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Via Overnight Delivery & Electronic Mail

April 25, 2011

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

Re: Docket 4206 – Revenue Decoupling Mechanism Proposal for Electric and Gas: Opposition to National Grid’s Motion to Transfer Backup Rates Testimony

Dear Ms. Massaro:

Environment Northeast (“ENE”) appreciates the opportunity to submit comments in connection with National Grid’s Motion to Transfer Backup Rates Testimony (the “Motion”) filed with the Rhode Island Public Utilities Commission (“PUC”) on April 5, 2011. Because the issue of backup rates can be efficiently and effectively investigated within Docket 4206, ENE urges the Commission to deny National Grid’s Motion.

Docket 4206 is appropriately focused on removing counterproductive disincentives toward utility investment in cost-effective energy efficiency and other demand-side resources. The core purpose of implementing a revenue decoupling mechanism is to change utility incentives so that they are more closely aligned with customer interests, including supporting expanded demand-side investments that will reduce customer costs. Similarly, encouraging cost-effective distributed generation through appropriate treatment of backup rates can be an effective cost-saving and pollution reduction strategy. Thus, the issues of revenue decoupling and backup rates for on-site distributed generation are closely linked and can and should be considered in a single docket.

Without decoupling, a utility has an economic disincentive to increase distributed generation and thus has not been a willing partner in promoting customer-sited generation even if it saves customers money; in a similar vein, backup rates for distributed generation can be used to further protect utility earnings at the expense of cost-effective distributed generation opportunities. The objective of decoupling is to create an environment that enables energy efficiency and customer-sited resources to be implemented. Whether National Grid’s current backup rates are appropriate in an era of revenue decoupling is an issue well-suited to remain in Docket 4206. Because the issues of decoupling and backup rates are so closely linked, ENE encourages the Commission to examine the issues of decoupling and backup rates together in Docket 4206.

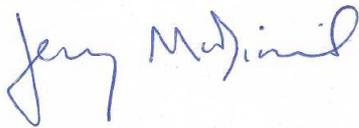
Moreover, keeping the investigation of backup rates in Docket 4206 are likely to provide certain cost-saving and administrative efficiencies for the Commission and the parties, eliminating the need for a wholly separate docket in which many of the same parties are likely to participate.

Again, ENE appreciates the opportunity to submit these comments. Should you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,

ENVIRONMENT NORTHEAST

By its attorneys,



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