



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Patrick C. Lynch, Attorney General

VIA ELECTRONIC AND REGULAR MAIL

September 5, 2008

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

**Re: The Narragansett Electric Company d/b/a
National Grid Least Cost Procurement Plan
– PUC Docket No. 3931**

Dear Ms. Massaro:

On September 2, 2008, The Narragansett Electric Company d/b/a National Grid (“National Grid”) filed with the Rhode Island Public Utilities Commission (“Commission”) its proposed Least Cost Procurement Plan (“Plan”). The proposed Plan is in compliance with the Least Cost Procurement Standards adopted by the Commission in Docket 3931, and promulgated by Commission report and order number 19344 dated July 17, 2008. The Division of Public Utilities and Carriers (“Division”) fully supports this plan as filed by National Grid.

While National Grid prepared the Plan, it did not do so in a vacuum. National Grid worked under the close oversight of the Rhode Island Energy Efficiency and Resources Management Council (“EERMC” or “Council”), and engaged in lengthy substantive discussions with an advisory subcommittee of the EERMC composed of representatives of the Division, National Grid, the Rhode Island Office of Energy Resources (“OER”), Environment Northeast (“ENE”), People’s Power and Light (“PP&L”), the Energy Council of Rhode Island (“TEC-RI”), EERMC members, and EERMC consultants from Vermont Energy Investment Corporation (“VEIC”). The Division is confident that the resultant Plan is a good one, and believes that the other parties represented on the Council’s subcommittee are in full agreement with the Division and National Grid that the Plan should be approved.

The Division would like to make one further recommendation concerning the Plan. Several options are discussed in the Plan, largely dependent on the funding available, with one of the single most significant variables being the amount of the settlement price for future Regional Greenhouse Gas Initiative (“RGGI”) auctions. The Division supports assigning 90% of RGGI funds for National Grid’s energy efficiency programs; allocating 90% of RGGI funds in this manner would eliminate the need for the proposed DSM charge increase for the first of the three

years included in the Plan and reduce the size of increases needed in 2010 and 2011 to fund the Procurement Plan.¹ The Division agrees that in the event the RGGI funds become available for National Grid's energy efficiency programs, the Company should file a proposal for an adjustment to the fund plan for 2009 to eliminate (or, at least, reduce as much as possible) the 2009 DSM charge increase and/or reduce the DSM increase in 2010 and 2011.

The Division respectfully asks that you file this letter with National Grid's September 2, 2008, Least Cost Procurement Plan for the Commissions consideration.

Thank you for your assistance in this matter.

Sincerely,

Thomas Ahern
Administrator
Division Of Public Utilities And Carriers

By his Attorney,



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cc: Service List Docket 3931

¹ See fn. 11 on page 6 of National Grid's 2009-2011 Energy Efficiency Procurement Plan as filed on September 2, 2008. That footnote relates to a statement made in the final sentence of the first paragraph on page 6 indicating that National Grid would file a proposal with the Commission for adjusting the Plan for 2009 if OER's plan, with input from the DEM and EERMC, allocates RGGI funds to National Grid's programs. Fn. 11 makes it clear that one possible change to the Plan would be to eliminate the proposed DSM charge increase for 2009 if funds equivalent to 90% of the RGGI auction at \$5/ton were allocated to National Grid's energy efficiency programs.