Exhibit 11 provides a calculation of the cost adder to include these costs.

9. New Hampshire Renewable Energy Portfolio Standard

The New Hampshire load covered by this RFP is subject to the following Renewable Portfolio Standard (“RPS”) requirement:

RPS Obligations	2011 % of Load
RPS Class I	2.00%
RPS Class II	0.08%
RPS Class III	6.50%
RPS Class IV	1.00%
Total	9.58%

National Grid evaluated the cost of obtaining the NH-RPS certificates associated with the load requirements from the bidders versus the most recent REC RFP prices for RPS certificates.

Exhibit 10 provides an analysis of the proposed NH-RPS cost adders contained in the final bids. Because the prices from the winning bidder was higher than National Grid’s estimate of the market cost for RECs, National Grid did not include the purchase of NH-RPS RECs in the bid award. National Grid will attempt to procure NH-RPS certificates through separate

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solicitations at a later date or by an Alternative Compliance Payment to the New Hampshire Public Utilities Commission.

National Grid estimated the costs to comply with the RPS obligations by utilizing the applicable market prices and the recent REC purchases as specified in the RPS regulations. Exhibit 12 provides a calculation of the cost adder to include these costs.

10. Retail Rate

The expected retail rates, excluding administrative cost adders, were based on the winning wholesale costs. For the Massachusetts Industrial Customer Group and the New Hampshire Large Customer group, the rates reflect the costs of the current procurement and were not blended with costs incurred in other procurements.

The Massachusetts retail rates in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 using the ratio of wholesale kWh purchases to retail kWh deliveries over the twelve-month period ending November 30, 2010. For New Hampshire, the retail prices in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

A summary of the estimated retail rates for each block is provided in Exhibit 13. For both the New Hampshire and Massachusetts Default Service retail rates, the retail rates were adjusted to include the average cost of RPS certificates that could be purchased in the open market.

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EXHIBIT 1
LOAD BLOCK DESCRIPTIONS

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Industrial	SEMA	100%	MA Default Service	02/01/11 – 04/30/11
B	Industrial	WCMA	100%	MA Default Service	02/01/11 – 04/30/11
C	Industrial	NEMA	100%	MA Default Service	02/01/11 – 04/30/11
D	Large	NH	100%	NH Default Service	02/01/11 – 04/30/11

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EXHIBIT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS A – D

Monthly Weighting																
	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	Expected Bid based on Electric Forecast	% of Highest Average Estimated Price	2011 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min		
Block A SEMA Ind																
Block B W C M A Ind																
Block C N E M A Ind																

Monthly Weighting																
	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	Expected Bid based on Electric Forecast	% of Highest Average Estimated Price	2011 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min		
Block D N H Large Default																

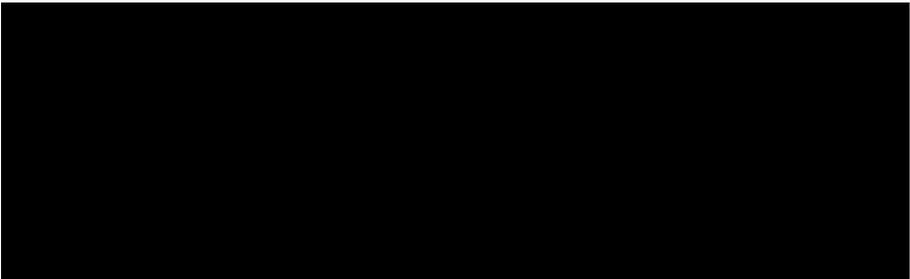
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EXHIBIT 3
INDICATIVE BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – D

Monthly Weighting																					
		Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min											
Block A SEMA Ind																					
											Block B WCMA Ind										

Monthly Weighting										
		Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block D NH Large Default										



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**EXHIBIT 4
ESTIMATED INDICATIVE PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
FEBRUARY 2011 – APRIL 2011 PERIOD**

			Feb-2011	Mar-2011	Apr-2011	Average
(B)	Electric Futures Price (\$/MWh)	On-Peak	58.65	48.00	47.00	51.22
		Off-Peak	48.63	38.63	38.63	41.96
(C)	Premium Bid Factor	MA Ind SEMA				
		MA Ind WCMA				
		MA Ind NEMA				
		NH Large				
(J)	Expected Bid Price (\$/MWh)	Ind SEMA				
		Ind WCMA				
		Ind NEMA				
		NH Large				

Notes:

- (B) NYMEX electric futures closing prices for ISO-NE Hub for:
- (C) Historical bid factors.

11/30/2010

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

Monthly Weighting																		
	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	% Change From Indicative	Expected Bid based on Electric Forecast	% of Highest Average Estimated Price	2011 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min			
Block A S.E.M.A. Ind.	[REDACTED]																	
Block B W.C.M.A. Ind.	[REDACTED]																	
Block C N.E.M.A. Ind.	[REDACTED]																	

Monthly Weighting																		
	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	% Change From Indicative	Expected Bid based on Electric Forecast	% of Highest Average Estimated Price	2011 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min			
Block D	[REDACTED]																	

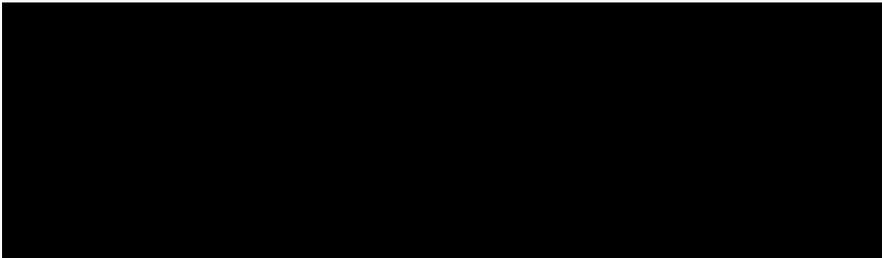
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EXHIBIT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – D

Monthly Weighting										
		Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block A SEMA Ind										
Block B WCMA Ind										
Block C NEMA Ind										

Monthly Weighting										
		Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block D NH Large Default										



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**EXHIBIT 7 ESTIMATED FINAL PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
FEBRUARY 2011 – APRIL 2011 PERIOD**

			Feb-2011	Mar-2011	Apr-2011	Average
(B)	Electric Futures Price (\$/MWh)	On-Peak	58.38	48.50	48.00	51.63
		Off-Peak	46.90	39.28	39.28	41.82
(C)	Premium Bid Factor	MA Ind SEMA				
		MA Ind WCMA				
		MA Ind NEMA				
		NH Large				
(J)	Expected Bid Price (\$/MWh)	Ind SEMA				
		Ind WCMA				
		Ind NEMA				
		NH Large				

Notes:

(B) NYMEX electric futures closing prices for ISO-NE Hub for:

12/07/2010

(C) Historical bid factors.

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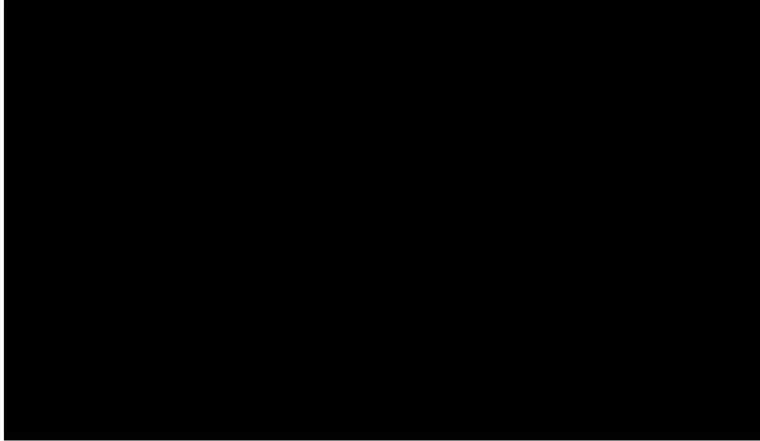
EXHIBIT 8
SUMMARY OF LOAD BLOCK AWARDS

Load Block	Customer Group	Load Zone	Supplier	Basis for Award
A	Industrial	SEMA	[REDACTED]	Lowest bidder for block
B	Industrial	WCMA	[REDACTED]	Lowest bidder for block
C	Industrial	NEMA	[REDACTED]	Lowest bidder for block
D	Large	NH	DTE Energy Trading	Lowest bidder for block

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EXHIBIT 9
BIDDER KEY



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EXHIBIT 10
SUMMARY OF RPS BIDS

INDICATIVE

	MA RPS	REC	NH RPS	REC
	Adder	COST	Adder	COST
	\$/MWh	\$/REC	\$/MWh	\$/REC
	RPS-2011	2011	NH-RPS-2011	2011
Avg Market Cost				
ACP Value	\$ 6.26	\$ 41.47	\$ 3.63	\$ 37.89



min				
max				

FINAL

	Adder	REC	Adder	REC
	\$/MWh	COST	\$/MWh	COST
	RPS-2011	2011	NH-RPS-2011	2011
Avg Market Cost				
ACP Value	\$ 6.26	\$ 41.47	\$ 3.63	\$ 37.89



min				
max				

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EXHIBIT 11
MA RPS & APS COST ADDER CALCULATION

	YEAR	
	2011 ACP	2011 Market
<u>Section 1: Calculation of RPS Class I Resource Charge</u>		
(1) RPS Class I Renewable Generation Resource Alternative Compliance Payment	\$61.71	████████
(2) RPS Class I Renewable Generation Resource Obligation	5.837%	5.8373%
(3) Incremental Cost - \$/MWh	\$3.60	████████
<u>Section 2: Calculation of RPS Class I Solar Carve-Out Resource Charge</u>		
(1) RPS Class I Solar Carve-Out Renewable Generation Resource Alternative Compliance Payment	\$607.67	████████
(2) RPS Class I Solar Carve-Out Renewable Generation Resource Obligation	0.1627%	0.1627%
(3) Incremental Cost - \$/MWh	\$0.99	████████
<u>Section 3: Calculation of RPS Class II Resource Charge</u>		
(1) RPS Class II Renewable Generation Resource Alternative Compliance Payment	\$25.32	████████
(2) RPS Class II Renewable Generation Resource Obligation	3.60%	3.60%
(3) Incremental Cost - \$/MWh	\$0.91	████████
<u>Section 4: Calculation of RPS Class II Waste Energy Resource Charge</u>		
(1) RPS Class II Waste Energy Resource Alternative Compliance Payment	\$10.13	████████
(2) RPS Class II Waste Energy Resource Obligation	3.50%	3.50%
(3) Incremental Cost - \$/MWh	\$0.35	████████
<u>Section 5: Calculation of APS Resource Charge</u>		
(1) APS Alternative Compliance Payment	\$20.26	████████
(2) APS Obligation	2.00%	2.00%
(3) Incremental Cost - \$/MWh	\$0.41	████████
<u>Section 6: Calculation of RPS/APS Adder</u>		
(4) Sum of Class I, Class II and APS Incremental Costs - \$/MWh	\$6.26	████████
(5) Total RPS/APS Obligation %	15.10%	15.10%
(6) Obligation Weighted cost	\$41.47	████████

Notes

- (1) 2011 ACP & Market Prices
2011 ACP based on the product of the 2010 ACP by a rolling 12 month average CPI, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.
- (2) From 225 CMR 14 or 15 or 16.
- (3) Line (1) times Line (2)
- (4) Sum of all Line 3's
- (5) Sum of all Line 2's
- (6) Line (4) divided by Line (5)

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EXHIBIT 12
NH RPS COST ADDER CALCULATION

	YEAR	
	2011 ACP	2011 Market
<u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u>		
(1) Class I Alternative Compliance Payment	\$61.71	████████
(2) Class I Renewable Energy Resource Obligation	2.00%	2.00%
(3) Incremental Cost - \$/MWh	\$1.23	████████
<u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u>		
(1) Class II Alternative Compliance Payment	\$162.05	████████
(2) Class II Renewable Energy Resource Obligation	0.08%	0.08%
(3) Incremental Cost - \$/MWh	\$0.13	████████
<u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u>		
(1) Class III Alternative Compliance Payment	\$30.25	████████
(2) Class III Renewable Energy Resource Obligation	6.50%	6.50%
(3) Incremental Cost - \$/MWh	\$1.97	████████
<u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u>		
(1) Class IV Alternative Compliance Payment	\$30.25	████████
(2) Class IV Renewable Energy Resource Obligation	1.00%	1.00%
(3) Incremental Cost - \$/MWh	\$0.30	████████
<u>Section 5: Calculation of Renewable Portfolio Standard Adder</u>		
(4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$3.63	\$1.86
(5) Renewable Portfolio Standard Adder to be included in Retail Rates - \$/kWh	\$0.00363	\$0.00186
(6) Total RPS Obligation %	9.58%	9.58%
(7) Obligation Weighted cost	\$37.89	\$19.42

Notes

- (1) 2011 ACP & Market Prices
2011 ACP based on the product of the 2010 ACP by a rolling 12 month average CPI, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (3)s
- (5) Line (4) divided by 1,000 to convert from \$/MWh to \$/kWh.
- (6) Sum of all Line (2)s
- (7) Line (4) divided by Line (6)

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National Grid: Page 18 of 18
Docket D.P.U. 10-BSF-D4
Docket DE 10-020

EXHIBIT 13
RETAIL RATES BASED ON FINAL BID PRICES

December 8, 2010 Final Bid Prices (\$ / MWh) at Wholesale
Delivery Point, Excluding cost of RPS Compliance

100 % of MA Ind & NH Large Load Obligations

		Feb-11	Mar-11	Apr-11	Average Price
Industrial	SEMA				
	WCMA				
	NEMA				
	Average Price				
	NH Large DS				

December 8, 2010 Final Bid Prices (¢ / kWh) at Retail Customer
Meter, Including RPS Compliance

100 % of MA Ind & NH Large Load Obligations

		Feb-11	Mar-11	Apr-11	Average Price
Industrial	SEMA	7.487	7.357	7.477	7.440
	WCMA	7.403	7.313	7.401	7.372
	NEMA	7.456	7.332	7.488	7.425
	Average Price	7.440	7.331	7.443	7.405
	NH Large DS	7.240	7.289	7.122	7.217

SCHEDULE MMJ – 3

**Comparison of Change in Futures Prices to
Change in Procurement Costs**

Granite State Electric Company

Comparison of Change in Futures Prices to Change in Procurement Costs

	Period 1 (August - October)			Period 2 (November - January)			Period 3 (February - April)			Hourly Weighted Average	Change (Period 2 to Period 3)	Change (Period 1 to Period 3)					
	Aug	Sep	Oct	Average	Hourly Weighted Average	Nov	Dec	Jan	Average				Hourly Weighted Average	Feb	Mar	Apr	Average
Electric Futures Price June 9, 2010 (\$/MWh)	On-Peak	57.25	50.19	50.03	52.49	45.41											
	Off-Peak	42.65	38.72	39.50	40.29												
Electric Futures Price September 15, 2010 (\$/MWh)	On-Peak						45.23	50.78	56.70	50.90							
	Off-Peak						36.03	41.50	46.43	41.32	45.35						
Electric Futures Price December 8, 2010 (\$/MWh)	On-Peak										58.38	48.50	48.00	51.63			
	Off-Peak										46.90	39.28	39.28	41.82	45.94	1.3%	1.2%
NYMEX Natural Gas Price June 9, 2010 (\$/mmBtu)		4.865	4.917	5.000	4.927												
NYMEX Natural Gas Price September 15, 2010 (\$/mmBtu)							4.169	4.418	4.601	4.396							
NYMEX Natural Gas Price December 8, 2010 (\$/mmBtu)											4.401	4.376	4.343	4.373		-0.5%	-1.2%
Final Large CG Price with Capacity 6/9/2010 (¢/kWh)	7.624	7.069	7.178	7.290													
Final Large CG Price with Capacity 9/15/2010 (¢/kWh)						6.521	6.994	7.707	7.074								
Final Large CG Price with Capacity 12/8/2010 (¢/kWh)											7.240	7.289	7.122	7.217		2.0%	-1.0%

Notes:
1) Hourly weighted average = 42% On Peak + 58% Off-Peak prices
2) Final Price does not include Default Service Reconciliation Adjustment Factor or Default Service Cost Reclassification Adjustment Factor.

SCHEDULE MMJ – 4

**Default Service Contract for the Large Customer Group
February 1, 2011 through April 30, 2011**

REDACTED DOCUMENT

EXECUTION COPY

**MASTER POWER AGREEMENT
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of December 8, 2010, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and **DTE ENERGY TRADING, INC.** (“Seller”), a Delaware corporation, regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated October 7, 2009 (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

This Confirmation shall be binding on the Parties upon execution by both Parties (such date the “Confirmation Effective Date”). Promptly after execution by both Parties, Buyer shall submit the Default Service retail rates to the NHPUC for its approval. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the fifth Business Day after (but not including) the Buyer’s submission of the Default Service retail rates to the NHPUC (the “Fifth Day”), for the approval by the NHPUC. If the NHPUC does not issue a decision approving Buyer’s request to approve the Default Service retail rates as filed on or before the Fifth Day (a “NHPUC Denial”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the NHPUC Denial shall not be a default or constitute an Event of Default by either Party; provided, however, that neither Party shall undertake any action with the NHPUC or otherwise in opposition of approval by the NHPUC of the Master Power Agreement or the Confirmation as executed.

■ [REDACTED]

[REDACTED]						
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■ [REDACTED]

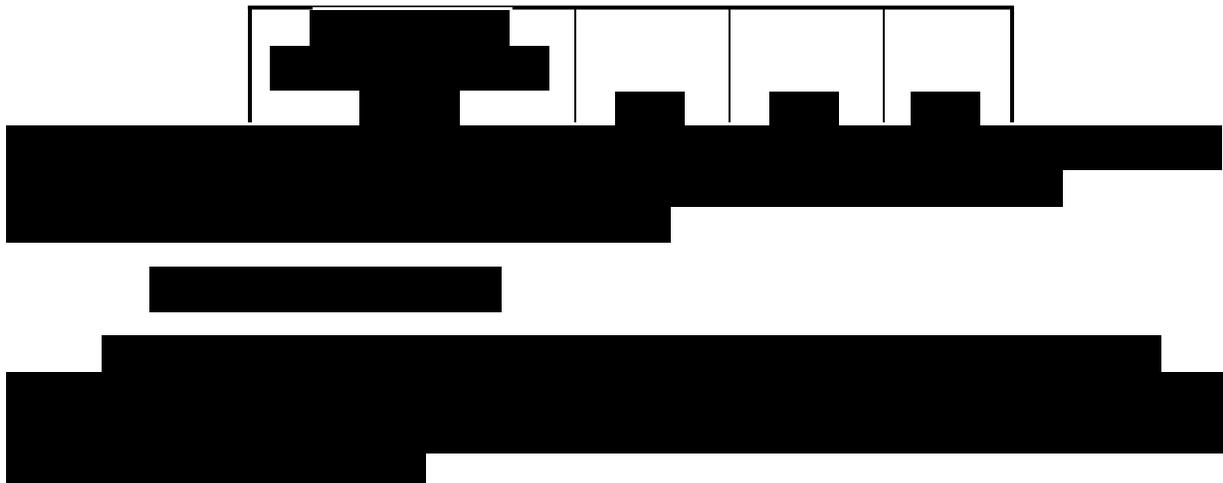
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9. Confidentiality

Articles 2, 3 4, 5, and 8 of this Confirmation are Confidential Terms within the meaning of Article 23 of the Master Power Agreement.

10. Ratification of the Terms and Conditions of the Agreement

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

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

11. Counterparts

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

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

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

GRANITE STATE ELECTRIC COMPANY

Name: Margaret M. Janzen
Title: Authorized Signatory

DTE ENERGY TRADING, INC.

Name (print): _____
Title: _____

Granite State Electric Company d/b/a National Grid

Docket No. DE 10-020

Witnesses: M. M. Janzen and J. O. Leana

SCHEDULE MMJ – 5

Renewable Portfolio Standard Adder

REDACTED DOCUMENT

Renewable Portfolio Standard Compliance Adders

	YEAR	
	2011 ACP	2011 Market
<u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u>		
(1) Class I Alternative Compliance Payment	\$61.71	████████
(2) Class I Renewable Energy Resource Obligation	2.00%	2.00%
(3) Incremental Cost - \$/MWh	\$1.23	████████
<u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u>		
(1) Class II Alternative Compliance Payment	\$162.05	████████
(2) Class II Renewable Energy Resource Obligation	0.08%	0.08%
(3) Incremental Cost - \$/MWh	\$0.13	████████
<u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u>		
(1) Class III Alternative Compliance Payment	\$30.25	████████
(2) Class III Renewable Energy Resource Obligation	6.50%	6.50%
(3) Incremental Cost - \$/MWh	\$1.97	████████
<u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u>		
(1) Class IV Alternative Compliance Payment	\$30.25	████████
(2) Class IV Renewable Energy Resource Obligation	1.00%	1.00%
(3) Incremental Cost - \$/MWh	\$0.30	████████
<u>Section 5: Calculation of Renewable Portfolio Standard Adder</u>		
(4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$3.63	\$1.86
(5) Renewable Portfolio Standard Adder to be included in Retail Rates - \$/kWh	\$0.00363	\$0.00186
(6) Total RPS Obligation %	9.58%	9.58%
(7) Obligation Weighted cost	\$37.89	\$19.42

Notes

- (1) 2011 ACP & Market Prices
2011 ACP based on the product of the 2010 ACP by a rolling 12 month average CPI, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (3)s
- (5) Line (4) divided by 1,000 to convert from \$/MWh to \$/kWh.
- (6) Sum of all Line (2)s
- (7) Line (4) divided by Line (6)

SCHEDULE MMJ – 6

**Summary of Large Customer Group
Default Service Rates**

Granite State Electric Company
Summary of Proposed Default Service Rates

		Medium and Large C&I		
		<u>February</u>	<u>March</u>	<u>April</u>
(1)	Wholesale Loads (kWh)	████████████████████		
(2)	Retail Loads (kWh)	████████████████████		
(3)	Loss Factor	██		
(4)	Wholesale Contract Price (\$/MWh)	██		
(5)	Base Default Service Rate (\$/kWh)	\$0.07054	\$0.07103	\$0.06936
(6)	2010 Default Service Adjustment Factor (\$/kWh)	\$0.00123	\$0.00123	\$0.00123
(7)	2010 Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00037	\$0.00037	\$0.00037
(8)	Renewable Portfolio Standard Adder (\$/kWh)	<u>\$0.00186</u>	<u>\$0.00186</u>	<u>\$0.00186</u>
(9)	Total Default Service Rate (\$/kWh)	\$0.07400	\$0.07449	\$0.07282

- (1) Wholesale loads for the 12 month period ending December 2007
- (2) Retail loads for the 12 month period ending December 2007
- (3) Line (1) ÷ Line (2), rounded to five decimal places
- (4) Wholesale Contractor Price
- (5) Line (3) x Line (4) / 1000, truncated to five decimal places
- (6) Current approved 2010 Default Service Adjustment Factor (Effective for usage on and after May 1, 2010)
- (7) Current approved Default Service Reclassification Adjustment Factor (Effective for usage on and after May 1, 2010)
- (8) Schedule MMJ-5
- (9) Line (5) + Line (6) + Line (7) + Line (8)

Granite State Electric Company
Large Customer Group
(Rates G-1 and G-2)
Illustrative Weighted Average Default Service Rates For Comparison Purposes Only
February 2011 - April 2011

Section 1: Percentage of Medium and Large C&I kWhs Attributable to Default Service

(1)	November 2010 Medium and Large C&I Default Service kWhs	16,473,061
(2)	November 2010 Total Medium and Large C&I kWhs	<u>37,312,797</u>
(3)	Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs	44.15%

Section 2: Projected Medium and Large C&I Default Service kWhs, February 2011 - April 2011

	February (a)	March (b)	April (c)	Total (d)	
(4)	Projected Total Company Medium and Large kWhs	37,704,834	37,625,571	39,581,714	114,912,119
(5)	Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs	<u>44.15%</u>	<u>44.15%</u>	<u>44.15%</u>	
(6)	Projected Medium and Large C&I Default Service kWhs	16,646,140	16,611,146	17,474,755	50,732,041

Section 3: Medium and Large C&I Default Service Load Weighting for February 2011 - April 2011

(7)	Projected Medium and Large C&I Default Service kWhs	16,646,140	16,611,146	17,474,755	50,732,041
(8)	Wholesale Loads (kWh)	██████████			
(9)	Retail Loads (kWh)	██████████			
(10)	Loss Factor	██			
(11)	Wholesale Contract Price (\$/MWh)	██			
(12)	Base Default Service Rate (\$/kWh)	\$0.07054	\$0.07103	\$0.06936	
(13)	2010 Default Service Adjustment Factor (\$/kWh)	\$0.00123	\$0.00123	\$0.00123	
(14)	2010 Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00037	\$0.00037	\$0.00037	
(15)	<u>Renewable Portfolio Standard Adder (\$/kWh)</u>	<u>\$0.00186</u>	<u>\$0.00186</u>	<u>\$0.00186</u>	
(16)	Total Estimated Medium and Large C&I Default Service Price per kWh	\$0.07400	\$0.07449	\$0.07282	
(17)	Projected Medium and Large C&I Base Default Service Cost, February 2011 - April 2011	<u>\$ 1,174,219</u>	<u>\$ 1,179,890</u>	<u>\$ 1,212,049</u>	<u>\$ 3,566,157</u>
(18)	Weighted Average Medium and Large C&I Base Default Service Charge for February 2011 - April 2011				\$ 0.07029
(19)	Projected Medium and Large C&I Default Service Cost, February 2011 - April 2011	<u>\$ 1,231,814</u>	<u>\$ 1,237,364</u>	<u>\$ 1,272,512</u>	<u>\$ 3,741,690</u>
(20)	Weighted Average Medium and Large C&I Default Service Charge for February 2011 - April 2011				\$ 0.07375

-
- (1) Per Monthly CR97987A Default Service Revenue Reports (Rates G-1 and G-2)
 - (2) Per Monthly CR97992A Total Revenue Reports (Rates G-1 and G-2)
 - (3) Line (1) ÷ Line (2)
 - (4) Per Company forecast for medium and large C&I rates (Rates G-1 and G-2)
 - (5) Line (3)
 - (6) Line (4) x Line (5)
 - (7) Line (6)
 - (8) Wholesale loads for the 12 month period ending December 2007
 - (9) Retail loads for the 12 month period ending December 2007
 - (10) Line (8) ÷ Line (9), rounded to five decimal places
 - (11) Contractor Wholesale Price
 - (12) Line (10) x Line (11) / 1000, truncated to five decimal places
 - (13) Current approved 2010 Default Service Adjustment Factor (Effective for usage on and after May 1, 2010)
 - (14) Current approved Default Service Reclassification Adjustment Factor (Effective for usage on and after May 1, 2010)
 - (15) Line (5) + Line (6) + Line (7) + Line (8)
 - (16) Line (12) + Line (13) + Line (14) + Line (15)
 - (17) Line (7) x Line (12)
 - (18) Line (17) total ÷ Line (7) total, truncated after 5 decimal places
 - (19) Line (7) x Line (16)
 - (20) Line (19) total ÷ Line (7) total, truncated after 5 decimal places

SCHEDULE MMJ – 7

Typical Bill Impacts

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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	Present Rates (1)		Proposed Rates (2)		Overall Increase (Decrease) Amount	Overall %
	250 On-Peak	60.00% Off-Peak		Total	Default Service	Retail Delivery	Total		
kW									
200	50,000	20,000	30,000	\$5,678.19	\$2,038.69	\$5,726.19	\$3,687.50	\$2,038.69	\$48.00
300	75,000	30,000	45,000	\$8,470.79	\$3,011.54	\$8,542.79	\$5,531.25	\$3,011.54	\$72.00
400	100,000	40,000	60,000	\$11,263.39	\$3,984.39	\$11,359.39	\$7,375.00	\$3,984.39	\$96.00
500	125,000	50,000	75,000	\$14,055.99	\$4,957.24	\$14,175.99	\$9,218.75	\$4,957.24	\$120.00
1,000	250,000	100,000	150,000	\$28,018.99	\$9,821.49	\$28,258.99	\$18,437.50	\$9,821.49	\$240.00

Present Rates

Proposed Rates

Customer Charge	\$92.99	
Distribution Charge		
On Peak kWh	\$0.00362	kWh x
Off Peak kWh	\$0.00228	kWh x
Distribution Demand Charge	\$4.06	kW x
Transmission Charge	\$0.01505	kWh x
Stranded Cost Charge	\$0.00069	kWh x
System Benefits Charge	\$0.00330	kWh x
Electricity Consumption Tax	\$0.00055	kWh x

Supplier Services

Illustrative Weighted Average Default Service	\$0.07279	kWh x
	\$0.07375	

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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	Present Rates		Proposed Rates		Overall Increase (Decrease) %			
	350 On-Peak	50.00% Off-Peak		Total	Default Service	Retail Delivery	Total		Default Service	Retail Delivery	
kW											
200	70,000	35,000	35,000	\$7,578.09	\$5,095.30	\$2,482.79	\$7,645.29	\$5,162.50	\$2,482.79	\$67.20	0.9%
300	105,000	52,500	52,500	\$11,320.64	\$7,642.95	\$3,677.69	\$11,421.44	\$7,743.75	\$3,677.69	\$100.80	0.9%
400	140,000	70,000	70,000	\$15,063.19	\$10,190.60	\$4,872.59	\$15,197.59	\$10,325.00	\$4,872.59	\$134.40	0.9%
500	175,000	87,500	87,500	\$18,805.74	\$12,738.25	\$6,067.49	\$18,973.74	\$12,906.25	\$6,067.49	\$168.00	0.9%
1,000	350,000	175,000	175,000	\$37,518.49	\$25,476.50	\$12,041.99	\$37,854.49	\$25,812.50	\$12,041.99	\$336.00	0.9%

Present Rates

Customer Charge	\$92.99
Distribution Charge	
On Peak kWh	\$0.00362
Off Peak kWh	\$0.00228
Distribution Demand Charge	\$4.06
Transmission Charge	\$0.01505
Stranded Cost Charge	\$0.00069
System Benefits Charge	\$0.00330
Electricity Consumption Tax	\$0.00055

Proposed Rates

Customer Charge	\$92.99
Distribution Charge	
On Peak kWh	\$0.00362
Off Peak kWh	\$0.00228
Distribution Demand Charge	\$4.06
Transmission Charge	\$0.01505
Stranded Cost Charge	\$0.00069
System Benefits Charge	\$0.00330
Electricity Consumption Tax	\$0.00055

Supplier Services

Illustrative Weighted Average Default Service	\$0.07279	\$0.07375
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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	On-Peak kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)					
	45.00%	55.00%				Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Total	Default Service	Retail Delivery	Increase (Decrease)
kW															
200	90,000	40,500	49,500			\$9,478.66	\$6,551.10	\$2,927.56	\$9,565.06	\$6,637.50	\$2,927.56	\$86.40	0.9%		
300	135,000	60,750	74,250			\$14,171.50	\$9,826.65	\$4,344.85	\$14,301.10	\$9,956.25	\$4,344.85	\$129.60	0.9%		
400	180,000	81,000	99,000			\$18,864.33	\$13,102.20	\$5,762.13	\$19,037.13	\$13,275.00	\$5,762.13	\$172.80	0.9%		
500	225,000	101,250	123,750			\$23,557.17	\$16,377.75	\$7,179.42	\$23,773.17	\$16,593.75	\$7,179.42	\$216.00	0.9%		
1,000	450,000	202,500	247,500			\$47,021.34	\$32,755.50	\$14,265.84	\$47,453.34	\$33,187.50	\$14,265.84	\$432.00	0.9%		

	Present Rates	Proposed Rates
Customer Charge	\$92.99	\$92.99
Distribution Charge		
On Peak kWh	\$0.00362	\$0.00362
Off Peak kWh	\$0.00228	\$0.00228
Distribution Demand Charge	\$4.06	\$4.06
Transmission Charge	\$0.01505	\$0.01505
Stranded Cost Charge	\$0.00069	\$0.00069
System Benefits Charge	\$0.00330	\$0.00330
Electricity Consumption Tax	\$0.00055	\$0.00055

Supplier Services
Illustrative Weighted Average Default Service \$0.07375

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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	On-Peak kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)			
	450 On-Peak	40.00% Off-Peak				Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Total	Retail Delivery
kW			kWh	kWh	kWh	Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
200	90,000	36,000	54,000	54,000		\$9,472.63	\$6,551.10	\$2,921.53	\$9,559.03	\$6,637.50	\$2,921.53	\$86.40	0.9%
300	135,000	54,000	81,000	81,000		\$14,162.45	\$9,826.65	\$4,335.80	\$14,292.05	\$9,956.25	\$4,335.80	\$129.60	0.9%
400	180,000	72,000	108,000	108,000		\$18,852.27	\$13,102.20	\$5,750.07	\$19,025.07	\$13,275.00	\$5,750.07	\$172.80	0.9%
500	225,000	90,000	135,000	135,000		\$23,542.09	\$16,377.75	\$7,164.34	\$23,758.09	\$16,593.75	\$7,164.34	\$216.00	0.9%
1,000	450,000	180,000	270,000	270,000		\$46,991.19	\$32,755.50	\$14,235.69	\$47,423.19	\$33,187.50	\$14,235.69	\$432.00	0.9%

Present Rates

Customer Charge	\$92.99
Distribution Charge	
On Peak kWh	kWh x \$0.00362
Off Peak kWh	kWh x \$0.00228
Distribution Demand Charge	kW x \$4.06
Transmission Charge	kWh x \$0.01505
Stranded Cost Charge	kWh x \$0.00069
System Benefits Charge	kWh x \$0.00330
Electricity Consumption Tax	kWh x \$0.00055

Proposed Rates

Customer Charge	\$92.99
Distribution Charge	
On Peak kWh	kWh x \$0.00362
Off Peak kWh	kWh x \$0.00228
Distribution Demand Charge	kW x \$4.06
Transmission Charge	kWh x \$0.01505
Stranded Cost Charge	kWh x \$0.00069
System Benefits Charge	kWh x \$0.00330
Electricity Consumption Tax	kWh x \$0.00055

Supplier Services

Illustrative Weighted Average Default Service	kWh x \$0.07279	\$0.07375
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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use	kW	Monthly kWh	(1)		(2)		Overall Increase (Decrease) Amount	Overall Increase (Decrease) %
			Total	Present Rates Default Service	Total	Proposed Rates Default Service		
200			\$499.09	\$291.16	\$502.93	\$295.00	\$3.84	0.8%
	20	4,000			\$207.93			
	50	10,000	\$1,210.39	\$727.90	\$482.49	\$737.50	\$9.60	0.8%
	75	15,000	\$1,803.14	\$1,091.85	\$711.29	\$1,106.25	\$14.40	0.8%
	100	20,000	\$2,395.89	\$1,455.80	\$940.09	\$1,475.00	\$19.20	0.8%
	150	30,000	\$3,581.39	\$2,183.70	\$1,397.69	\$2,212.50	\$28.80	0.8%

Present Rates

Customer Charge		\$24.89
Distribution Charge	kWh x	\$0.00259
Distribution Demand Charge	kW x	\$4.48
Transmission Charge	kWh x	\$0.01622
Stranded Cost Charge	kWh x	\$0.00070
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

Customer Charge		\$24.89
Distribution Charge		\$0.00259
Distribution Demand Charge		\$4.48
Transmission Charge		\$0.01622
Stranded Cost Charge		\$0.00070
System Benefits Charge		\$0.00330
Electricity Consumption Tax		\$0.00055

Supplier Services

Illustrative Weighted Average Default Service	kWh x	\$0.07279
		\$0.07375

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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use 250

kW	Monthly kWh	(1)		(2)		Overall Increase (Decrease) Amount	Overall Increase (Decrease) %
		Total	Default Service	Total	Default Service		
20	5,000	\$595.24	\$363.95	\$600.04	\$368.75	\$4.80	0.8%
50	12,500	\$1,450.78	\$909.88	\$1,462.78	\$921.88	\$12.00	0.8%
75	18,750	\$2,163.71	\$1,364.81	\$2,181.71	\$1,382.81	\$18.00	0.8%
100	25,000	\$2,876.64	\$1,819.75	\$2,900.64	\$1,843.75	\$24.00	0.8%
150	37,500	\$4,302.53	\$2,729.63	\$4,338.53	\$2,765.63	\$36.00	0.8%

Present Rates

Customer Charge		\$24.89
Distribution Charge	kWh x	\$0.00259
Distribution Demand Charge	kW x	\$4.48
Transmission Charge	kWh x	\$0.01622
Stranded Cost Charge	kWh x	\$0.00070
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

Customer Charge		\$24.89
Distribution Charge		\$0.00259
Distribution Demand Charge		\$4.48
Transmission Charge		\$0.01622
Stranded Cost Charge		\$0.00070
System Benefits Charge		\$0.00330
Electricity Consumption Tax		\$0.00055

Supplier Services

Illustrative Weighted Average Default Service	kWh x	\$0.07279
		\$0.07375

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Granite State Electric Company
Proposed February 1, 2011 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use 300

kW	Monthly kWh	(1)		(2)		Overall Increase (Decrease) Amount	Overall Increase (Decrease) %
		Total	Default Service	Total	Default Service		
20	6,000	\$691.39	\$436.74	\$697.15	\$442.50	\$5.76	0.8%
50	15,000	\$1,691.14	\$1,091.85	\$1,705.54	\$1,106.25	\$14.40	0.9%
75	22,500	\$2,524.28	\$1,637.78	\$2,545.88	\$1,659.38	\$21.60	0.9%
100	30,000	\$3,357.39	\$2,183.70	\$3,386.19	\$2,212.50	\$28.80	0.9%
150	45,000	\$5,023.64	\$3,275.55	\$5,066.84	\$3,318.75	\$43.20	0.9%

Proposed Rates

Present Rates

Customer Charge		\$24.89
Distribution Charge	kWh x	\$0.00259
Distribution Demand Charge	kW x	\$4.48
Transmission Charge	kWh x	\$0.01622
Stranded Cost Charge	kWh x	\$0.00070
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Illustrative Weighted Average Default Service	kWh x	\$0.07279
		\$0.07375

SCHEDULE MMJ – 8

Quarterly Customer Migration Report

CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 3rd Quarter of 2010

Customer Rate Class	Energy Service						Competitive Service					
	July-10		August-10		September-10		July-10		August-10		September-10	
	Number of Energy Service Customers		kWh Used by Energy Service Customers		kWh Used by Energy Service Customers		Number of Competitive Service Customers		kWh Used by Competitive Service Customers		kWh Used by Competitive Service Customers	
D	33,720	33,693	33,736	27,845,848	26,401,295	22,698,940	33	33	33	34,885	28,225	30,083
D-10	443	448	443	443,357	434,225	378,358	1	1	1	582	5	774
T	1,232	1,231	1,225	1,411,923	1,290,923	1,169,764	46	46	46	31,959	28,957	27,853
G-1	69	67	70	10,702,260	10,007,090	10,012,280	53	51	49	23,557,836	21,159,089	18,960,679
G-2	695	694	700	11,280,647	10,794,788	10,517,578	159	158	156	4,096,232	4,062,929	3,850,543
G-3	5,141	5,136	5,132	8,209,331	8,011,143	7,674,895	429	423	430	645,099	593,420	608,408
V	19	20	20	33,052	34,215	28,643	1	1	1	244	115	287
Streetlights	89	90	90	201,913	188,307	184,617	16	16	17	228,075	212,478	212,683
TOTAL	41,408	41,379	41,416	60,128,331	57,161,986	52,665,075	738	729	733	28,594,912	26,085,218	23,691,310
Customer Rate Class	Number of Energy Service Customers as % of Total		kWh Used by Energy Service Customers as % of Total		kWh Used by Energy Service Customers as % of Total		Number of Competitive Service Customers as % of Total		kWh Used by Competitive Service Customers as % of Total		kWh Used by Competitive Service Customers as % of Total	
D	100%	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%
D-10	100%	100%	100%	100%	100%	100%	0%	0%	0%	0%	0%	0%
T	96%	96%	96%	98%	98%	98%	4%	4%	4%	2%	2%	2%
G-1	57%	57%	59%	31%	32%	35%	43%	43%	41%	69%	68%	65%
G-2	81%	81%	82%	73%	73%	73%	19%	19%	18%	27%	27%	27%
G-3	92%	92%	92%	93%	93%	93%	8%	8%	8%	7%	7%	7%
V	95%	95%	95%	99%	100%	99%	5%	5%	5%	1%	0%	1%
Streetlights	85%	85%	84%	47%	47%	46%	15%	15%	16%	53%	53%	54%
TOTAL	98%	98%	98%	68%	69%	69%	2%	2%	2%	32%	31%	31%

Prepared By: J. Jertz

Date: October 1, 2010