

April 23, 2008

VIA HAND DELIVER & ELECTRONIC MAIL

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

**RE: Docket 3931 - EERMC's Draft Rules re: System Reliability & Least Cost Procurement
National Grid Comments**

Dear Ms. Massaro:

Please accept these comments on behalf of National Grid¹ relative to the draft rules recently filed by the Energy Efficiency Resource Management Council ("EERMC") in the Commission's docket on Energy Efficiency, System Reliability and Least Cost Procurement. National Grid greatly appreciates the opportunity to provide these comments.

National Grid supports the EERMC's draft rules as a roadmap towards a significant expansion of energy efficiency and system reliability procurement and the environmental benefits they will bring to Rhode Island.

Rhode Island's 2006 Comprehensive Energy Bill establishes a uniquely comprehensive energy policy for the state. To faithfully accomplish the bill's legislative mandate, the EERMC has organized its draft rules in a manner that mirrors the bill. There are two key pieces of the rules: (1) Energy Efficiency Procurement Standards, dealing with the cost-effective design and delivery of energy conservation programs; and (2) System Reliability Procurement Standards, dealing with the development and procurement of alternative power sources.

These two sections are intended to interact in harmony with and to compliment one another. Importantly, the draft rules acknowledge the value of rewarding utilities for effectively implementing energy efficiency and reliability programs.

National Grid's support for these rules flows from its strong belief in the benefits that additional energy efficiency and alternative resource technologies will bring for Rhode Island. The public benefits from increased energy efficiency are compelling. Enhanced energy efficiency measures provide long term benefits to customers by lowering costs through decreasing usage. At the same time, energy efficiency efforts bring environmental improvements to Rhode Island since they reduce usage and thus they reduce emissions, including greenhouse gases. Indeed, one of

¹ Submitted on behalf of The Narragansett Electric Company d/b/a National Grid.

National Grid's priorities is to continually improve its cost-effective energy efficiency programs in order to encourage and assist its customers to achieve the maximum savings inherent in lowered energy use.

The system reliability procurement portion of the draft rules recognizes the need for flexibility. This area is not as advanced as energy efficiency. Thus, the rules appropriately call for the introduction of pilot programs to determine some of the potential benefits associated with distributed generation, renewable energy sources, and demand response.

The draft rules build on the mutual expertise of National Grid, the Division, and EERMC. We believe they will lead to the development of programs and projects that are flexible, sustainable, and effective in achieving the goals of the energy bill. The resulting structure will continuously monitor, evaluate, and improve upon utility efforts to provide efficiency programs and to procure low-cost and reliable energy supplies.²

In conclusion, National Grid believes that the proposed rules advance the legislature's intent in creating a comprehensive energy policy that maximizes ratepayer savings. National Grid looks forward to working cooperatively with the Commission and the EERMC as these rules give rise to a flexible and innovative energy efficiency and low-cost procurement program for Rhode Island.

Very truly yours,



Thomas R. Teehan

cc: Docket 3931 Service List
Paul Roberti, Esq., Office of the Attorney General
Steve Scialabba, RI Division of Public Utilities and Carriers

² In addition to energy efficiency and the system reliability issues, the draft rules also include some discussion of the principle of decoupling, which is intended to ensure that utility rates are designed to promote more robust efficiency programs, as well as interconnection standards. Regarding decoupling, the company supports the principle and notes that it is a ratemaking matter that would be addressed in a rate case docket, when the company files for a rate change, as it did recently in docket 3943 for gas distribution rates. Regarding interconnection standards, the company believes interconnection issues were appropriately addressed in docket 3904 and, therefore, do not need to be addressed in these rules.

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically submitted, hand delivered and mailed to the individuals listed below.



Joanne M. Scanlon
National Grid

April 23, 2008
Date

**Docket No. 3931 – RI Energy Efficiency and Resource Management Council
("EERMC") – Proposed Standards for Least Procurement Plan
and System Reliability Procurement Plan
Service List updated on 4/8/08**

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