

P R E N T I S S

L · A · W · F · I · R · M

R. DANIEL PRENTISS
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May 23, 2014

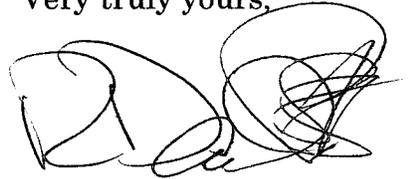
Luly E. Massaro, Commission Clerk
Rhode Island Public Utility Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Docket 4443; EERMC Energy Savings Target for Period 2015 –
2017

Dear Luly:

I enclose the original and nine copies of the EERMC's response to the
Commission's second data request.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Daniel Prentiss', with a large, stylized flourish at the end.

R. Daniel Prentiss
EERMC Counsel

RDP/ka
Enclosures
Cc: Docket 4443 Service List
874/92/10770

EERMC RESPONSE TO
COMMISSION'S SECOND SET OF DATA REQUESTS
(May 22, 2014)

1. Is the Council amendable to establishing a standard methodology for determining the discount rate to be used in the TRC test and including that methodology in the EE Procurement Standards? If yes, define the specific methodology that would be included in the Standards.

RESPONSE: Yes, the EERMC would support a standard methodology for determining the discount rate. Using the Mass. Methodology would be acceptable.

2. In determining cost-effectiveness of energy efficiency programs, are greenhouse gas reduction benefits currently monetized and if so, how?

RESPONSE: RGGI compliance costs are monetized and embedded in avoided energy cost values, so it is not simple to see the precise value attributed to them, although they are separated out in the appendices to the avoided cost study. Our understanding is that if the Division's Proposal were accepted National Grid would have to update avoided energy costs using information for other states from the 2013 Avoided Cost study to reflect those reasonably anticipated costs. To apply these values to natural gas and to other fossil fuels an adder of comparable magnitude would have to be calculated and included in the cost-effectiveness screening process.

3. Referring to Section 1.2A(i)(e) of the Council's proposed revisions to the Standards (page 2), does the proposed revision mean that future energy efficiency plans would address leak-prone gas infrastructure and costs of fuel and methane emissions reductions?

RESPONSE: This specific issue was not intended by the proposers to be included in the referenced language, and is not an issue that the EERMC envisioned as a "new and emerging issue." The EERMC is not proposing (and does not recommend including) correction of gas leakage as an energy efficiency measure subject to the guidance of the Standards and funded by the fully reconciling funding mechanism or the system benefit charge. The EERMC believes this very real need is an issue of effective, safe, and prudent infrastructure investment. The EERMC does, in principle, support the inclusion of relevant costs and benefits (appropriately quantified) in decision-making for utility investment generally. The EERMC believes that there are significant issues about differing cost-recovery and performance incentive structures that the inclusion of gas leakage correction in Standards-guided energy efficiency investment would raise. In

addition, any screening of gas leakage correction will require significant new effort to account for lost revenue (from unsold product), environmental impacts (methane as a greenhouse gas), and the proper valuation of safety. We are not aware of the extent to which these issues have been investigated in proceedings already held to determine the appropriate level and timing of gas leakage correction investments.

4. Please provide a draft provision addressing tracking of participation levels to be included in the Standards.

RESPONSE: Under Section 1.3, E – Reporting Requirements, we propose the language be revised to read:

“The Utility, in consultation with the Council, will propose the content to be reported and reporting format that is designed to communicate clearly and effectively the benefits of the efforts planned and implemented, with particular focus on energy cost savings ***and program participation levels across all sectors***, to secure all EE resources that are lower cost than supply.”

As additional context, we think it would be inappropriate to describe the content of participation reporting in any more granularity as the methods, structure, and data systems supporting reporting of participation data are still under development. The EERMC will continue to work with National Grid to evolve the best and most accurate way to capture participation data.