

December 3, 2010

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**Re: Docket 4202 - Electric and Natural Gas Least Cost Procurement Efficiency Savings Targets for Years 2012-2014**  
**National Grid's Comments in Support of the EERMC's Proposed Electric and Natural Gas Savings Targets**

Dear Ms. Massaro:

National Grid wholeheartedly supports the high-level electric and natural gas savings targets for 2011-2014 filed with the Rhode Island Public Utilities Commission ("Commission") by the EERMC on September 1, 2010. National Grid worked with the EERMC in the development of these electric and natural gas savings targets. Based on our experience in implementing energy efficiency programs in Rhode Island for over two decades, in particular the most recent two years under the provisions of Least Cost Procurement, National Grid believes that these goals are aggressive but reasonable.

In its September 1 proposed savings-targets filing, the EERMC indicates (at page 7) that "[f]uture updates to the goals will be considered annually, based on updated savings potential estimates, performance data, and other evaluation studies, as appropriate." Going forward, the Company is prepared to work with the Council on potential adjustments to the targets. Setting and achieving the proposed goals will depend on development and full funding of effective annual energy efficiency program plans under the revised provisions of R.I.G.L. §39-1-27.7.

The Company notes that recent legislation provides for revenue decoupling in Rhode Island. Consistent with that legislation, the Company has filed a revenue decoupling mechanism proposal, which is pending before the Commission. Revenue decoupling will remove a disincentive to the Company's pursuit of greater amounts of efficiency savings consistent with the EERMC's proposed targets.

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The Company agrees with the EERMC that energy efficiency programs will create a great amount and wide variety of benefits for customers. These include hundreds of millions of dollars of direct benefits, in addition to broader economic benefits to the local economy, through job creation and re-spending, as well as greenhouse gas reduction and other environmental benefits. These benefits will increase as the energy savings increase consistent with the proposed targets.

For all of these reasons, the Company supports the EERMC's proposed savings goals as being consistent with Rhode Island law and because they will create significant benefits for our customers over the long term.

Very truly yours,



Thomas R. Teehan

cc: Docket 4202 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division