



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903

(401) 274-4400 - TDD (401) 453-0410

*Peter F. Kilmartin, Attorney General*

March 16, 2012

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

**RE: IN RE: Narragansett Electric Co. d/b/a National Grid  
2012 Energy Efficiency Program Plan-Transfer of Funds Request  
Docket No. 4295**

Dear Ms. Massaro,

Enclosed please find for filing with the Commission in the above-captioned matter an original and (9) copies of the Division of Public Utilities and Carriers Memorandum dated March 16, 2012 together with a correspondence to National Grid approving its request for a transfer of funds between 2012 Energy Efficiency Program Plan sectors.

Thank you for your attention in this matter.

Very truly yours,

Jon Hagopian

Special Assistant Attorney General

JGH/dmm

Encls.

# Memorandum

**To: L. Massaro**

**Commission Clerk**

**From: D. R. Stearns**

**Division of Public Utilities & Carriers**

**Date: 03/16/2012**

**Re: Narragansett Electric – Energy Efficiency Program Plan for 2012:  
Docket 4295**

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On March 2, 2012 National Grid submitted to the Division a request in the above referenced docket, to transfer funds in the 2012 Energy Efficiency Plan.

The transfer represents 13.6% of the Small Business Direct Install Program budget and 7.7% of the Large Commercial Retrofit Program budget to the Large Commercial New Construction Program budget. According to Section IV.C.1.C of the approved settlement agreement in this docket, any transfers in the C&I Sector between large C&I and small business programs of more than 5% require Division approval.

Accordingly, the Company requested Division approval of this transfer of funds.

After discussing the request with its consultant, Timothy Woolf, of Synapse Energy Economics, Inc., the Division has approved the requested transfer of funds.

Attached are: the letter to Narragansett approving the transfer of funds, and the memorandum supplied to the Division by Mr. Woolf, which describes the requested transfer in greater detail.

Cc: Thomas Ahern,  
Administrator, Division of Public Utilities and Carriers

Attachments



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*Peter F. Kilmartin, Attorney General*

March 15, 2012

Jennifer Brooks Hutchinson  
Senior Counsel  
National Grid  
280 Melrose Street  
Providence, RI 02907

**In re: Narragansett Electric Co. d/b/a National Grid  
2012 Energy Efficiency Program Plan-Transfer of Funds Request  
Docket No. 4295**

Dear Ms. Hutchinson:

On March 2, 2012 National Grid submitted to the Division a request in the above referenced docket, to transfer funds in the 2012 Energy Efficiency Plan (the "2012 Plan"). The 2012 Plan was approved by Commission Open Meeting decision on December 21, 2011; written Order Number 20596 was issued December 22, 2011.

The Company's request seeks approval to transfer approximately \$1.6 million from the Small Business Direct Install Program and approximately \$0.9 million from the Large Commercial Retrofit Program to the Large Commercial New Construction Program. The Division's review here reveals that the overall Commercial and Industrial ("C&I") budget would remain at the present level of \$34.5 million.

The Division has concluded that the requested transfer represents 13.6% of the Small Business Direct Install Program budget and 7.7% of the Large Commercial Retrofit Program budget to the Large Commercial New Construction Program budget. According to Section IV.C.1.C of the approved settlement agreement in this docket, any transfers in the C&I Sector between large C&I and small business programs of more than 5% require Division approval. Accordingly, the Company is seeking Division approval of this transfer of funds.

Jennifer Brooks Hutchinson

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March 15, 2012

After discussing the request with its consultant, Timothy Woolf, of Synapse Energy Economics, Inc., the Division approves the requested transfer of funds. Attached is a Memorandum supplied to the Division by Mr. Woolf, which describes the requested transfer in greater detail.

If you should have any questions please feel free to contact me.

Very truly yours,

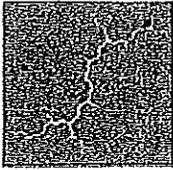


Jon Hagopian

Special Assistant Attorney General

JGH/dmm

Enclosure



**Synapse**  
Energy Economics, Inc.

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Cambridge, MA 02139  
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www.synapse-energy.com

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## Memorandum

To: Dave Stearns  
From: Tim Woolf  
Date: March 13, 2012

***Subject: National Grid's request to transfer funds in the 2012 Energy Efficiency Plan***

On March 2, 2012 National Grid submitted a request in Docket 4295 to transfer funds in the 2012 Energy Efficiency Plan. The Company has requested transferring funds from the Small Business Direct Install Program and the Large Commercial Retrofit Program to the Large Commercial New Construction Program. The Company is seeking Division approval of the transfer of funds. I recommend that the Division approve the requested transfer.

The Company is requesting to transfer roughly \$1.6 million from the electric Small Business program and roughly \$0.9 million from the electric Large Commercial Retrofit Program. The total C&I budget would remain unchanged at \$34.5 million.

The Company is requesting this funds transfer as a result of modifications to its assumptions about the costs and savings of the Upstream Lighting initiative. At the time the 2012 Plan was developed the Company did not have final estimates of the costs or savings associated with this initiative. Using recently available data, the Company has estimated that the cost per unit will be higher than planned, but the amount of energy savings is higher than planned as well. In order to account for the higher costs, the Company seeks to transfer some of the funds from the Small Business and Large Retrofit programs.

The Company has reduced the budgets in the Small Business and Large Retrofit Programs by cutting efficiency measures in such a way as to maintain the same level of energy savings for the total C&I sector. Consequently, there is no need to change the 2012 C&I savings goals or the performance incentive calculations.

The new assumptions result in a lower benefit-cost ratio for the New Construction Program, but it is still very high at 3.94. The transfer of funds also resulted in a slightly lower benefit-cost ratio for the Small Business Program, while the change in the efficiency measure mix resulted in a slightly higher benefit-cost ratio for the Large Retrofit Program. The total C&I sector benefit-cost ratio dropped slightly from 2.78 to 2.62.

I recommend the Division support the transfer request, because the Company's new assumptions and decisions all seem reasonable and all the programs are still very strong.