

April 13, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

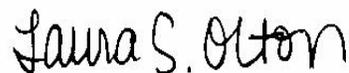
RE: Docket 3701 – 2006 Demand Side Management (“DSM”) Programs

Dear Ms. Massaro:

On behalf of the Rhode Island DSM Collaborative, enclosed please find ten (10) copies of updated program designs to the ENERGY STAR® Central Air Conditioning Program and ENERGY STAR® Homes residential programs. Attachment 1 to the Settlement of the Parties, approved by the Commission in Order No. 18516 (January 26, 2006), in the above-captioned docket, provided that National Grid would work with the DSM Collaborative to finalize rebate levels and the program design for these energy-efficiency programs. This work has been completed. The DSM Collaborative approved the attached program designs at its meeting on January 24, 2006, and the designs have been implemented. No program budget changes are affected by the designs.

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

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3701 Service List
RI DSM Collaborative (w/enclosures)

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

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

April 13, 2006
Date

Narragansett Electric Co. – 2006 Demand Side Management – Dkt. 3701
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