

July 28, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

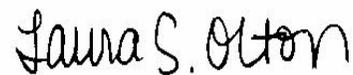
**RE: Docket 3701 - Rhode Island DSM Collaborative Report of Meeting Minutes
July 20, 2006**

Dear Ms. Massaro:

On behalf of the Rhode Island DSM Collaborative, enclosed are ten (10) copies of a report of meeting minutes from the Collaborative's July 20, 2006 meeting. Although this report is not required by the Settlement approved by the Commission in Docket 3701, the Collaborative is forwarding a copy of the meeting minutes as a means to keep the Commission informed of its ongoing actions during the course of the year. Please circulate this document to the Commissioners as well as other interested staff members. Please place a copy of this report in the official file for this docket.

Thank you for your attention to our report. If you have any questions concerning this matter, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3701 Service List
RI Collaborative Members

The fifth meeting in 2006 of the Rhode Island DSM Collaborative began at 9:30 a.m. at the office of National Grid in Providence, RI.

Attendance

Non-Utility Parties	For National Grid
David Stearns (Division)	Robert O'Brien
Al Contente (Division)	Michael McAteer
William Lueker (RIAG for the Division)	Kevin Rennick
John Farley (TEC-RI)	Carol White
Erich Stephens (PP&L)	
Tim Woolf (Consultant to the Division)	
Janice McClanaghan (RI SEO) – by phone	

I. Mid Year Results – Residential

A. Bob O'Brien reviewed residential program results and spending at mid-year (See Attachment 1). He noted the following:

1. All of the residential programs, with the exception of ENERGY STAR® Homes and Residential HVAC, are experiencing high demand for program services. Managing the residential program budgets is proving to be challenging in 2006.
2. The ENERGY STAR® Homes and Residential HVAC programs were significantly changed from 2005. As a result, there is a need to deal with start-up issues that characterize new programs which has contributed to slower progress in these programs compared to the other residential programs.
3. The Company has successfully worked through the single family EnergyWise Program backlog discussed at prior meetings. We are now marketing program services to the shut-off list.
4. Dave Stearns asked if the Company was contemplating a request to the PUC to increase the SBC. Tim Woolf voiced his support for doing this.

In response to Dave's question, Company representatives noted that the Company was reluctant to propose an increase to the SBC at this time given total bill increases that customers have experienced.

5. Bob noted that the Company is continuing to provide *EnergyWise* services to multifamily customers. We are working with customers who have already requested program services.
6. Erich requested information about the number of customers on the shut-off list who received program services last year.
7. Janice informed the group about an Energy Expo for residential customers that the SEO is planning to sponsor on October 1 from 10:00 a.m. to 5:00 p.m. at the Crown Plaza in Warwick. The SEO anticipates having about 68 booths at the event. There will be a variety of 20 minute seminars offered throughout the day. The SEO will also highlight alternative fuel vehicles and renewables at the Expo. Some funding has been provided by DOE and some funding comes from the SEO. The SEO will contact National Grid about cosponsoring this event.
8. Bob informed the group that Affordable Comfort New England will be holding a local event 10/4 – 10/5. Laura McNaughton is currently President of Affordable Comfort.
9. Bob provided the Collaborative with an update about progress being made to achieve the residential performance metric. See attachment 2.

II. Mid Year Results – C&I

A. Michael McAteer reviewed commercial and industrial program results and spending at mid-year (See Attachment 1). He noted the following:

1. The Company is on track to achieve goals and spend the C&I budgets by year-end. The challenge will be to manage the budgets so they are not over-spent.
2. The Company is making progress with schools. Two schools coming through the program are under construction. An additional school is approved to participate although construction has not yet started. Michael noted that Rhode Island is on track to adopt high performance schools requirements.
3. No benchmarking projects have been committed as of mid-year. Michael noted that 8 – 9 customers are currently considering benchmarking. He expects to have benchmarking commitments for 8 – 12 customers by year-end.
4. SBS Comprehensiveness is proving to be a significant challenge. The Company is achieving approximately 3% comprehensiveness in SBS defined consistent with the performance metric.

5. National Grid's C&I planning teams are scheduled to begin their 2007 planning efforts in about two weeks. The teams plan to assess the advisability of reducing customer incentives for some measures for 2007, especially in retrofit.
6. Tim asked if the Company considered measure cost-effectiveness or if some non-cost-effective measures could be bundled with other cost-effective measures as long as the project was cost-effective. Michael noted that the Company requires all measures to be cost-effective.
7. Customer cost-shares and customer perceptions about energy efficiency project benefits make SBS comprehensiveness a challenge.
8. John F. asked if the Company provides retrofit program services to schools. Michael noted that we do. Most of the retrofit activity comes in as prescriptive lighting.
9. Al C. asked if we are seeing an increase in air conditioning at schools. Michael noted that we are not seeing more a/c in schools. Even when a/c is included in the original specifications for a school, it tends to be eliminated as part of the value engineering process.
10. John F. asked for an update about National Grid's demand response efforts. Kevin R. noted that we have about 20 contracts for DR signed with customers under 750 kW. The Company is doing a better job helping customers to develop a plan about how to respond to requests for curtailment.

III. Discussion re: Alternative to Current Filing Schedule and Process

A. Carol provided the Collaborative with a proposal to alter the current process of filing energy efficiency plans for the coming year in September/October followed by a True-up Filing in the following May. She requested the Collaborative consider the following filing process instead:

- File plans for the coming year in November. This will allow the Company to develop its projection of funding expected to be available in the coming year with better information about spending in the current year compared to what is available when a September filing is required. This will also move the filing to late enough in the year to allow the Company to reflect current evaluation results in its planning assumptions.
- Eliminate the True-up Filing in May. This will allow the Company to better manage program efforts because goals will not change half way through the year. Program managers and contractors who work to achieve program goals will be focused on real goals that don't change for the entire year. This will not eliminate the current practice of restating goals to reflect new evaluation results when the year-end

report is filed. This will also reduce administrative efforts required to develop another filing in the spring.

- If a Settlement is filed in November and the Commission has not yet had time to review the Settlement, we could propose to begin to implement programs as described in the Settlement with the understanding that the Commission may require changes when it completes its review.
- If a Settlement is not reached, the Company would still file its energy efficiency plans for the coming year with the Commission in November.

1. Discussion about the proposal:

a) May want to set a threshold to identify when a true-up filing might be beneficial.

b) If there isn't a settlement, it might be helpful to propose that the Company will continue current year program efforts into the new year pending Commission review.

c) Erich: It will be important to review the recently passed legislation to consider how the new law affects the filing process.

Action Item: Carol will prepare a draft of a request to the Commission to alter the filing process as discussed. She will attempt to provide the Collaborative with this draft ahead of the next Collaborative meeting (August 2).

IV. Planning for 2007

- A. Will look at dialing down customer incentives in C&I Retrofit.
- B. Looking at new products, especially new lighting. Expect focus to be on new technology as opposed to major program changes.
- C. Will focus on demand response and energy efficiency efforts that contribute to demand savings given the evolving Forward Capacity Market.
- D. Discussed the Company's efforts to monitor opportunities for residential demand response. Current residential demand response technologies are not yet cost-effective. The Company will continue to monitor residential demand response opportunities.
- E. Erich suggested that the Company and the Collaborative review the transcript from the Commission's hearing about 2006 plans to identify issues to address in 2007 planning. Specifically, Erich suggested that the Company ensure that financing provided to different classes of customers is appropriate.
- F. John F. reminded the Collaborative about the importance of focusing on economic development benefits that can be achieved with energy efficiency program efforts.

Action Item: Michael and Kevin will solicit suggestions from EDC to be considered in 2007 planning.

- G. Bill L. suggested that John F. (TEC-RI) participate in the meeting with EDC.
- H. The Company will investigate how to engage the new Council with the Collaborative's efforts.

V. Upcoming Meetings

- A. Future meetings are scheduled on the following dates:

- August 2 from 9:00 a.m. – 3:00 p.m.
- August 16 from 9:00 a.m. – 12:30 p.m.
- August 30 from 9:00 a.m. – 12:30 p.m.

All meetings are currently scheduled to take place at National Grid's Providence offices.

ATTACHMENT 1

NATIONAL GRID

Table 1. Summary of 2006 Target and 2nd Quarter Results

Sector and Program	(1) Demand Reduction (Annual kW)			(5) Energy Savings (Annual MWh)			(9) Customer Participation			(12) Implementation Expenses (\$ 000)		
	(3) Approved Target	(4) Year To Date	(8) Pct Achieved	(7) Approved Target	(7) Year To Date	(8) Pct Achieved	(10) Approved Target	(10) Year To Date	(11) Pct Achieved	(14) Approved Budget	(14) Year To Date	(15) Pct Achieved
Large Commercial and Industrial												
Design 2000 <i>plus</i>	2,016	576	28.6%	9,625	1,841	19.1%	196	76	38.8%	\$2,729.0	\$892.7	32.7%
Energy Initiative	3,896	3,130	80.3%	24,538	17,644	71.9%	254	122	48.0%	3,842.5	2,610.9	67.9%
SUBTOTAL	5,912	3,706	62.7%	34,163	19,485	57.0%	450	198	44.0%	\$6,571.5	\$3,503.6	53.3%
Small Commercial and Industrial												
Small Business Services	1,962	1,169	59.6%	8,234	5,206	63.2%	491	394	80.2%	\$3,592.1	\$1,740.4	48.5%
SUBTOTAL	1,962	1,169	59.6%	8,234	5,206	63.2%	491	394	80.2%	\$3,592.1	\$1,740.4	48.5%
Residential												
Energy Wise	350	179	51.1%	3,587	1,887	52.6%	4,980	2,525	50.7%	1,888.4	\$1,068.5	56.6%
Single Family Low Income Services	127	65	51.3%	1,038	617	59.4%	967	522	54.0%	1,684.4	826.2	49.0%
ENERGY STAR @ Appliances	331	84	25.3%	924	574	62.1%	5,800	2,264	39.0%	345.3	187.0	54.1%
ENERGY STAR @ Heating Program	0	0	0.0%	10	6	61.5%	480	295	61.5%	109.8	61.8	56.3%
ENERGY STAR @ Central A/C Program	94	16	16.9%	58	9	16.1%	343	28	8.2%	174.9	38.5	22.0%
ENERGY STAR @ Lighting	870	707	81.3%	13,640	11,126	81.6%	57,696	40,496	70.2%	780.6	474.5	60.8%
ENERGY STAR @ Homes	119	48	n/a	774	345	n/a	500	121	n/a	988.0	307.7	31.1%
Energy Efficiency Education Programs	n/a	n/a	#DIV/0!	n/a	n/a	#DIV/0!	n/a	n/a	#DIV/0!	48.6	21.8	44.9%
SUBTOTAL	1,892	1,099	58.1%	20,030	14,564	72.7%	70,766	46,251	65.4%	\$6,020.1	\$2,985.9	49.6%
TOTAL	9,765	5,974	61.2%	62,427	39,256	62.9%	71,707	46,843	65.3%	\$16,183.7	\$8,230.0	50.9%

NOTES

(1) Approved Target from 2006 True-Up, Updated Attachment 10 page 2 of 3, Summer kW.

(4) Pct Achieved is Column (3)/ Column (1).

(5) Approved Target from 2006 True-Up, Updated Attachment 10 page 2 of 3, Maximum Annual MWh Saved.

(8) Pct Achieved is Column (7)/ Column (5).

(9), (10) Customer Participation in 2006 defined as completed projects in Approved Target and Year To Date, except for C&I Year To Date participants, which are counted as unique customer participants.

(11) Pct Achieved is Column (10)/ Column (9).

(12) Approved Budget from 2006 True-Up, Updated Attachment 10, page 1 of 3

For Design 2000*plus* and Energy Initiative this excludes estimated commitment budget of \$1,132,700 for Design 2000 *plus* and \$2,648,000 for Energy Initiative, respectively.

For Small Business Services, this is net of expected copayments of \$706,251.

(14) Year To Date Implementation Expenses are net of the following items:

Actual commitments made in 2005 for 2006.

Customer copayments

(15) Pct Achieved is Column (14)/ Column (12).

Attachment 1 - RI_2006Tracking_2Qa.xls

ATTACHMENT 2
EnergyWise Metric
and
Historic Results – Targetting Customers on Shut-off List

2006 EnergyWise Metric

There are **23** Participants through June 2006.

The collaborative asked about the impact of EnergyWise on the number of shut off customers. To this end we reviewed participants who are no longer on the list and found:

2005 -- 53 of 79 participants are no longer on the list **67%**

2006 --- 15 of 23 participants are no longer on the list **65%**

We then reviewed the 2004 list of shut offs and compared it to the 2005 list. Of the 1803 customers on the 2004 list 1338 do not appear on the 2005 list of 2145 customers. **74%**

We conclude that our EnergyWise Program did not affect the number of people moving off the shut off list.

The EnergyWise single family backlog is caught up. To ensure that there is enough work for the EnergyWise single family auditors we have instructed RISE Engineering to confine their marketing efforts to the single family customers appearing on the 2005 shut off list. We are not certain that we will attain the 2006 metric.

Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



Joanne M. Scanlon
National Grid

July 28, 2006
Date

Narragansett Electric Co. – 2006 Demand Side Management – Dkt. 3701
Service list as of 4/13/06

Name/Address	E-mail Distribution List	Phone/FAX
Laura Olton, Esq. Amy Rabinowitz, Esq. 280 Melrose Street Providence RI 02907-1438	Laura.olton@us.ngrid.com	401-784-7667
	Amy.rabinowitz@us.ngrid.com	401-784-4321
	Thomas.robinson@us.ngrid.com	
	David.jacobson@us.ngrid.com	
	Joanne.scanlon@us.ngrid.com	
William Lueker, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	Wlueker@riag.state.ri.us	401-222-2424
	David.stearns@ripuc.state.ri.us	ext. 2299
	Al.contente@ripuc.state.ri.us	401-222-3016
John Farley, Executive Director The Energy Council of RI One Richmond Square Suite 340D Providence, RI 02906	jfarley316@hotmail.com	401-621-2240 401-621-2260
Janice McClanaghan Dept. of Administration - Energy Office One Capitol Hill Providence RI 02908	JaniceM@gw.doa.state.ri.us	401-222-3370 ext. 109
Erich Stephens, Executive Director People's Power & Light LLC 17 Gordon Avenue #201A Providence RI 02905	erich@ripower.org	401-861-6111 401-861-6115
Tim Woolf, Vice President Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	twoolf@synapse-energy.com	617-661-3248 617-661-0599
Original & nine (9) copies file w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02889	Lmassaro@puc.state.ri.us	401-941-4500
	Cwilson@puc.state.ri.us	401-941-1691
	Dhartley@puc.state.ri.us	
	Anault@puc.state.ri.us	