



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
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December 4, 2013

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

**Re: Docket 4443 – R.I. Energy Efficiency and Resource Management Council (EERMC)
- Proposed Energy Efficiency Savings Targets for National Grid's energy efficiency
procurement for the period 2015 - 2017**

Dear Ms. Massaro:

The Division of Public Utilities and Carriers (the Division) submits this letter with regard to the high-level electric and natural gas savings targets for 2015-2017 that the Energy Efficiency and Resource Management Council (“EERMC”) filed with the Rhode Island Public Utilities Commission (“Commission”) on September 1, 2013. This letter also responds to National Grid’s comments in this docket, filed on November 13, 2013.¹

The Division supports the high-level electric and gas savings targets for 2015-2017 proposed by the EERMC. We agree with the EERMC and National Grid that these targets are reasonable and will serve as a useful planning tool for the Company in the development of the Three-Year Energy Efficiency Procurement Plan (“Three-Year Plan”). The Division believes that the three-year savings targets are based on an achievable amount of cost-effective energy efficiency resources, and that meeting these targets will result in significant net cost reductions for Rhode Island electricity and gas customers.

The Division wishes to emphasize the importance of keeping the costs of the energy efficiency programs at a level that is reasonable and manageable. We agree with National Grid that the costs to achieve the proposed savings targets are a key element that should be considered along with the targets themselves (Comments, page 2).

¹ The within comments were prepared in consultation with Synapse Energy Economics, Inc. and Division staff.

The EERMC has not yet prepared budgets that would be required to support the proposed energy savings targets. These budgets will be developed in future efficiency plans to be submitted to the Commission. The Company will work in collaboration with the EERMC and the Rhode Island DSM Collaborative to develop detailed program plans and budgets for the Three-Year Plan, to be filed with the Commission on September 1, 2014 pursuant to R.I.G.L. § 39-1-27.7. Furthermore, the annual plans for each of the three years (2015, 2016 and 2017), to be filed in the November preceding each year, will include further iterations of the proposed savings targets and associated budgets.

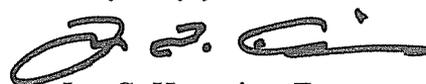
As we have done in the past, the Division will work closely with the Company and the other members of the DSM Collaborative to develop more detailed savings targets and budgets for the September 2014 Three-Year Plan. We will also work closely with them in the preparation of the annual energy efficiency plans for each of the three years.

The Division believes that the energy efficiency costs should be viewed in the context of the total costs that customers are exposed to. Our overarching goal in reviewing proposed efficiency targets and budgets is to strike the appropriate balance between supporting cost-effective energy efficiency programs and maintaining reasonable customer rates and bills.

When working with the Company on future iterations of the Three-Year Efficiency Plan we will review proposed targets and budgets with this goal in mind. In general, we hope that the Three-Year Plan savings targets proposed by the EERMC can be achieved with gas and electric efficiency charges that are reasonably close to those recently agreed to for the 2014 Energy Efficiency Plan.

Finally, we encourage the EERMC and the Company to be always mindful of opportunities to reduce the efficiency program charges without sacrificing on savings levels. This means, for example: ensuring that the Company administers the programs as efficiently as possible; that marketing budgets are reasonable; that customer financial incentives are kept reasonably low; and that outside sources of funding are used to the greatest extent possible. This approach will help to maintain high levels of efficiency savings while mitigating the costs charged to customers.

Very truly yours,



Jon G. Hagopian, Esq.
Senior Legal Counsel

cc: Thomas F. Ahern, Administrator
Stephen Scialabba, Chief Accountant