

Schedules of  
Margaret M. Janzen

Schedules  
Table of Contents

Schedule MMJ-1	Default Service RFP February 1, 2012 through April 30, 2012
Schedule MMJ-2	Default Service Procurement Summary
Schedule MMJ-3	Comparison of Change in Futures Prices to Change in Procurement Costs
Schedule MMJ-4	Default Service Contract for the Large Customer Group February 1, 2012 through April 30, 2012
Schedule MMJ-5	Renewable Portfolio Standard Compliance Adder
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, 2012 through April 30, 2012**



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

Default Service in:  
Massachusetts  
New Hampshire

For the Period:

February 1, 2012 –  
April 30, 2012

**November 4, 2011**

## **REQUEST FOR POWER SUPPLY PROPOSALS**

### **1. Overview**

#### **1.1 Background**

Legislation and restructuring settlement agreements in Massachusetts<sup>1</sup> and New Hampshire<sup>2</sup> 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 supplier<sup>3</sup>.

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

---

<sup>1</sup> 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”).

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

<sup>3</sup> 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”).

Service<sup>4</sup>. 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 prices<sup>5</sup>. 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 Massachusetts<sup>6</sup>. 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 basis<sup>7</sup>.

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:

<b>Customer Group</b>	<b>Rate Class</b>
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.

---

<sup>4</sup> Docket D.T.E. 99-60.

<sup>5</sup> See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

<sup>6</sup> See Docket D.T.E. 02-40-A.

<sup>7</sup> 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:

<b>Customer Group</b>	<b>Rate Class</b>
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 any customer group. 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 retail 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 four load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
<b>A</b>	Industrial	SEMA	100%	MA Default Service	02/01/12 – 4/30/12
<b>B</b>	Industrial	WCMA	100%	MA Default Service	02/01/12 – 4/30/12
<b>C</b>	Industrial	NEMA	100%	MA Default Service	02/01/12 – 4/30/12
<b>D</b>	Large	NH	100%	NH Default Service	02/01/12 – 4/30/12

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 rejected<sup>8</sup>.

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 at a fixed amount, subject to change for significant changes in the costs. In Docket D.P.U. 09-39, the DPU approved a new level of administrative costs to be reflected in Basic Service Rates pursuant to the Basic Service Adjustment Provision (MDPU No. 1196). National Grid recovers administrative costs associated with arranging Basic Service through the Basic Service Administrative Cost Factor.

#### 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

---

<sup>8</sup> For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period (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.

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 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.

Request for Power Supply Proposals  
November 4, 2011  
Page 6

<b>Process Step</b>	<b>Date</b>
Issue Request for Proposal	November 4, 2011
Submit Respondent Proposal Information	November 18, 2011 – 5pm EPT
Submit Indicative Pricing	November 30, 2011 – 10am EPT
Submit Final Pricing	December 7, 2011 – 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, 2012

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  
Wholesale Electric Supply  
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 Friday, November 18, 2011. 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, November 30, 2011 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, 2011 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

Request for Power Supply Proposals  
November 4, 2011  
Page 7

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:

<b>Company</b>	<b>SMD Load Zone</b>	<b>Load Asset</b>	<b>Load Asset Name</b>	<b>Load Block</b>
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 Commonwealth<sup>9</sup>.

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
2012	7.0	3.6	3.5	2.5	16.6

A portion of the Class I requirements must be met by Solar Carve-Out Renewable Generation. The Minimum Standard for Compliance Year 2012 is estimated to be 0.163%.

<sup>9</sup>The 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 16.6% of sales in 2012. 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:

<b>Year</b>	<b>Class I</b>	<b>Class II</b>	<b>Class III</b>	<b>Class IV</b>	<b>Total</b>
2012	3.0	0.15	6.5	1.0	10.65

National Grid requests Respondents to separately bid the cost of NH-RPS compliance equivalent to 10.65% of sales in 2012. 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. Capacity, uplift costs, etc.) will be rejected.

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

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (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 2012, 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 2012, 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, 2012**.

## 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.

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

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

**APPENDIX A**

**DESCRIPTION OF SERVICES**

<b>Massachusetts Electric Company  Nantucket Electric Company</b>	
<b>MA Default (Basic) Service</b>	
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:  <a href="http://www.nationalgridus.com/energysupply/">http://www.nationalgridus.com/energysupply/</a>

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

**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)**

**Proposed Pricing Massachusetts Default Service**

Bid Block	SMD ZONE	Customer Group	Period		Monthly Pricing - \$/MWh (all inclusive w/o RPS Compliance)					
			From	To	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
A	SEMA	Industrial	Feb-12	Apr-12						
B	WCMA	Industrial	Feb-12	Apr-12						
C	NEMA	Industrial	Feb-12	Apr-12						

MA RPS Compliance Adder - 2012 \$/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-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
D	NH	Large	Feb-12	Apr-12						

NH RPS Compliance Adder - 2012 \$/MWh

**Note:** All bids rounded to 2 decimal places.  
If not bidding in a block, enter zero or leave blank.  
Please specify any bid limitations in the following section:

Request for Power Supply Proposals  
November 4, 2011



**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 2012 – APRIL 2012

#### **1. RFP Issued**

National Grid issued its Request for Power Supply Proposals (“RFP”) on November 4, 2011 directly to approximately 25 suppliers for the service period February 2012 through April 2012.

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 2012 through April 2012;
- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period February 2012 through April 2012.

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 4, 2011.
- Supplier information was received on November 18, 2011.
- Indicative bids were received on November 30, 2011.
- Final bids were received on December 7, 2011.

### 3. Contract Submissions

All bidders had executed Master Power Agreements with National Grid.

National Grid was able to resolve all outstanding issues with the winning bidders prior to receipt of executed agreements. National Grid did not shift risks or obligations to its customers from those contained in its proposed agreements.

### 4. Indicative Bids

Indicative bids were received on November 30, 2011 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, 2011. 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

National Grid: Page 3 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

- 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.

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 initial bids were shared with staff of the Massachusetts Department of Public Utilities ("MADPU") on November 30, 2011.

## 6. Final Bids

Final bids were received on December 7, 2011 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, 2011. 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	
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 Energy Portfolio Standard

National Grid: Page 4 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

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

RPS Obligations	2012 % of Load
RPS Class I New	7.0%
RPS Class II Existing	3.6%
RPS Class II Waste to Energy	3.5%
APS Resource	2.5%
Total	16.6%

A portion of the Class I requirements must be met by Solar Carve-Out Renewable Generation. The Minimum Standard for Compliance Year 2012 is estimated to be 0.163%.

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 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 bidders were 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 Electric Renewable Energy Portfolio Standard

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

RPS Obligations	2012 % of Load
RPS Class I	3.00%
RPS Class II	0.15%
RPS Class III	6.50%
RPS Class IV	1.00%
Total	10.65%

National Grid evaluated the cost of obtaining the NH-RPS certificates associated with the load requirements from the bidders versus a combination of recent REC RFP prices and current market 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 were lower than National Grid’s estimate of

National Grid: Page 5 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

the market cost for RECs, National Grid did include the purchase of NH-RPS RECs in their bid awards.

National Grid estimated the costs to comply with the RPS obligations by utilizing the applicable market price 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 are 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, 2011. 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.

National Grid: Page 6 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

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

<b>Load Block</b>	<b>Customer Group</b>	<b>SMD Load Zone</b>	<b>Load Share</b>	<b>Type of Service</b>	<b>Period</b>
<b>A</b>	Industrial	SEMA	100%	MA Default Service	02/01/12 – 04/30/12
<b>B</b>	Industrial	WCMA	100%	MA Default Service	02/01/12 – 04/30/12
<b>C</b>	Industrial	NEMA	100%	MA Default Service	02/01/12 – 04/30/12
<b>D</b>	Large	NH	100%	NH Default Service	02/01/12 – 04/30/12

National Grid: Page 7 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

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

Monthly Weighting															
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	Expected Bid based on Electric Forecast	2012 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min	
Block A SEMA Ind	Bidder A														
	Bidder B														
	Bidder C														
	Bidder D														
	Bidder E														
	Bidder F														
	Bidder G														
	Bidder H														
	Bidder I														
	Bidder J														
	Bidder K														
	Bidder L														
	Bidder M														
	Bidder N														
	Bidder O														
	Block B WCM A Ind	Bidder A													
Bidder B															
Bidder C															
Bidder D															
Bidder E															
Bidder F															
Bidder G															
Bidder H															
Bidder I															
Bidder J															
Bidder K															
Bidder L															
Bidder M															
Bidder N															
Bidder O															
Block C NEMA Ind		Bidder A													
	Bidder B														
	Bidder C														
	Bidder D														
	Bidder E														
	Bidder F														
	Bidder G														
	Bidder H														
	Bidder I														
	Bidder J														
	Bidder K														
	Bidder L														
	Bidder M														
	Bidder N														
	Bidder O														

National Grid: Page 8 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

**EXHIBIT 2**  
**INDICATIVE BID RANKING AT WHOLESALE**  
**BLOCK D**

Monthly Weighting														
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	Expected Bid based on Electric Forecast	2012 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min
Block D NH Large Default	Bidder A													
	Bidder B													
	Bidder C													
	Bidder D													
	Bidder E													
	Bidder F													
	Bidder G													
	Bidder H													
	Bidder I													
	Bidder J													
	Bidder K													
	Bidder L													
	Bidder M													
	Bidder N													
	Bidder O													

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

Monthly Weighting										
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block A SEMA Ind	Bidder A									
	Bidder B									
	Bidder C									
	Bidder D									
	Bidder E									
	Bidder F									
	Bidder G									
	Bidder H									
	Bidder I									
	Bidder J									
	Bidder K									
	Bidder L									
	Bidder M									
	Bidder N									
	Bidder O									
	Block B WCMA Ind									
Bidder B										
Bidder C										
Bidder D										
Bidder E										
Bidder F										
Bidder G										
Bidder H										
Bidder I										
Bidder J										
Bidder K										
Bidder L										
Bidder M										
Bidder N										
Bidder O										
Block C NEMA Ind		Bidder A								
	Bidder B									
	Bidder C									
	Bidder D									
	Bidder E									
	Bidder F									
	Bidder G									
	Bidder H									
	Bidder I									
	Bidder J									
	Bidder K									
	Bidder L									
	Bidder M									
	Bidder N									
	Bidder O									

National Grid: Page 10 of 22  
 Docket D.P.U. 11-BSF-D4  
 Docket DE 11-016

**EXHIBIT 3**  
**INDICATIVE BID RANKING AT RETAIL**  
**WITHOUT RPS (¢/kWh)**  
**BLOCK D**

Monthly Weighting										
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block D NH Large Default	Bidder A									
	Bidder B									
	Bidder C									
	Bidder D									
	Bidder E									
	Bidder F									
	Bidder G									
	Bidder H									
	Bidder I									
	Bidder J									
	Bidder K									
	Bidder L									
	Bidder M									
	Bidder N									
	Bidder O									



**EXHIBIT 4**  
**ESTIMATED INDICATIVE PRICES**  
**FORECAST BASED ON NYMEX ELECTRICITY FUTURES**  
**FEBRUARY 2012 – APRIL 2012 PERIOD**

		Feb-2012	Mar-2012	Apr-2012	Average	
<b>(B)</b>	<b>Electric Futures Price (\$/MWh)</b>	<b>On-Peak</b>	61.30	48.05	43.40	50.92
		<b>Off-Peak</b>	52.50	37.35	34.35	41.40
<b>(C)</b>	<b>Premium Bid Factor</b>	<b>MA Ind SEMA</b>				
		<b>MA Ind WCMA</b>				
		<b>MA Ind NEMA</b>				
		<b>NH Large</b>				
<b>(J)</b>	<b>Expected Bid Price (\$/MWh)</b>	<b>Ind SEMA</b>				
		<b>Ind WCMA</b>				
		<b>Ind NEMA</b>				
		<b>NH Large</b>				

Notes:

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

**11/29/2011**

(C) Historical bid factors.

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

Monthly Weighting																	
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	% Change From Indicative	Expected Bid based on Electric Forecast	2012 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min		
Block A SEMA Ind	Bidder A																
	Bidder B																
	Bidder C																
	Bidder D																
	Bidder E																
	Bidder F																
	Bidder G																
	Bidder H																
	Bidder I																
	Bidder J																
	Bidder K																
	Bidder L																
	Bidder M																
	Bidder N																
	Bidder O																
Block B W C M A Ind	Bidder A																
	Bidder B																
	Bidder C																
	Bidder D																
	Bidder E																
	Bidder F																
	Bidder G																
	Bidder H																
	Bidder I																
	Bidder J																
	Bidder K																
	Bidder L																
	Bidder M																
	Bidder N																
	Bidder O																
Block C N E M A Ind	Bidder A																
	Bidder B																
	Bidder C																
	Bidder D																
	Bidder E																
	Bidder F																
	Bidder G																
	Bidder H																
	Bidder I																
	Bidder J																
	Bidder K																
	Bidder L																
	Bidder M																
	Bidder N																
	Bidder O																

National Grid: Page 13 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

**EXHIBIT 5**  
**FINAL BID RANKING AT WHOLESALE**  
**BLOCK D**

Monthly Weighting															
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	% Change From Indicative	Expected Bid based on Electric Forecast	2012 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min
Block D NH Large Default	Bidder A														
	Bidder B														
	Bidder C														
	Bidder D														
	Bidder E														
	Bidder F														
	Bidder G														
	Bidder H														
	Bidder I														
	Bidder J														
	Bidder K														
	Bidder L														
	Bidder M														
	Bidder N														
	Bidder O														

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

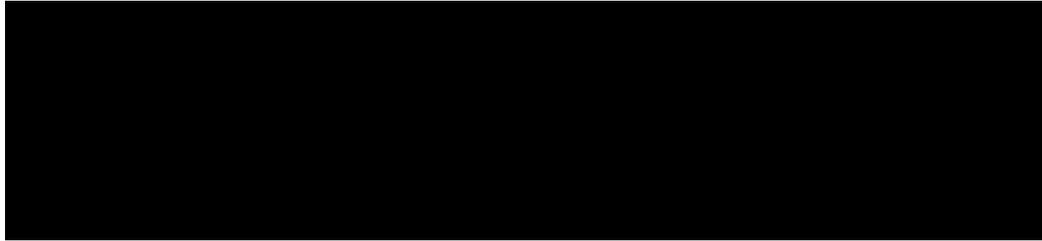
Monthly Weighting										
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block A SEMA Ind	Bidder A									
	Bidder B									
	Bidder C									
	Bidder D									
	Bidder E									
	Bidder F									
	Bidder G									
	Bidder H									
	Bidder I									
	Bidder J									
	Bidder K									
	Bidder L									
	Bidder M									
	Bidder N									
	Bidder O									
	Block B WCMA Ind									
Bidder B										
Bidder C										
Bidder D										
Bidder E										
Bidder F										
Bidder G										
Bidder H										
Bidder I										
Bidder J										
Bidder K										
Bidder L										
Bidder M										
Bidder N										
Bidder O										
Block C NEMA Ind		Bidder A								
	Bidder B									
	Bidder C									
	Bidder D									
	Bidder E									
	Bidder F									
	Bidder G									
	Bidder H									
	Bidder I									
	Bidder J									
	Bidder K									
	Bidder L									
	Bidder M									
	Bidder N									
	Bidder O									

**REDACTED**

National Grid: Page 15 of 22  
 Docket D.P.U. 11-BSF-D4  
 Docket DE 11-016

**EXHIBIT 6  
 FINAL BID RANKING AT RETAIL  
 WITHOUT RPS (¢/kWh)  
BLOCK D**

Monthly Weighting										
		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block D NH Large Default	Bidder A									
	Bidder B									
	Bidder C									
	Bidder D									
	Bidder E									
	Bidder F									
	Bidder G									
	Bidder H									
	Bidder I									
	Bidder J									
	Bidder K									
	Bidder L									
	Bidder M									
	Bidder N									
	Bidder O									



**EXHIBIT 7 ESTIMATED FINAL PRICES  
FORECAST BASED ON NYMEX ELECTRICITY FUTURES  
FEBRUARY 2012 – APRIL 2012 PERIOD**

			Feb-2012	Mar-2012	Apr-2012	Average
<b>(B)</b>	<b>Electric Futures Price (\$/MWh)</b>	<b>On-Peak</b>	56.45	46.38	42.33	48.39
		<b>Off-Peak</b>	46.90	36.50	33.65	39.02
<b>(C)</b>	<b>Premium Bid Factor</b>	<b>MA Ind SEMA</b>				
		<b>MA Ind WCMA</b>				
		<b>MA Ind NEMA</b>				
		<b>NH Large</b>				
<b>(J)</b>	<b>Expected Bid Price (\$/MWh)</b>	<b>Ind SEMA</b>				
		<b>Ind WCMA</b>				
		<b>Ind NEMA</b>				
		<b>NH Large</b>				

Notes:

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

**12/06/2011**

(C) Historical bid factors.

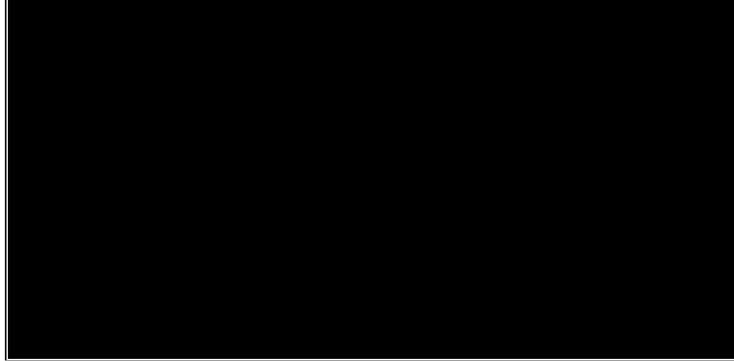
National Grid: Page 17 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

**EXHIBIT 8**  
**SUMMARY OF LOAD BLOCK AWARDS**

<b>Load Block</b>	<b>Customer Group</b>	<b>Load Zone</b>	<b>Supplier</b>	<b>Basis for Award</b>
<b>A</b>	Industrial	SEMA	[REDACTED]	Lowest bidder for block
<b>B</b>	Industrial	WCMA	[REDACTED]	Lowest bidder for block
<b>C</b>	Industrial	NEMA	[REDACTED]	Lowest bidder for block
<b>D</b>	Large	NH	NextEra EPM	Lowest bidder for block

National Grid: Page 18 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

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



**EXHIBIT 10**  
**SUMMARY OF RPS BIDS**

**INDICATIVE**

	MA RPS Adder \$/MWh	REC COST \$/REC	NH RPS Adder \$/MWh	REC COST \$/REC
	RPS-2012	2012	NH-RPS- 2012	2012
Avg Market Cost				
ACP Value	\$ 7.16	\$ 43.15	\$ 4.54	\$ 42.63
Bidder A				
Bidder B				
Bidder C				
Bidder D				
Bidder E				
Bidder F				
Bidder G				
Bidder H				
Bidder I				
Bidder J				
Bidder K				
Bidder L				
Bidder M				
Bidder N				
Bidder O				
min				
max				

**FINAL**

	Adder \$/MWh	REC COST	Adder \$/MWh	REC COST
	RPS-2012	2012	NH-RPS- 2012	2012
Avg Market Cost				
ACP Value	\$ 7.16	\$ 43.15	\$ 4.54	\$ 42.63
Bidder A				
Bidder B				
Bidder C				
Bidder D				
Bidder E				
Bidder F				
Bidder G				
Bidder H				
Bidder I				
Bidder J				
Bidder K				
Bidder L				
Bidder M				
Bidder N				
Bidder O				
min				
max				

National Grid: Page 20 of 22  
Docket D.P.U. 11-BSF-D4  
Docket DE 11-016

**EXHIBIT 11**  
**MA RPS & APS COST ADDER CALCULATION**

	YEAR	
	2012 ACP	2012 Market
<b><u>Section 1: Calculation of RPS Class I Resource Charge</u></b>		
(1) RPS Class I Alternative Compliance Payment or Market Price	\$64.22	
(2) RPS Class I Renewable Generation Resource Obligation	6.837%	6.8370%
(3) Incremental Cost - \$/MWh	\$4.39	
<b><u>Section 2: Calculation of RPS Class I Solar Carve-Out Resource Charge</u></b>		
(1) RPS Class I Solar Carve-Out Alternative Compliance Payment or Market Price	\$568.52	
(2) RPS Class I Solar Carve-Out Renewable Generation Resource Obligation	0.1630%	0.1630%
(3) Incremental Cost - \$/MWh	\$0.93	
<b><u>Section 3: Calculation of RPS Class II Resource Charge</u></b>		
(1) RPS Class II Alternative Compliance Payment or Market Price	\$26.36	
(2) RPS Class II Renewable Generation Resource Obligation	3.60%	3.60%
(3) Incremental Cost - \$/MWh	\$0.95	
<b><u>Section 4: Calculation of RPS Class II Waste Energy Resource Charge</u></b>		
(1) RPS Class II Waste Energy Alternative Compliance Payment or Market Price	\$10.54	
(2) RPS Class II Waste Energy Resource Obligation	3.50%	3.50%
(3) Incremental Cost - \$/MWh	\$0.37	
<b><u>Section 5: Calculation of APS Resource Charge</u></b>		
(1) APS Alternative Compliance Payment or Market Price	\$21.09	
(2) APS Obligation	2.50%	2.50%
(3) Incremental Cost - \$/MWh	\$0.53	
<b><u>Section 6: Calculation of RPS/APS Adder</u></b>		
(4) Sum of Class I, Class II and APS Incremental Costs - \$/MWh	\$7.16	
(5) Total RPS/APS Obligation %	16.60%	16.60%
(6) Obligation Weighted cost	\$43.15	

**Notes**

- (1) 2012 ACP & Market Prices  
2012 ACP based on the product of the 2011 ACP by the CPI increase from 2010 to 2011, as published by DOER.
- (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)

**EXHIBIT 12**  
**NH RPS COST ADDER CALCULATION**

	YEAR	
	2012 ACP	2012 Market
<b><u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u></b>		
(1) Class I Alternative Compliance Payment or Market Price	\$64.22	
(2) Class I Renewable Energy Resource Obligation	3.00%	3.00%
(3) Incremental Cost - \$/MWh	\$1.93	
<b><u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u></b>		
(1) Class II Alternative Compliance Payment or Market Price	\$168.66	
(2) Class II Renewable Energy Resource Obligation	0.15%	0.15%
(3) Incremental Cost - \$/MWh	\$0.25	
<b><u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u></b>		
(1) Class III Alternative Compliance Payment or Market Price	\$31.49	
(2) Class III Renewable Energy Resource Obligation	6.50%	6.50%
(3) Incremental Cost - \$/MWh	\$2.05	
<b><u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u></b>		
(1) Class IV Alternative Compliance Payment or Market Price	\$31.49	
(2) Class IV Renewable Energy Resource Obligation	1.00%	1.00%
(3) Incremental Cost - \$/MWh	\$0.31	
<b><u>Section 5: Calculation of Renewable Portfolio Standard Adder</u></b>		
(4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$4.54	
(5) Renewable Portfolio Standard Adder to be included in Retail Rates - \$/kWh	\$ 0.00454	
(6) Total RPS Obligation %	10.65%	10.65%
(7) Obligation Weighted cost	\$42.63	

**Notes**

- (1) 2012 ACP & Market Prices  
2012 ACP based on CPI increase from 2010 to 2011, as published by NHPUC.
- (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)

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

December 7, 2011 Final Bid Prices (\$ / MWh) at Wholesale  
Delivery Point, Excluding cost of RPS Compliance  
100 % of MA Ind & NH Large Load Obligations

		Feb-12	Mar-12	Apr-12	Average Price
Industrial	SEMA WCMA NEMA <b>Average Price</b>				
	NH Large DS				

December 7, 2011 Final Bid Prices (¢ / kWh) at Retail Customer  
Meter, Including RPS Compliance  
100 % of MA Ind & NH Large Load Obligations

		Feb-12	Mar-12	Apr-12	Average Price
Industrial	SEMA	7.611	6.488	6.305	6.802
	WCMA	6.859	6.790	6.890	6.846
	NEMA	6.875	6.789	6.933	6.866
	<b>Average Price</b>	<b>7.114</b>	<b>6.689</b>	<b>6.705</b>	<b>6.836</b>
	NH Large DS	7.366	6.210	5.950	6.509



**SCHEDULE MMJ – 3**

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





**SCHEDULE MMJ – 4**

**Default Service Contract for the Large Customer Group  
February 1, 2012 through April 30, 2012**

**MASTER POWER AGREEMENT  
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of December 7, 2011, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and **NEXTERA ENERGY POWER MARKETING, LLC** (formerly known as FPL ENERGY POWER MARKETING, INC.), a Delaware limited liability company (“**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 18, 2006 (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.

**2. Default Service Requirements Matrix**

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
D	Large	NH	100%	02/01/12	04/30/12

**3. Contract Rate - \$/MWh**

Award Block	Customer Group	Load Zone	February 2012	March 2012	April 2012
D	Large	NH			

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

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

D	Large	NH	11437	GSECO-DEF SVC LARGE CG LOAD
---	-------	----	-------	-----------------------------

**5. Renewable Portfolio Requirement**

For each calendar month during the term of this Transaction the sum of:

- i) The Class I RPS Requirement shall mean the product of (a) Delivered Energy in a calendar month and (b) the Class I RPS obligation of THREE PERCENT (3.0%), plus
- ii) The Class II RPS Requirement shall mean the product of (a) Delivered Energy in a calendar month and (b) the Class II RPS obligation of FIFTEEN HUNDREDTHS (0.15%), plus
- iii) The Class III RPS Requirement shall mean the product of (c) Delivered Energy in a calendar month and (d) the Class III RPS obligation of SIX AND ONE HALF PERCENT (6.5%), plus
- iv) The Class IV RPS Requirement shall mean the product of (e) Delivered Energy in a calendar month and (f) the Class IV RPS obligation of ONE PERCENT (1.0%).

**6. Amount Payable**

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

- (i) The product of (a) the Delivered Energy for Default Service to the Large Customer Group and (b) Large Customer Group Contract Rate in the month plus,
- (ii) the product of (c) the number Class I NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus,
- (iii) the product of (c) the number Class II NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus
- (iv) the product of (e) the number of Class III NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus,
- (v) the product of (e) the number of Class IV NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment less,
- (vi) the product of (e) the Class I RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less,
- (vii) the product of (e) the Class II RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less
- (viii) the product of (e) the Class III RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less,
- (ix) the product of (e) the Class IV RPS Requirement in a month and (d) the applicable Alternative Compliance Payment.

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

None.

**8. Security**

## 8.1 Calculation of Exposure

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

**Seller Independent Amount** means zero.

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

Award Block	Customer Group	Load Zone	February 2012	March 2012	April 2012
D	Large	NH	600	610	600

**Adjustment Factor** is 0.85.

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

ISO New England Internal Hub Price	February 2012	March 2012	April 2012
Off-Peak	46.90	36.50	33.65
Peak	56.45	46.38	42.33
Reference New England Internal Hub Price**	51.51	41.17	37.70

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

## 8.2 Delivery of Collateral

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

## 9. Confidentiality

Article 3 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.

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

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

**GRANITE STATE ELECTRIC COMPANY**

\_\_\_\_\_

Name: Margaret M. Janzen

Title: Authorized Signatory

**NEXTERA ENERGY POWER MARKETING, LLC**

\_\_\_\_\_

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

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



**SCHEDULE MMJ – 5**

**Renewable Portfolio Standard Compliance Adder**

REDACTED

## Renewable Portfolio Standard Compliance Adders

	YEAR	
	2012 ACP	2012 Market
<b><u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u></b>		
(1) Class I Alternative Compliance Payment or Market Price	\$64.22	
(2) Class I Renewable Energy Resource Obligation	3.00%	3.00%
(3) Incremental Cost - \$/MWh	\$1.93	
<b><u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u></b>		
(1) Class II Alternative Compliance Payment or Market Price	\$168.66	
(2) Class II Renewable Energy Resource Obligation	0.15%	0.15%
(3) Incremental Cost - \$/MWh	\$0.25	
<b><u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u></b>		
(1) Class III Alternative Compliance Payment or Market Price	\$31.49	
(2) Class III Renewable Energy Resource Obligation	6.50%	6.50%
(3) Incremental Cost - \$/MWh	\$2.05	
<b><u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u></b>		
(1) Class IV Alternative Compliance Payment or Market Price	\$31.49	
(2) Class IV Renewable Energy Resource Obligation	1.00%	1.00%
(3) Incremental Cost - \$/MWh	\$0.31	
<b><u>Section 5: Calculation of Renewable Portfolio Standard Adder</u></b>		
(4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$4.54	
(5) Renewable Portfolio Standard Adder to be included in Retail Rates - \$/kWh	\$0.00454	
(6) Total RPS Obligation %	10.65%	10.65%
(7) Obligation Weighted cost	\$42.63	

**Notes**

- (1) 2012 ACP & Market Prices  
2012 ACP based on CPI increase from 2010 to 2011, as published by NHPUC.
- (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**







**SCHEDULE MMJ – 7**

**Typical Bill Impacts**

S:\RADATA\1\2011\_gse\Default\_Service\December Filing\Schedule MMJ-7.xls\G1 250 hu  
9-Dec-11  
09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 Default Service Rates  
Calculation of Illustrative Monthly Typical Bill  
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)			
	250 On-Peak	60.00% Off-Peak			Total	Default Service	Retail Delivery	Total		Default Service	Retail Delivery	
kW												
200	50,000	30,000	80,000	20,000	\$5,923.65	\$4,012.00	\$1,911.65	\$5,242.65	\$3,331.00	\$1,911.65	(\$681.00)	-11.5%
300	75,000	45,000	120,000	30,000	\$8,838.75	\$6,018.00	\$2,820.75	\$7,817.25	\$4,996.50	\$2,820.75	(\$1,021.50)	-11.6%
400	100,000	60,000	160,000	40,000	\$11,753.85	\$8,024.00	\$3,729.85	\$10,391.85	\$6,662.00	\$3,729.85	(\$1,362.00)	-11.6%
500	125,000	75,000	200,000	50,000	\$14,668.95	\$10,030.00	\$4,638.95	\$12,966.45	\$8,327.50	\$4,638.95	(\$1,702.50)	-11.6%
1,000	250,000	150,000	400,000	100,000	\$29,244.45	\$20,060.00	\$9,184.45	\$25,839.45	\$16,655.00	\$9,184.45	(\$3,405.00)	-11.6%

Present Rates

Proposed Rates

Customer Charge	\$93.45	
Distribution Charge		
On Peak kWh	\$0.00108	kWh x
Off Peak kWh	(\$0.00026)	kWh x
Distribution Demand Charge	\$4.08	kW x
Storm Adjustment Factor	\$0.00040	kWh x
Transmission Charge	\$0.01505	kWh x
Stranded Cost Charge	\$0.00020	kWh x
System Benefits Charge	\$0.00330	kWh x
Electricity Consumption Tax	\$0.00055	kWh x
<u>Supplier Services</u>		
Default Service	\$0.08024	kWh x
	\$0.06662	

S:\RADATA\1\2011\_gse\Default\_Service\December Filing\Schedule MMJ-7.xls\G1\_350.hu  
9-Dec-11  
09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 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)			
	350 On-Peak	50.00%				Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Retail Delivery	Increase (Decrease)
kW	Off-Peak	50.00%	kWh	kWh	kWh	Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
200	35,000	50.00%	70,000	35,000	35,000	\$7,919.95	\$5,616.80	\$2,303.15	\$6,966.55	\$4,663.40	\$2,303.15	(\$953.40)	-12.0%
300	52,500	50.00%	105,000	52,500	52,500	\$11,833.20	\$8,425.20	\$3,408.00	\$10,403.10	\$6,995.10	\$3,408.00	(\$1,430.10)	-12.1%
400	70,000	50.00%	140,000	70,000	70,000	\$15,746.45	\$11,233.60	\$4,512.85	\$13,839.65	\$9,326.80	\$4,512.85	(\$1,906.80)	-12.1%
500	87,500	50.00%	175,000	87,500	87,500	\$19,659.70	\$14,042.00	\$5,617.70	\$17,276.20	\$11,658.50	\$5,617.70	(\$2,383.50)	-12.1%
1,000	175,000	50.00%	350,000	175,000	175,000	\$39,225.95	\$28,084.00	\$11,141.95	\$34,458.95	\$23,317.00	\$11,141.95	(\$4,767.00)	-12.2%

Present Rates

Proposed Rates

Customer Charge	\$93.45	
Distribution Charge		
On Peak kWh	kWh x	\$0.00108
Off Peak kWh	kWh x	(\$0.00026)
Distribution Demand Charge	kW x	\$4.08
Storm Adjustment Factor	kWh x	\$0.00040
Transmission Charge	kWh x	\$0.01505
Stranded Cost Charge	kWh x	\$0.00020
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.08024
		\$0.06662

S:\RADATA\1\2011\_gse\Default\_Service\December Filing\Schedule MMJ-7.xls\G1 450 hu  
9-Dec-11 09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 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	45.00%				Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Total	Retail Delivery
kW	Off-Peak	55.00%	kWh			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Amount	%
200	40,500	49,500	90,000	40,500	49,500	\$9,916.92	\$7,221.60	\$2,695.32	\$8,691.12	\$5,995.80	\$2,695.32	(\$1,225.80)	-12.4%
300	60,750	74,250	135,000	60,750	74,250	\$14,828.65	\$10,832.40	\$3,996.25	\$12,989.95	\$8,993.70	\$3,996.25	(\$1,838.70)	-12.4%
400	81,000	99,000	180,000	81,000	99,000	\$19,740.39	\$14,443.20	\$5,297.19	\$17,288.79	\$11,991.60	\$5,297.19	(\$2,451.60)	-12.4%
500	101,250	123,750	225,000	101,250	123,750	\$24,652.12	\$18,054.00	\$6,598.12	\$21,587.62	\$14,989.50	\$6,598.12	(\$3,064.50)	-12.4%
1,000	202,500	247,500	450,000	202,500	247,500	\$49,210.80	\$36,108.00	\$13,102.80	\$43,081.80	\$29,979.00	\$13,102.80	(\$6,129.00)	-12.5%

Present Rates

Proposed Rates

Customer Charge		\$93.45		\$93.45
Distribution Charge				
On Peak kWh	kWh x	\$0.00108		\$0.00108
Off Peak kWh	kWh x	(\$0.00026)		(\$0.00026)
Distribution Demand Charge	kW x	\$4.08		\$4.08
Storm Adjustment Factor	kWh x	\$0.00040		\$0.00040
Transmission Charge	kWh x	\$0.01505		\$0.01505
Stranded Cost Charge	kWh x	\$0.00020		\$0.00020
System Benefits Charge	kWh x	\$0.00330		\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055		\$0.00055
<u>Supplier Services</u>				
Default Service	kWh x	\$0.08024		\$0.06662

S:\RADATA\1\2011\_gse\Default\_Services\December Filing\Schedule MMJ-7.xls\G1\_450\_hu.2  
9-Dec-11 09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 Default Service Rates  
Calculation of Illustrative Monthly Typical Bill  
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)			
	450 On-Peak	40.00%			Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Amount	%
	Off-Peak	60.00%			Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery	Overall Increase (Decrease)	
200 kW	36,000	54,000	90,000		\$9,910.89	\$7,221.60	\$2,689.29	\$8,685.09	\$5,995.80	\$2,689.29	(\$1,225.80)	-12.4%
300	54,000	81,000	135,000		\$14,819.61	\$10,832.40	\$3,987.21	\$12,980.91	\$8,993.70	\$3,987.21	(\$1,838.70)	-12.4%
400	72,000	108,000	180,000		\$19,728.33	\$14,443.20	\$5,285.13	\$17,276.73	\$11,991.60	\$5,285.13	(\$2,451.60)	-12.4%
500	90,000	135,000	225,000		\$24,637.05	\$18,054.00	\$6,583.05	\$21,572.55	\$14,989.50	\$6,583.05	(\$3,064.50)	-12.4%
1,000	180,000	270,000	450,000		\$49,180.65	\$36,108.00	\$13,072.65	\$43,051.65	\$29,979.00	\$13,072.65	(\$6,129.00)	-12.5%

Present Rates

Proposed Rates

Customer Charge	\$93.45	
Distribution Charge		
On Peak kWh	kWh x	\$0.00108
Off Peak kWh	kWh x	(\$0.00026)
Distribution Demand Charge	kW x	\$4.08
Storm Adjustment Factor	kWh x	\$0.00040
Transmission Charge	kWh x	\$0.01505
Stranded Cost Charge	kWh x	\$0.00020
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.08024
		\$0.06662

S:\RADATA\12011\_gse\Default Service\December Filing\Schedule MMJ-7.xls[G2 200 hu  
9-Dec-11  
09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 Default Service Rates  
Calculation of Illustrative Monthly Typical Bill  
Impact on Rate G-2 Default Service Customers

Hours Use	200	(1)		(2)		(1) vs (2)
		Total	Retail Delivery	Total	Retail Delivery	
kW						
20	4,000	\$519.69	\$198.73	\$465.21	\$198.73	(\$54.48)
50	10,000	\$1,261.71	\$459.31	\$1,125.51	\$459.31	(\$136.20)
75	15,000	\$1,880.06	\$676.46	\$1,675.76	\$676.46	(\$204.30)
100	20,000	\$2,498.41	\$893.61	\$2,226.01	\$893.61	(\$272.40)
150	30,000	\$3,735.11	\$1,327.91	\$3,326.51	\$1,327.91	(\$408.60)

Present Rates

Proposed Rates

Customer Charge		\$25.01
Distribution Charge	kWh x	\$0.00005
Distribution Demand Charge	kW x	\$4.50
Storm Adjustment Factor	kWh x	\$0.00040
Transmission Charge	kWh x	\$0.01643
Stranded Cost Charge	kWh x	\$0.00020
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Default Service	kWh x	\$0.08024	\$0.06662
-----------------	-------	-----------	-----------

S:\RADATA\12011\_gse\Default Service\December Filing\Schedule MMJ-7.xls[G2 250 hu  
9-Dec-11  
09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 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	Present Rates Default Service	Total	Proposed Rates Default Service		
20	5,000	\$620.86	\$401.20	\$552.76	\$333.10	(\$68.10)	-11.0%
50	12,500	\$1,514.65	\$1,003.00	\$1,344.40	\$832.75	(\$170.25)	-11.2%
75	18,750	\$2,259.45	\$1,504.50	\$2,004.08	\$1,249.13	(\$255.37)	-11.3%
100	25,000	\$3,004.26	\$2,006.00	\$2,663.76	\$1,665.50	(\$340.50)	-11.3%
150	37,500	\$4,493.90	\$3,009.00	\$3,983.15	\$2,498.25	(\$510.75)	-11.4%

Present Rates

Customer Charge		\$25.01
Distribution Charge	kWh x	\$0.00005
Distribution Demand Charge	kW x	\$4.50
Storm Adjustment Factor	kWh x	\$0.00040
Transmission Charge	kWh x	\$0.01643
Stranded Cost Charge	kWh x	\$0.00020
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

		\$25.01
		\$0.00005
		\$4.50
		\$0.00040
		\$0.01643
		\$0.00020
		\$0.00330
		\$0.00055

Supplier Services

Default Service	kWh x	\$0.08024
-----------------	-------	-----------

\$0.06662

S:\RADATA\12011\_gse\Default Service\December Filing\Schedule MMJ-7.xls\G2\_300.hu  
9-Dec-11  
09:25 AM

Granite State Electric Company  
Proposed February 1, 2012 Default Service Rates  
Calculation of Illustrative Monthly Typical Bill  
Impact on Rate G-2 Default Service Customers

Hours Use	300	(1)		(2)		(1) vs (2)
		Total	Present Rates Default Service	Total	Proposed Rates Default Service	
kW	Monthly kWh					
20	6,000	\$722.03	\$481.44	\$640.31	\$399.72	Overall Increase (Decrease) Amount (\$81.72) -11.3%
50	15,000	\$1,767.56	\$1,203.60	\$1,563.26	\$999.30	Overall Increase (Decrease) Amount (\$204.30) -11.6%
75	22,500	\$2,638.85	\$1,805.40	\$2,332.40	\$1,498.95	Overall Increase (Decrease) Amount (\$306.45) -11.6%
100	30,000	\$3,510.11	\$2,407.20	\$3,101.51	\$1,998.60	Overall Increase (Decrease) Amount (\$408.60) -11.6%
150	45,000	\$5,252.66	\$3,610.80	\$4,639.76	\$2,997.90	Overall Increase (Decrease) Amount (\$612.90) -11.7%

Proposed Rates

Present Rates

Customer Charge		\$25.01
Distribution Charge	kWh x	\$0.00005
Distribution Demand Charge	kW x	\$4.50
Storm Adjustment Factor	kWh x	\$0.00040
Transmission Charge	kWh x	\$0.01643
Stranded Cost Charge	kWh x	\$0.00020
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.08024
		\$0.06662



**SCHEDULE MMJ – 8**  
**Quarterly Customer Migration Report**

CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 3rd Quarter of 2011

Customer Rate Class	Energy Service						Competitive Service					
	Jul-2011		Aug-2011		Sep-2011		Jul-2011		Aug-2011		Sep-2011	
	Number of Energy Service Customers		kWh Used by Energy Service Customers		as % of Total		Number of Competitive Service Customers		kWh Used by Competitive Service Customers		as % of Total	
D	34,173	34,135	34,066	25,176,284	26,183,293	22,602,867	34	37	37	32,653	35,016	33,118
D-10	443	435	440	396,172	415,847	370,903	0	0	0	0	0	0
T	1,235	1,231	1,226	1,299,405	1,269,237	1,142,556	2	2	2	13,993	13,288	11,801
G-1	71	70	67	7,765,760	10,940,320	9,474,820	52	52	53	24,738,950	27,417,316	22,753,614
G-2	674	662	662	10,103,353	10,339,165	9,932,088	178	173	174	4,451,733	4,592,217	4,424,296
G-3	5,115	5,082	5,053	7,596,081	7,897,185	7,072,084	464	460	461	742,524	768,841	715,997
V	18	18	18	21,733	32,289	22,106	1	1	1	36	0	0
Streetlights	100	101	102	190,670	177,906	176,281	20	20	20	217,112	201,580	199,736
TOTAL	41,829	41,734	41,634	52,549,458	57,255,242	50,793,705	751	745	748	30,197,001	33,028,258	28,138,562
Customer Rate Class	Number of Energy Service Customers		kWh Used by Energy Service Customers		as % of Total		Number of Competitive Service Customers		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	100%	100%	100%	99%	99%	99%	0%	0%	0%	1%	1%	1%
G-1	58%	57%	56%	24%	29%	29%	42%	43%	44%	76%	71%	71%
G-2	79%	79%	79%	69%	69%	69%	21%	21%	21%	31%	31%	31%
G-3	92%	92%	92%	91%	91%	91%	8%	8%	8%	9%	9%	9%
V	95%	95%	95%	100%	100%	100%	5%	5%	5%	0%	0%	0%
Streetlights	83%	83%	84%	47%	47%	47%	17%	17%	16%	53%	53%	53%
TOTAL	98%	98%	98%	64%	63%	64%	2%	2%	2%	36%	37%	36%

Prepared By: J. Jertz

Date: October 6, 2011