

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC	:
COMPANY, d/b/a NATIONAL GRID	: DOCKET NO. 4116
GAS AND ELECTRIC ENERGY	:
EFFICIENCY PROGRAM PLANS	:
FOR 2010	:

ORDER

Whereas, the Public Utilities Commission (“Commission”) annually reviews the design and implementation for Narragansett Electric Company’s, d/b/a National Grid’s (“NGrid” or “Company”) proposed Demand Side Management (“DSM”) programs which are funded through a required assessment of an adjustment factor.

Whereas, Rhode Island General Laws §39-2-1.2(b), authorizes a charge of 2.0 mills per kilowatt hour (“kWh”) and allows the Commission to approve a higher rate.

Whereas, in Docket No. 3931, the Commission approved NGrid’s Least Cost Procurement Plan conditioning funding for the Energy Efficiency Programs for 2010 and 2011 upon the Commission approving National Grid’s DSM plans.

Whereas, in Docket No. 3931, the Commission deferred funding for the System Reliability Procurement Plan until it can be determined whether excess funds have been recovered from the Energy Efficiency Procurement Plan, in such case the excess funds will be used to offset the funding of the System Reliability Procurement Plan.

Whereas, in Docket No. 4000, the Commission approved an increase in the charge from 2.0 mills per kilowatt hour to 3.2 mills per kilowatt-hour for the electric DSM programs for 2009.¹

¹ See Docket No. 4000, Order No. 19608.

Whereas, in Docket No. 4000, the Commission approved NGrid's proposed charge of \$0.15 per decatherm for its gas DSM programs consistent with R.I.G.L. §39-2-1.2(d).

Whereas, on November 2, 2009, NGrid filed a Settlement of the Parties ("2010 Settlement")², entered into by NGrid, the Rhode Island Division of Public Utilities and Carriers ("Division"), The Energy Council of Rhode Island ("TEC-RI"), Energy Consumers Alliance of New England d/b/a People's Power & Light ("PP&L") and Environmental Northeast ("ENE")(collectively referred to as "the Parties").

Whereas, the Settlement set forth the specifics of the Energy Efficiency Program Plan ("Plan") for 2010 that was submitted by the Company pursuant to R.I. Gen. Laws §39-1-27.7 and the Least Cost Procurement provisions of the Comprehensive Energy Conservation, Efficiency, and Affordability Act of 2006, R.I. Gen. Laws §39-2.1-2(b) and the Commission's Standards for Energy Efficiency and Conservation Procurement as approved in Docket No. 3931.

Whereas, the Plan's stated goals include securing all cost-effective energy efficiency resources that are lower cost than supply and are prudent and reliable giving all customers an opportunity to participate in the cost-effective programs and to benefit from the low-cost energy efficiency resource.

Whereas, NGrid requested a budget of approximately \$43.9 million for its electric programs and \$5.6 million for its gas programs.

² The 2010 Settlement is attached hereto as an Appendix A. The Office of Energy Resources ("OER") was not a party to the Settlement. OER notified the Commission that because of its responsibility to allocate Regional Greenhouse Gas Initiative ("RGGI") and stimulus funds, its impartiality would be compromised if it were a party to the Settlement Agreement.

Whereas, the increase requested by NGrid for its electric programs would result in an increase of \$0.0006 per kWh to the \$0.0032 per kWh approved in Docket No. 4000 for a total of \$0.0038 per kWh.

Whereas, NGrid did not propose an increase in the statutory-based DSM charge of \$0.15 per dekatherm approved in Docket No. 4000 for its gas programs.

Whereas, on December 15, 2009, the Commission conducted a technical session to review the Settlement Agreement and further investigate the proposed increase NGrid requested be recovered from ratepayers to support its programs.

Whereas, NGrid provided information to the Commission indicating that it expected to receive approximately \$6.4 million in Regional Greenhouse Gas Initiative (“RGGI”) funding.

Whereas, in addition to funding from RGGI, approximately \$28.1 million in funds from the American Resource Recovery Act is available for energy efficiency.

Whereas, Rhode Island ratepayers are being acutely affected by the current economic crisis.

Whereas, the current fiscal climate justifies the Commission’s denial of any program that will cost ratepayers more money unless it can be shown that such a denial will result in a detrimental impact to NGrid and/or its ratepayers.

Accordingly, it is hereby

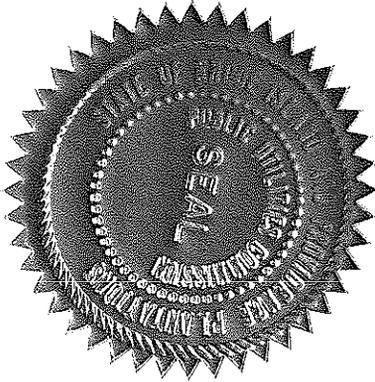
(19894) ORDERED:

1. National Grid’s Energy Efficiency Program Plan and associated budget for 2010 is denied.

2. A Conservation and Load Management Adjustment and Renewable Factor of \$0.0035 per kilowatt-hour is continued for usage on and after January 1, 2010. NGrid shall apply \$0.0032 per kilowatt-hour to its electric demand side management programs and shall submit an amount equal to \$0.0003 per kilowatt-hour to the State Office of Energy Resources Renewables Programs.
3. A gas demand-side management charge of \$0.15 per decatherm is hereby approved for usage from January 1, 2010 through December 31, 2010.
4. By February 1, 2010, National Grid shall file a modification of the programs set forth in the Settlement Agreement that reflects the budget approved by the Commission.
5. NGrid shall file its proposed 2011 DSM programs and budget no later than October 15, 2010, or the parties shall file a Settlement no later than November 1, 2010 regarding proposed 2011 DSM programs and budget. In the event of a direct non-settled filing by NGrid, responsive pleadings shall be made no later than November 1, 2010.
6. The Parties shall act in accordance with all other findings and instructions contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND, IMMEDIATELY,
PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER
23, 2009. WRITTEN ORDER ISSUED FEBRUARY 3, 2010.

PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman

Mary E. Bray, Commissioner

Paul J. Roberti, Commissioner