

December 9, 2011

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4295 – The Narragansett Electric Company, d/b/a National Grid  
2012 Energy Efficiency Program Plan  
Responses to Commission Data Requests – Set 2**

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's<sup>1</sup> responses to the Commission's Second Set of Data Requests in the above-captioned proceeding.

Please be advised that in response to Commission Data Request 2-2, the Company is providing a CD-ROM of an attachment, identified as Attachment COMM 2-2-e, which contains The ENERGY STAR® Products program television advertisement which aired on the Telemundo network.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

cc: Jon Hagopian, Esq.  
Steve Scialabba, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid ("Company").

Commission 2-1

Request:

Please provide the script(s) of NGrid's most recent radio advertisement(s) promoting the company's energy efficiency programs Rhode Island.

Response:

The radio advertisements were part of the Comprehensive Marketing campaign. Please see Attachments COMM 2-1-a and COMM 2-1-b.

Prepared by or under the supervision of: Rachel Henschel

X as produced

           to record

\_\_\_for approval

date: 4/19/11  
client: National Grid  
title: Seriously

```
code:      XNGA-0011-0000
length:    :60
```

VO: Hello Rhode Island, National Grid here reminding all of our Rhode Island customers that our energy efficiency programs can help ALL of you use less energy and save.

Pam: Seriously?

VO: I'm sorry. Who was that?

Pam: It's Pam. Pam from Cranston.

VO: Yes Pam, seriously. Actually, our programs can help every single Pam across the state. They can help schoolteacher Pam. Lifeguard Pam, even cool guitar playing Pam.

Mark: But what about me? I'm not a Pam. I'm a Mark. What can your programs do for Marks?

VO: Plenty. No matter if you're a Mark or a Pam. Any National Grid customer, whether you live in Westerly, Bristol, Providence. In a triple-decker, or a 3-bedroom colonial, we have a program to help you save. Period. If you're a customer -- and you live in Rhode Island -- visit [powerofaction.com/ri](http://powerofaction.com/ri).

Andrew: Really?

VO: Yes. Really. From saving on CFL light bulbs, to getting cash back for recycling your old refrigerator, TO making your home energy efficient through our no-cost in-home energy evaluation, National Grid's programs can help you use less energy and save.

Andrew: (skeptical) For real?

[illegible]



Xas produced \_\_\_\_\_to record \_\_\_\_\_for approval

date: 8/12/11  
client: National Grid  
title: "Games"  
code: XNGA00210000  
length: :60

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ANNCR: Hello Rhode Island. National Grid here,  
back to talk to you about [powerofaction.com/ri](http://powerofaction.com/ri),  
the website that gives you access to a variety of energy efficiency programs  
designed to help every Rhode Islander save money and energy.

JOHN: Hi my name's John, I uh live in Pawtucket.  
I'm calling about this economy. I mean just when I seem to be getting ahead...

ANNCR: ... things take a turn for the worse and you're back to square one.

JOHN: Exactly. It's like some game designed to empty my wallet.

ANNCR: It's an unstable world, John, and while we can't control the economy,  
[powerofaction.com/ri](http://powerofaction.com/ri) has many programs that can help reduce your energy  
consumption and utility bills.

JOHN: I'm listening.

ANNCR: We'll reimburse you for up to 75% of the cost of insulating and air sealing your home.  
We'll pick up your old energy-sucking fridge and give you \$50 for it.  
We'll give you cash back when you buy energy star appliances.  
And that's just the beginning.

JOHN: Okay, I get it, I'm going to log on to [powerofaction.com/ri](http://powerofaction.com/ri) today  
and get my head in the game.

ANNCR: Well played, sir, well played.

Commission 2-2

Request:

Please provide a copy(s) of NGrid's most recent newspaper advertisement(s) promoting the Company's energy efficiency programs in Rhode Island.

Response:

As part of the ENERGY STAR<sup>®</sup> Products program, the Company ran two newspaper ads promoting refrigerator recycling in the following newspapers: Newport Daily News, Westerly Sun, Warwick Beacon, North Kingstown Standard-Times, Pawtucket Times, Cumberland Lincoln Valley Breeze, and The Providence Journal. The ads are attached as Attachments COMM 2-2-a and COMM 2-2-b.

In addition to the radio ads described in the Company's response to Data Request Commission 2-1, the Comprehensive Marketing campaign included web banners and bus shelter posters, which are attached as COMM 2-2-c and COMM 2-2-d, respectively. The ENERGY STAR<sup>®</sup> Products program also ran television advertisements on the Telemundo network; the advertisement is being provided on a CD-ROM as Attachment COMM 2-2-e.

Prepared by or under the supervision of: Rachel Henschel

**GET A  
\$50  
REWARD**

**SAVE UP TO  
\$150<sub>/yr</sub>  
IN ENERGY  
COSTS**

# Cold hard cash.

**Save energy. Save money.**

Did you know your old refrigerator uses up to four times more electricity than a new one? Save that much extra energy, and you could save up to \$150 a year on your electricity usage. That's a good reason to let us recycle your old refrigerator. We'll even haul it away for FREE and give you a \$50 reward. Plus, recycling that fridge will keep 10 tons of carbon dioxide out of the atmosphere, which means a lot more clean air for our future.

**For a FREE pickup, call 1-877-545-4113  
or visit [www.powerofaction.com/ri/recycles](http://www.powerofaction.com/ri/recycles).**

Refrigerators and freezers must be in working condition and must be a minimum of 10 cubic feet in size, utilizing inside measurements. National Grid contracts with JACO Environmental, an appliance recycler, to pick up and recycle refrigerators and freezers that are in working condition. Available for National Grid residential electric customers in Rhode Island. This advertisement was paid for in part by the customers of Rhode Island's electric utilities. Customers must own the unit(s) being recycled. Limit two units per residential address. A check will be mailed to the National Grid customer within four to six weeks after the appliance collection. Savings and energy efficiency experiences may vary. See website for details. © 2011 National Grid



**nationalgrid**  
THE POWER OF ACTION

**GET  
\$50  
BACK**

**SAVE UP TO  
\$150/yr  
IN ENERGY COSTS**

# Cold hard cash.

**Save energy. Save money.**

Did you know your old, second refrigerator uses up to four times more electricity than a new one? Save that extra energy, and you could save up to \$150 a year on your electricity usage. That's a good reason to let us recycle your old refrigerator. We'll even haul it away for FREE and give you a \$50 reward.

**For a FREE pickup, call 1-877-545-4113  
or visit [www.powerofaction.com/ri/recycles](http://www.powerofaction.com/ri/recycles).**

National Grid contracts with JACO Environmental, an appliance recycler, to pick up and recycle refrigerators and freezers that are in working condition. This advertisement was paid for in part by the customers of Rhode Island's electric utilities. Savings and energy efficiency experiences may vary. See website for details. © 2011 National Grid



**nationalgrid**  
THE POWER OF ACTION

**\$50  
BACK**

**SAVE UP TO  
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IN ENERGY COSTS**

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National Grid contracts with JACO Environmental, an appliance recycler, to pick up and recycle refrigerators and freezers that are in working condition. This advertisement was paid for in part by the customers of Rhode Island's electric utilities. Savings and energy efficiency experiences may vary. See website for details. © 2011 National Grid ♻️

**We're In Your Area This Month!**



Get \$50 whe



Click to save

**nationalgrid**

THE POWER OF ACTION

Man walks in from left with refrigerator, type reveals as he walks.

Get \$50 when we pick up a



Click to save

**nationalgrid**

THE POWER OF ACTION

Get \$50 when we pick up and recycle your

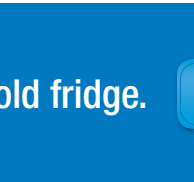


Click to save

**nationalgrid**

THE POWER OF ACTION

Get \$50 when we pick up and recycle your old fridge.



Click to save

**nationalgrid**

THE POWER OF ACTION

Man and refrigerator disappear to right, type remains up.

Find out how Rhode Islanders use less energy and save.

Click to save

**nationalgrid**

THE POWER OF ACTION

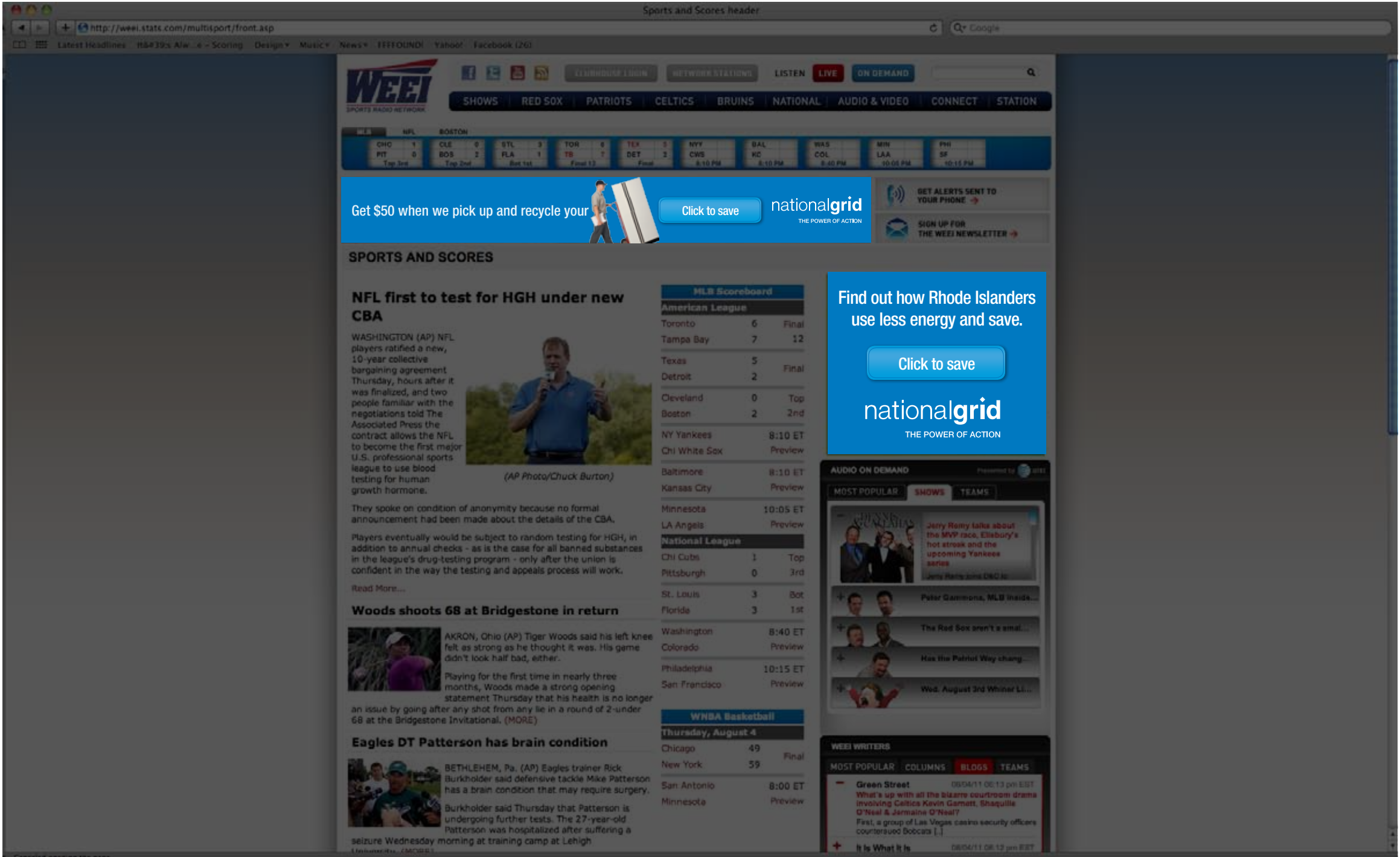
Previous copy switches out to call to action. Logo and button remain up

Find out how Rhode Islanders  
use less energy and save.

Click to save

**nationalgrid**

THE POWER OF ACTION



Sign up



Click to save

**nationalgrid**

THE POWER OF ACTION

Hand with caulk gun moves from left to right revealing copy.

Sign up for a free in-home




Click to save

**nationalgrid**

THE POWER OF ACTION

Sign up for a free in-home energy evaluation.



Click to save

**nationalgrid**

THE POWER OF ACTION

Copy is completed. Hand slides off to bottom of banner.

Find out how Rhode Islanders use less energy and save.

Click to save

**nationalgrid**

THE POWER OF ACTION

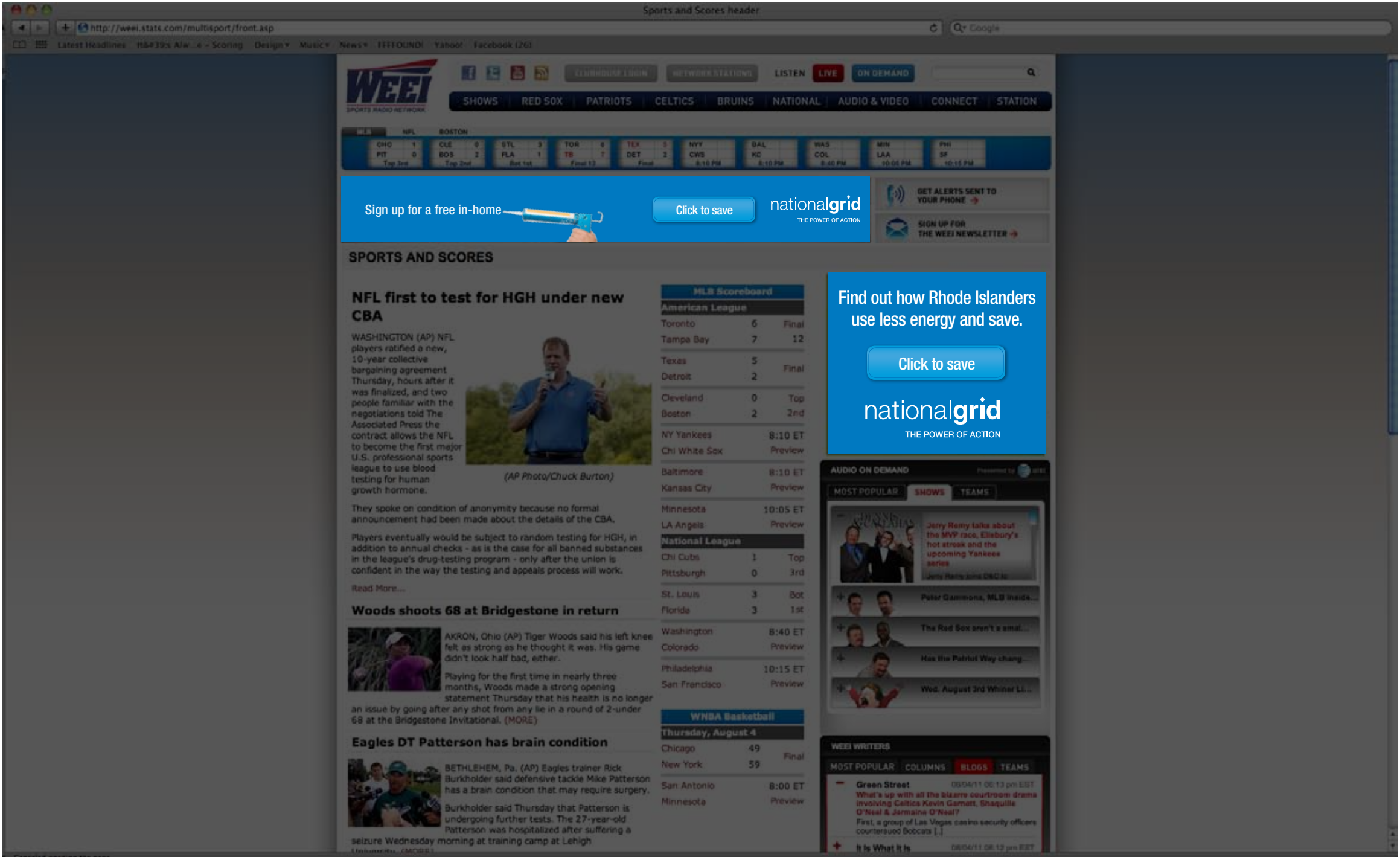
Previous copy switches out to call to action. Logo and button remain up

Find out how Rhode Islanders  
use less energy and save.

Click to save

**nationalgrid**

THE POWER OF ACTION



Sign up for a free in

Click to save

nationalgrid

THE POWER OF ACTION

Insulation rolls in from left revealing copy.

Sign up for a free in-home energy evaluation

Click to save

nationalgrid

THE POWER OF ACTION

Sign up for a free in-home energy evaluation.

Click to save

nationalgrid

THE POWER OF ACTION

Insulation rolls off to right leaving banner pink.

Find out how Rhode Islanders use less energy and save.

Click to save

nationalgrid

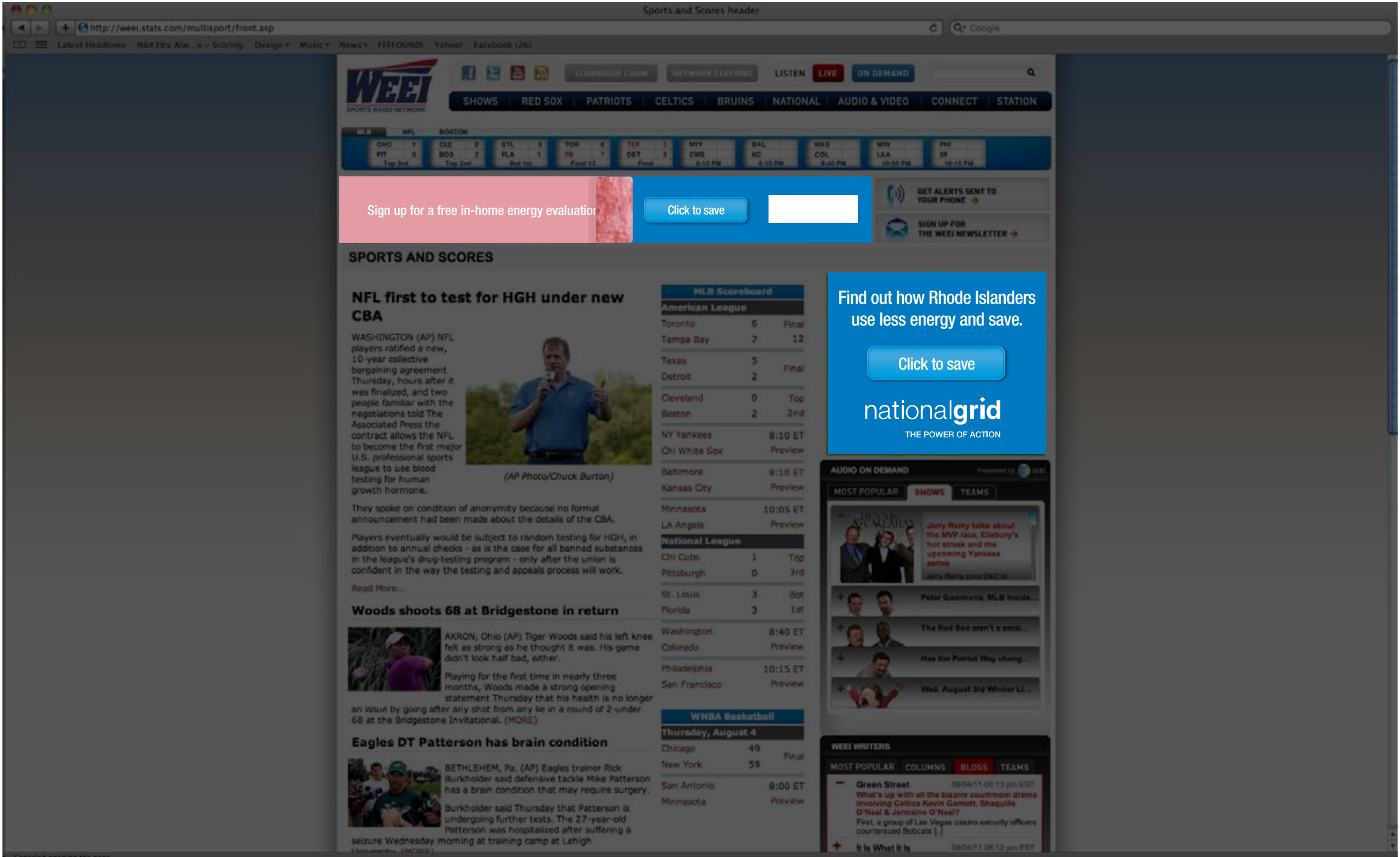
THE POWER OF ACTION

Pink fades back to blue. Headline switches out to call to action. Logo and button remain up.

Find out how Rhode Islanders  
use less energy and save.

Click to save





Get \$6 off



Click to save

**nationalgrid**

THE POWER OF ACTION

CFL bulb rolls in from left revealing copy

Get \$6 off every CFL bulb you




Click to save

**nationalgrid**

THE POWER OF ACTION

Get \$6 off every CFL bulb you buy. Learn how.



Click to save

**nationalgrid**

THE POWER OF ACTION

Bulb drops into socket and begins to glow

Find out how Rhode Islanders use less energy and save.

Click to save

**nationalgrid**

THE POWER OF ACTION

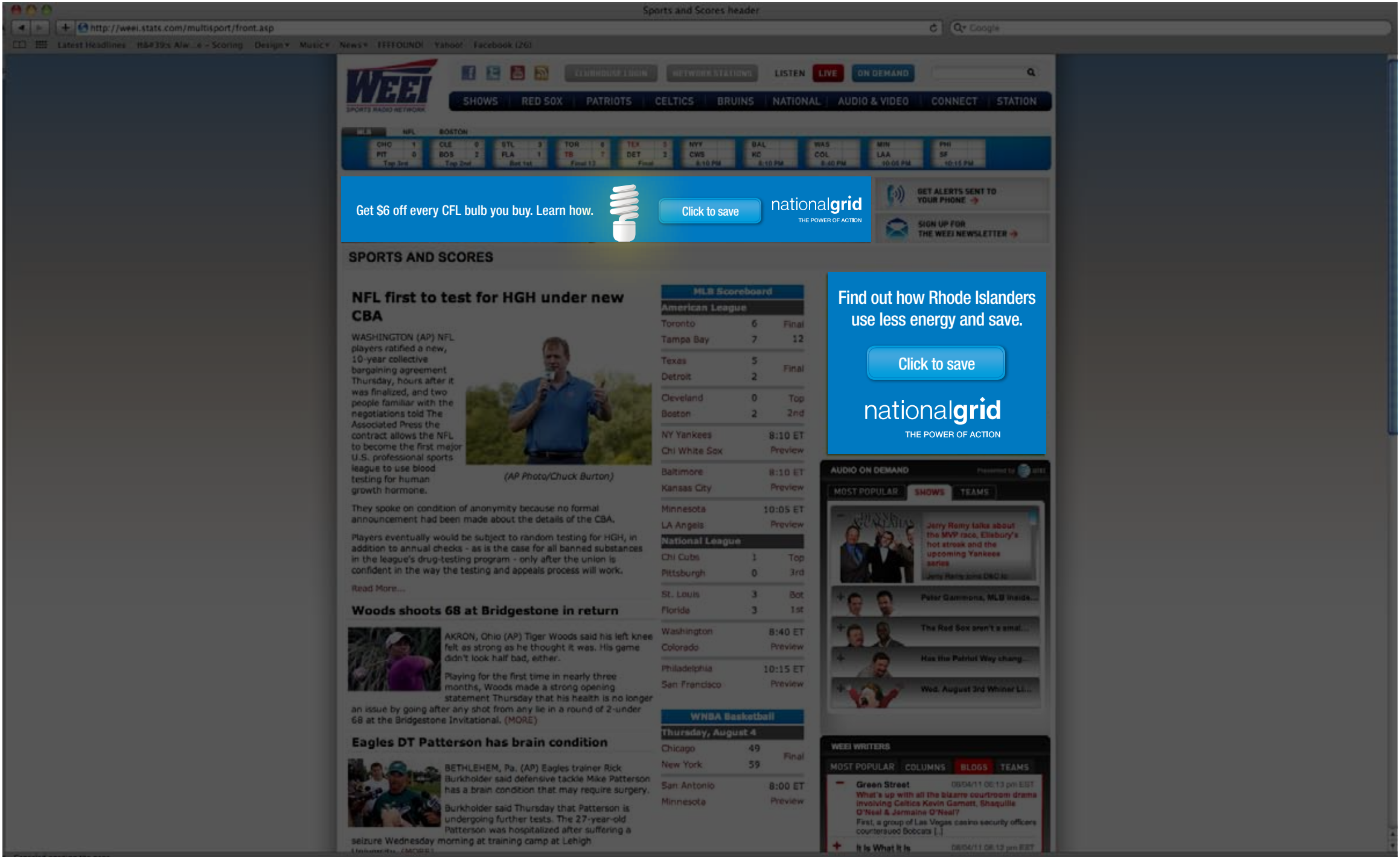
Previous copy switches out to call to action. Logo and button remain up

Find out how Rhode Islanders  
use less energy and save.

Click to save

**nationalgrid**

THE POWER OF ACTION





LIVE AREA: 10.89"



**nationalgrid**  
THE POWER OF ACTION

**We have energy efficiency programs  
for every sun worshipper in Rhode Island.**

**Save at [powerofaction.com/ri](http://powerofaction.com/ri)**





LIVE AREA: 10.89"



**nationalgrid**  
THE POWER OF ACTION

**We have energy efficiency programs  
for every CEO in Rhode Island.**

**Save at [powerofaction.com/ri](http://powerofaction.com/ri)**



LIVE AREA: 15.993"



Commission 2-3

Request:

Page 9 of the plan explains the proposed low income residential programs. With regard to the Residential New Construction program which works with housing authorities and developers, how long will it take to for dollars spent in 2012 to actually result in lower energy costs for low-income ratepayers?

Response:

Before the construction process begins, the Residential New Construction pays fees in order to obtain commitments from developers, builders and owners, and to conduct inspections during construction. However, the program only pays incentives to developers, builders, and owners after construction is completed and a final inspection has been conducted to verify energy savings, after which, the program claims the savings. Therefore, the majority of funds spent in 2012 occurs with project completion and will result in lower energy costs for residents in 2012, as soon as residents move in to their completed homes.

To date in 2011, 322 homes have been completed, 139 of which are low-income. For 2012, the program has signed contracts for approximately 300 total projects which are expected to complete construction, receive incentives, and have residents moved in during 2012.

Prepared by or under the supervision of: Rachel Henschel

Commission 2-4

Request:

A persistent challenge identified in serving low income ratepayers has been the fact that it is difficult to serve low income customers who live in rental property because their landlords have little to no incentive to take part in the programs offered. Please provide a detailed explanation of what solutions to this problem have been devised and how these solutions will be implemented.

Response:

Several energy efficiency opportunities are available to low-income renters without landlord involvement. The Single Family Low Income Services Program offers low-income renters a detailed energy audit that includes directly installing CFLs, low-flow showerhead, and a kit with energy saving education materials, a refrigerator brush, LED night lights and a refrigerator thermometer. The program also offers follow-up measures to low-income renters, such as metering refrigerators and freezers, and replacing them free-of-charge, if necessary, as well as replacing air conditioner units.

Weatherization is available with the property owner's approval. Heating system replacement is available to renters when the property owners live in the same building, which is referred to as eligible owner-occupied properties.

The program is researching the potential for heating system replacement for non-owner occupied properties. The program also anticipates learning new strategies for helping renters through collaborations with the Green and Healthy Homes Initiative (GHHI) and RI Housing Authority. GHHI will provide comprehensive energy, health, and safety upgrades to low and moderate-low one to three unit homes in the Olneyville and Valley neighborhoods of Providence.

Prepared by or under the supervision of: Rachel Henschel

Commission 2-5

Request:

Page 27 of 36 of attachment 1 discusses a multitude of problems the Company has had in promoting energy star pool pumps. The language on the page explains that despite the many problems, the company still plans to offer the program. There is, however, no discussion of how these problems will be circumvented. Please explain what steps will be taken to deal with the problems related to pool pumps discussed on page 27.

Response:

Pool pumps offer significant energy savings for customers. In order to overcome some of the challenges the ENERGY STAR® Appliances program has had in promoting the product in 2011, the Company is considering holding a contractor session to promote the benefits of the technology. The Company is also looking into new ways to identify and directly market to pool owners. The Company will also continue to target pool pump retailers, distributors, and manufacturers with marketing materials describing the benefits attributed to efficient pool pumps.

Prepared by or under the supervision of: Rachel Henschel

Commission 2-6

Request:

Please provide detail of the incentive structures included in NGrid's U.S. service territories other than Rhode Island.

Response:

Massachusetts has a three-part incentive mechanism based savings, value, and performance metrics. The savings are defined as the lifetime benefits created by energy efficiency installations. The savings payout rate is multiplied by the dollar value of lifetime benefits. Value is defined as net benefits, which are benefits minus total costs. The value payout rate is multiplied by the dollar value of net benefits. The performance metrics are established to achieve certain actions in the delivery of programs. There are payout amounts for achieving each metric.

The Massachusetts earned incentive is based on ex-post (evaluated) savings, benefits, and performance metrics. The incentive pool is an amount negotiated among program administrators and other parties, and approved by the Massachusetts Department of Public Utilities. National Grid's share of the 2012 incentive pool is approximately \$12.1 million for electric programs and \$2.8 million for gas programs. The payout rates are determined by dividing these pools by planned amounts of benefits and net benefits. There is a threshold of 75% for most components; a maximum incentive of 125% of the target incentive for each component is available for exemplary performance.

The New Hampshire incentive mechanism is divided equally into two parts: half is based on meeting the target lifetime kWh goals and half is based on meeting the target benefits/costs (B/C) ratios in the residential and C&I sectors, including the shareholder incentive. The earned incentive is determined based on the ratio of the achieved lifetime MWh to the planned MWh, and achieved B/C ratio to the planned B/C ratio. Both planned and achieved savings are calculated using the set of planning assumptions by measure and program, as is done in Rhode Island.

The New Hampshire shareholder incentive threshold is 65% for each component with a maximum incentive of 150% of the target for both components for exemplary performance. New Hampshire's target incentive is equal to 8% of spending.

The New York incentive mechanism is based on reaching Annual MWh and MCf savings targets. The electric incentive is equal to \$38.85 per Annual MWh, which is approximately 15% of the spending budget. The gas incentive is equal to \$3 per MCf, which is approximately 11%

Commission 2-6 (continued)

of the spending budget. There is a threshold of 80% and a cap of 100%. There is a penalty for savings below 70%. From 70% to 80%, no incentive or penalty is awarded or assessed, respectively.

Prepared by or under the supervision of: Jeremy Newberger

Commission 2-7

Request:

Has NGrid proposed or is NGrid planning to propose in its other U.S. service territories an EE incentive plan comparable to the “10% of outside funding” incentive being proposed in Rhode Island? If not, why not?

Response:

No, the Company has not proposed the “10% of outside funding” incentive in its other U.S. service territories, namely Massachusetts, New Hampshire and New York. The proposal being made in the 2012 EE Program Plan was developed by National Grid energy efficiency staff in recognition of Rhode Island’s specific needs to reduce customer costs of energy efficiency – and mitigate increases in the energy efficiency program charge – while reaching three-year plan goals. This perspective was shared by the other parties to the Settlement. This element of the shareholder incentive provides a clear incentive to the Company to secure outside funding, and it recognizes that any outside funding secured would help offset a portion of the projected future EE program charges.

At this point in time, National Grid has no plans to propose a “10% of outside funding” incentive in its other jurisdictions. This incentive feature may be relevant in states where there is significant upward pressure on energy efficiency funding. New Hampshire and New York programs are not projected to experience significant increases in funding in 2012. In Massachusetts, where energy efficiency program charges have also been increasing, there was a performance incentive for outside funding in 2010. This offered a specific dollar value of incentive for meeting a pre-determined outside funding target. A performance metric related to outside funding was not included in either the 2011 or 2012 plans in Massachusetts. It is too early in the 2013-15 planning cycle in Massachusetts to know whether a similar incentive will be proposed.

Prepared by or under the supervision of: Jeremy Newberger



Commission 2-8

Request:

Please explain what a “market lift model” is. (Page 25, Attachment 1).

Response:

The Company's ENERGY STAR® Lighting Program currently uses an upstream model where the Company works with manufacturers and retailers to buy-down the cost of certain ENERGY STAR® lighting products upstream of retail sales. A market lift model works with a select retailer to establish a baseline for the retail sales of ENERGY STAR® lighting products based on the previous year's sales data. The market lift model then only incentivizes the efficient bulbs and fixtures that are sold above that predetermined baseline during the next year. The market lift model has numerous benefits including providing superior data for estimating free ridership, empowering and incentivizing retailers to sell efficient products, and leveraging existing marketing channels. The Company will be participating in an investigation of the market lift model, along with other New England program administrators, through Northeast Energy Efficiency Partnerships.

Prepared by or under the supervision of: Rachel Henschel

Commission 2-9

Request:

Please explain how the shareholder incentive and the 10% incentive for outside funding conform with the definition contained in RIGL §39-1-27.7.1(e) of “a performance based incentive plan which allows for additional compensation for each electric distribution company and each company providing gas to end-users and/or retail customers based on the level of its success in mitigating the costs and variability of electric and gas services through procurement portfolios.”

Response:

The basic incentive mechanism, where 4.4% of the spending budget is set aside as a shareholder incentive subject to meeting savings targets (and further defined on pages 19-21 of the 2012 EE Program Plan) satisfies the statutory criteria in RIGL §39-1-27.7.1(e) that the incentive be “... based on the level of its success in mitigating the cost and variability of electric and gas services through procurement portfolios.” Because energy efficiency has been found to be a cost-effective source of least-cost procurement, achieving energy efficiency savings will mitigate the cost of meeting electric or gas demand that would otherwise have to be procured through more expensive supply-side sources. Likewise, a 10% incentive for securing outside funding would also be eligible for an incentive if it can be shown that the Company has mitigated the cost of providing energy efficiency services to customers. Please see the Company's response to Record Request #3 in Docket 4284 for the Company's more detailed interpretation of RIGL §39-1-27.7.1(e) with respect to the 10% incentive.

Prepared by or under the supervision of: Jeremy Newberger