

February 15, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

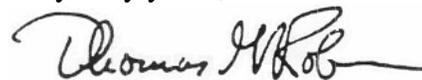
**RE: Docket No. 3701 - Rhode Island DSM Collaborative Report of Meeting Minutes
January 24, 2006**

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 January 24, 2006 meeting. Although this report is not required by the Settlement approved by the Commission in Docket No. 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 (508) 389-2877.

Very truly yours,



Thomas G. Robinson

Enclosures

cc: Docket 3701 Service List
RI Collaborative Members

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

February 15, 2006
Date

Narragansett Electric Co. – 2006 Demand Side Management – Dkt. 3701
Service list as of 10/28/05

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**RHODE ISLAND DSM COLLABORATIVE
MEETING MINUTES
JANUARY 24, 2006**

The first meeting in 2006 of the Rhode Island DSM Collaborative began at 9:45 am at the offices of the Narragansett Electric Company in Providence, RI.

Attendance

Non-Utility Parties	For Narragansett Electric
Bill Lueker, RIAG for the Division	Tom Coughlin (for M. McAteer)
Dave Stearns, Division	Laura McNaughton
Al Contente, Division	Jeremy Newberger
Tim Woolf, for the Division	
Janice McClanaghan, RI SEO	

Absent: John Farley, TEC-RI, Erich Stephens, PP&L, Doug Hartley, RI PUC, Laura Olton, Kevin Rennick, Carol White

I. kW Update filing

Jeremy Newberger reviewed the contents and schedule for the kW update filing. Settlement Attachments 10 (pages 1 and 2) and 11 will be affected by the revised kW factors and final values for DRIPE from the avoided cost study.

II. 2006 Residential Program Update

A. ENERGY STAR Air Conditioning

Program Manager Dave Legg joined the meeting by phone to review the changes to the program (*see Attachment 1*). The program is being made to be the same as the Massachusetts program to achieve implementation economies. The program budget will not change, but participation, savings, and benefit/cost ratio will change. These will be reflected in the May True-Up.

B. ENERGY STAR Homes

Laura distributed a summary of planned program changes for the ENERGY STAR Homes program (*see Attachment 2*) and Program manager Jerry Hanna joined the meeting by telephone. They reviewed the new Home Energy Rating System (HERS) scale. Now, a lower score indicates performance relative to code (HERS=100). Lower is better. The Company expects that about 20% of budget in 2006 will be spent on projects conforming to the new program. The rest will be carryover commitments from prior years.

Action Item: Laura M. will send absent Collaborative members the program summary documents and the Company's plans for how it will proceed.

Action Item: The Company will send a letter documenting final program changes to the Commission, in accordance with Attachment 1, page 15 of the Settlement.
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III. Preliminary Year End 2005 Results

Jeremy distributed preliminary Year End results (*See Attachment 3, note these are slightly edited from those presented at the meeting*).

A. Commercial and Industrial Programs

1. Savings

- The Company made the savings goal in both large and small business programs. The Company fell short of Large C&I kW target and Small Business services participation. SBS participation may have been low because of increased participation of customers in the 100 to 200 kW size range.

Action Item: The Company will include a footnote about this participation in the presentation of the final year end results.

- Large C&I spending was less than budget. However, commitments for future projects were greater than budgeted.

Action Item: The Company will provide data on commitments from 2005 to 2006 to the Collaborative.

2. Performance Metrics

- BOC Training- Achieved participation metric with aid of Energy Office
- High Performance Schools- achieved threshold performance of 1 school
- SBS Comprehensiveness- achieved target of 7% comprehensive.

Action Item; The Company will provide data to the Collaborative about how many of the Comprehensive projects were for customers in the 100 to 200 kW size range.

B. Residential Programs

1. Residential programs made savings targets. Low income efforts were strongly helped by the Energy Office and CAP agencies. All programs stayed open until year end, to handle high demand. Money was moved from advertising to rebates to help meet demand. ENERGY STAR A/C did under spend and not meet its program target, but this was more than made up for by the performance of other programs.

Action Item; Laura will check ENERGY STAR Homes performance to confirm that spending was over budget while savings and participation were under budget.

2. Tim Woolf noted that program performance will trigger the bonus incentive for the Company for the first time. That most of the extra performance is from Residential Lighting underscores the importance to scrutinize savings assumptions. At the same time, he noted that the company successfully managed the program in order to exceed program goals.

3. Metrics:

- a. Low Income Services: served 116 targeted customer, exceeding goal of 100.

- b. ENERGY STAR Homes: preliminary results are signed agreements with 47% of permitted units, exceeding target of 33%. (*Editor's note, based on more recent data, we have revised our penetration estimate to 39% of permitted units.*)
4. Jeremy reviewed the new preliminary thresholds for the three carryover metrics. These will be finalized after the Year-End Report and filed with the True-up filing. He reported that the Company had given Cindy Wilson confirmation that with 4 metrics for 2006, each would be worth \$20,000, with partial performance being worth \$13,400 and \$16,600.

IV. 2006 Meeting Schedule

John Farley and Erich Stephen joined the meeting by phone to establish a schedule of meeting for 2006. All meetings will be at the Providence offices of National Grid.

- Thursday, March 30, 9:30-12:30 (*Editor's note—National Grid has a conflict on this date and the meeting will have to be rescheduled*)
- Wednesday, April 26, 9:30-12:30
- Wednesday, May 18, 9:30-12:30
- Wednesday, July 12, 9:30- 3:00
- Wednesday, August 2, 9:30- 3 pm

V. Other

- Although the Company did not spend the full 2005 budget, given accounting practices and fund balance management, it is not possible to use the 2005 surplus for the Company's bonus incentive for exceeding savings goals. The unspent budget will be part of the fund balance carryover, so, in a way it will go toward that portion of the incentive that is booked in 2006.

The meeting adjourned at 11:50 am

Minutes prepared by Jeremy Newberger

Leftover action item from 12/02/05 meeting

- Action Item: Michael to report what % of school new construction is influenced by Design 2000*plus*.

Changes in the ENERGY STAR® Central Air Conditioning Program 2006

National Grid proposes operating this program as part of the COOL SMART with ENERGY STAR program, a joint utility residential air conditioner rebate program in Massachusetts. The administrative and marketing cost savings are required to make the program cost effective in order to offset the loss in kWh savings due to the new Federal Standard of 13 SEER.

Incentive Changes

- A. Increase incentive for installation of new equipment that has the documented proper measured charge relative to the system's air flow to contractors from \$150 to \$175 and not offer \$50 to customer.

Explanation: Increase contractor participation in this measure and the next which are critical keys to program success. Energy savings due to proper installation are critical to ensuring the program's cost effectiveness. It also includes a new requirement that contractors obtain a sign-off by customers for cases where air flow doesn't also pass. It avoids customers expecting a rebate for cases where contractors fail to turn in the necessary data.

- B. Re-direct and increase the incentive and change name of measure from "digital tune-ups" to "digital check-ups". This is a service for existing equipment during the course of a repair or tune-up to ensure that the system has the proper measured charge relative to the system's air flow. National Grid recommends that the contractor receive \$175, of which \$125 is for an instant credit on the contractor's bill to the customer plus a \$50 incentive to the contractor.

Explanation: Offering higher incentives for digital check-ups reduces barriers to participate for customers and contractors. The credit on the customer's bill was suggested by contractors who are committed to the third party verification approach but wanted to avoid the problem of customers expecting more from a tune-up than contractors can reasonably deliver for \$175. The contractor will be eligible for a rebate of the \$125 credit once the application and data submittal is correct and complete. It avoids customers expecting a rebate for cases where contractors fail to turn in the necessary data.

- C. Simplifying from three incentive tiers to one for new high efficiency equipment: \$300 for ENERGY STAR with SEER 14+ and EER 11.5+ and HSPF of 8.2 and above

Explanation: This single level incentive will help minimize contractor, customer, program vendor rebate transaction confusion which is due in large part to the fact that manufacturers do not supply EER info and make it simpler which contractors often ask for. The program will track rebated equipment consistent with all CEE tiers and anticipate that this incentive will be cost effective on average.

NEW Incentives

- D. Customer incentive of \$50 and contractor incentive of \$50 per half ton of downsizing compared to old system when new AC or Heat Pump is properly sized to distribution system.

Explanation: In many cases contractors merely replace old systems with the same size system. In some instances the existing duct work won't provide enough air flow to match the size. This provides an incentive for contractors and customers to right size the system with respect to existing ducts and/or ACCA Manual J sizing calculations.

- E. The program also plans to offer training and a modest incentive for duct sealing and to explore ways of fostering a duct sealing component.

Explanation: This is an initial step to build infrastructure to capture duct sealing savings potential and as part of new strategies to deal with seasonal demand such as marketing the heating savings of duct sealing combined with the digital check-ups.

National Grid
Residential New Construction Program
Description of 2006 Participation Paths
 January 24, 2006

The following are descriptions of the various participation “paths” open to builders as part of the 2006 Residential New Construction program. Included also are the incentive categories associated with each of these paths. In developing the incentive levels the thinking is that the total possible Energy Measure Upgrades (see next page) rebates should not exceed the minimum ENERGY STAR Home rebate of \$250, in order not to drastically shift program participation away from the whole-house energy performance or prescriptive paths.

HERS

The advantage of the performance path continues to be the ability for a builder to ‘trade off’ aspects of a home’s efficiency features to achieve a target without needing to meet every element of a rigid standard exactly. In addition, this path allows for differentiation and reward of ENERGY STAR Homes that are more efficient than others.

<i>Performance Incentive:</i>	<i>HERS index 85</i>	<i>[\$250]</i>
	<i>HERS index 70</i>	<i>[\$500 + assistance with Federal tax credit if builder qualifies, approximately HERS index 65-67]</i>
<i>Value Added service:</i>	<i>Bulb installs</i>	<i>[Avg. \$186]</i>
	<i>Duct materials</i>	<i>[Avg. \$200, for 1st five homes]</i>

By agreement with the Environmental Protection Agency, the Residential Energy Services Network (RESNET), and the National Association of State Energy Officials (NASEO), the scale for the Home Energy Rating Score (HERS) has changed. The new scale goes from 100 which represents the HERS reference home to 0 which represents a zero net purchasing energy use home. In the updated scale, a lower score is more efficient than a higher score.

BOPS

The Builder Option Package (BOPS), or Prescriptive path, gauges the relative energy performance of residential buildings, within a specified type/size/location, on a pass-fail basis. The advantage is a simple list of performance standards that does not require modeling to determine if a home achieves the target standard. This is easier to assess and easier to explain. A home can be built using the BOPS path if it meets or exceeds all of the individual efficiency components of the BOPS package. BOPS is a path toward the EPA’s ENERGY STAR Home label. The only difference between BOPS and HERS is that with BOPS, a full plans analysis and energy model is not required, resulting in a small time and cost savings. All of the subsequent steps toward the ENERGY STAR Home label are identical.

<i>Performance Incentive:</i>	<i>85 BOP</i>	<i>[\$250]</i>
	<i>70 BOP</i>	<i>[\$500]</i>
<i>Value Added service:</i>	<i>Bulb installs</i>	<i>[Avg. \$186]</i>
	<i>Duct materials</i>	<i>[Avg. \$200, for 1st five homes]</i>

Energy Measure Upgrades (EMUs)

Energy Measure Upgrades (EMUs) are designed to capture energy savings from builders who, for whatever reason, will not be able to make it all the way to the new EPA ENERGY STAR Home standard. Designed as stand-alone measures, the EMU's will be available to any builder who opts not to or can not participate in the ENERGY STAR Homes program, or to an active builder who has started in the program but fails to meet the ENERGY STAR labeled Home standards.

The three primary goals of EMUs are:

1. To keep builders who don't meet ENERGY STAR Home standards from dropping out of the new construction program entirely.
2. To continue to work with and train these builders to eventually reach ENERGY STAR Home program standards.
3. To install CFL bulbs to increase overall program electric energy savings.

EMU: Tight Ducts

The standard is proposed at: 8 cfm of total duct leakage per 100 square feet of conditioned floor area. Other participation requirements include: 1) Allowing a blower door test to be performed at the site inspection, and 2) Allowing at least 10 CFL bulbs to be installed per home.

Performance Incentive: [\$150, after 1st five homes]
Value Added service: Bulb installs [Avg. \$186]
 Duct materials[Avg. \$200, for 1st five homes]

EMU: Bulb Installation

Installation of a minimum of 10 compact fluorescent light (CFL) bulbs per home.

Performance Incentive: None
Value Added service: Bulb installs [Avg. \$186]
Program benefit: Some benefit if program doesn't pass ENERGY STAR
 Visual verification of systems and equipment
 Continue to work with identified builders

Central Air Conditioning

The program will provide similar equipment rebates for high efficiency CAC equipment as the Cool Smart program

NARRAGANSETT ELECTRIC COMPANY

Table 1. Summary of 2005 Target and Preliminary Year End Results

	(1) Approved Target	(3) Year To Date	(4) Pct Achieved	(5) Approved Target	(7) Year To Date	(8) Pct Achieved	(9) Approved Target	(10) Year To Date	(11) Pct Achieved	(12) Approved Budget	(14) Year To Date	(15) Pct Achieved
	Demand Reduction (Annual kW)			Energy Savings (Annual MWh)			Customer Participation			Implementation Expenses (\$ 000)		
Large Commercial and Industrial												
Design 2000 <i>plus</i>	2,023	1,908	94.3%	9,478	10,167	107.3%	189	230	121.7%	\$2,849.1	\$2,542.2	89.2%
Energy Initiative	3,694	3,075	83.3%	18,035	18,750	104.0%	185	240	129.7%	3,858.0	2,963.0	76.8%
Load Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25.6	57.0	222.5%
SUBTOTAL	5,717	4,983	87.2%	27,513	28,917	105.1%	374	470	125.7%	\$6,732.7	\$5,562.1	82.6%
Small Commercial and Industrial												
Small Business Services	1,962	1,937	98.7%	7,466	7,718	103.4%	887	608	68.5%	\$3,247.2	\$3,368.5	103.7%
SUBTOTAL	1,962	1,937	98.7%	7,466	7,718	103.4%	887	608	68.5%	\$3,247.2	\$3,368.5	103.7%
Residential												
IN-HOME	461	394	85.5%	4,111	4,399	107.0%	4,710	5,182	110.0%	\$3,736.4	\$3,812.1	102.0%
Appliance Management Program (Low Income)	132	135	102.3%	1,157	1,377	119.0%	1,011	1,183	117.0%	1,856.4	1,924.9	103.7%
Energy Wise	329	259	78.8%	2,955	3,022	102.3%	3,699	3,999	108.1%	1,834.6	1,841.0	100.3%
Home Energy Management	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45.5	46.1	101.4%
PRODUCTS	1,469	1,549	105.4%	13,519	25,989	192.2%	77,825	132,087	169.7%	2,043.2	2,106.2	103.1%
Energy Star Products	408	432	105.8%	830	1,340	161.4%	5,785	7,551	130.5%	490.0	526.9	107.5%
Energy Star Lighting	754	974	129.2%	12,546	24,563	195.8%	71,221	123,700	173.7%	1,101.1	1,217.4	110.6%
Energy Star Heating System	0	0	0.0%	12	14	116.9%	609	712	116.9%	200.9	224.6	111.8%
Energy Star Central Air Conditioning	307	143	46.6%	131	72	54.9%	210	124	59.0%	251.2	137.2	54.6%
INFORMATION AND EDUCATION	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	97.2	153.7	158.1%
NEW CONSTRUCTION	228	100	43.8%	1,141	686	60.1%	600	429	71.5%	1,176.9	1,275.7	108.4%
SUBTOTAL	2,158	2,043	94.7%	18,772	31,074	165.5%	83,135	137,698	165.6%	\$7,053.7	\$7,347.7	104.2%
TOTAL	9,837	8,963	91.1%	53,751	67,709	126.0%	84,396	138,776	164.4%	\$17,033.6	\$16,278.2	95.6%

NOTES

(1) Approved Target from June 10, 2005, True-Up Filing, Attachment 9 page 2 of 3.

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

(5) Approved Target from True-Up, Attachment 9 page 2 of 3, Maximum Annual MWh Saved.

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

(9), (10) Customer Participation in 2005 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 True-Up Attachment 9, page 1 of 3

For Design 2000plus and Energy Initiative this excludes estimated commitment budget of \$1,517,600 for Design 2000 *plus* and \$2,583,900 for Energy Initiative, respectively.

For Small Business Services, this is net of expected copayments of \$569,900

(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).

NARRAGANSETT ELECTRIC COMPANY

Table 5. Performance Metrics

2005

Metric	Description	Threshold	Target	2005 Results	Actual	Incentive	
	ENERGY STAR Clothes Washers						
Residential Metric 1:	In 2005, the Company will conduct plans analyses and home ratings and sign ENERGY STAR® builders agreements with new homes built in Rhode Island. It will increase the penetration of signed builders agreements in 2005 by 3 percentage points compared to the penetration achieved in	30% \$10,000	33% \$15,000	The Company signed ENERGY STAR builder's agreements with a total of 1094 units in 2005. There were a total of 2791 permits pulled in Rhode Island in 2005. The signed agreements are 39.2% of the permits pulled.	39.2%	\$15,000	
	EnergyWise Targeting						
Residential Metric 2:	The Company will actively target the 2,550 customers currently receiving the benefit due to the HEM program that have not previously been served through EnergyWise. The Company will also actively offer EnergyWise services to the approximately 10,200 customers who (a) are not low income, (b) who have previously been shut-off for non-payment over the past three years, and (c) have not previously participated in the EnergyWise program. The Company will serve a total of 100 customers from these two groups.	60 \$9,000	100 \$15,000	The Company served 116 of the targeted customers with EnergyWise services in 2005.	116	\$15,000	
	Building Operator Certification (BOC) Training						
C& I Metric 1:	In 2005, the Company will enroll 25 Rhode Island facility building engineers, technicians, contractors, or operators in the Northeast Energy Efficiency Partnerships - Level 2- O&M training and certification course.	20 \$12,000	25 \$15,000	The Company, in co-operation with the State Energy Office, offered a Level 2 BOC class from DATE to DATE. There were 27 facility professionals enrolled in the class.	27	\$15,000	
	High Performance Schools						
C&I Metric 2:	The Company will contract with new public or private school projects through Design 2000plus to provide full incremental cost for high performance design and construction practices with a special focus on high quality energy efficient lighting. It shall contract with 2 schools more than it contracted with in	1 \$10,000	2 \$12,500	3 \$15,000	The Company signed a high performance school contract with 1 school.	1	\$10,000
	Comprehensiveness in Small Business Installations						
C&I Metric 3:	The Company will achieve 2 percentage points greater comprehensiveness in Small Business Services in 2005 than it achieved in 2004. The percentage will be calculated as the number of completed non prescriptive lighting or other custom energy efficiency applications (excluding custom walk-in cooler applications) divided by the total number of applications (excluding walk-in cooler applications) in 2005.	5% \$9,000	7% \$15,000	For 2005, the Company completed XX custom projects and had YYY total participants, and ZZ cooler only participants. We thus achieved a comprehensiveness measure of $XX/(YYY-ZZ) = 7.0\%$.	6.2%	\$12,600	