

November 13, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

Re: Docket 4443 - Electric and Natural Gas Least Cost Procurement Efficiency Savings Targets for Years 2015-2017
National Grid's Comments in Support of the EERMC's Proposed Electric and Natural Gas Savings Targets

Dear Ms. Massaro:

National Grid submits this letter in support of 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. In its September 1 proposed savings-targets filing, the EERMC notes (at page 2) that the Least Cost Procurement law, § 39-1-27.7.1(f), only required one specific filing date for targets on September 1, 2010, but also notes that,

[s]ince the LCP process is legislatively mandated to continue through 2020, and the submittal for approval of savings targets has in the past served to support the LCP 3-Year planning process, the Council decided that its analysis and resulting proposed targets would be of assistance to the distribution utility, the stakeholders, and the Commission in their development and evaluation of the LCP plan for the period 2015-2017.

The Company agrees with the EERMC that the proposed savings targets will serve as a useful planning tool for the Company in the development and evaluation of the Three-Year Energy Efficiency Procurement Plan ("Three-Year Plan") for 2015-2017, and this is consistent with the Company's most recent Three-Year Plan for 2012-2014 that the Commission approved in Docket 4284.

There are two important elements for the Commission to consider in reviewing whether the EERMC's proposed energy efficiency savings targets are reasonable and attainable for 2015-2017. The first element is whether there exists the potential to procure cost-effective energy efficiency that is cheaper than the cost of supply as required by the Least Cost Procurement law. The EERMC indicates (on page 8) that "our research and analysis show that these levels of energy savings are cost-effective and lower cost than supply and represent a prudent and reliable path for reducing Rhode Island's energy costs." National Grid worked with the EERMC in the development of these electric

and natural gas savings targets. Based on the Company's review of the EERMC's analysis as well as its experience in implementing energy efficiency programs in Rhode Island for over two decades, in particular the prior and current Three-Year Plans under the provisions of Least Cost Procurement, National Grid agrees with the EERMC that the proposed targets adequately reflect the existing potential for cost-effective energy efficiency savings in Rhode Island for the 2015-2017 period. For this reason, the Company believes the proposed savings targets are reasonable.

The Company also agrees with the EERMC that energy efficiency programs will create a great amount and wide variety of benefits for customers. These include hundreds of millions of dollars of direct benefits, in addition to broader economic benefits to the local economy, through job creation and re-spending, as well as greenhouse gas reduction and other environmental benefits. These benefits will increase as the energy savings increase consistent with the proposed targets.

The second element for consideration is the cost to achieve the proposed savings targets. As the EERMC notes in its September 1 filing (at page 8), the cost to achieve savings is one of the uncertainties associated with the numbers compiled in the filing. Historically, the savings-targets filing has served to provide high level estimates of the potentially available cost-effective energy efficiency and has not included budgetary considerations. The Company does, however, anticipate that a modest increase in the budget over 2014 budget levels will be necessary in order to meet the proposed savings targets contained in the EERMC's filing. The Company will be developing its three-year energy efficiency programs and budgets through the normal year-long planning process that includes input and contributions from diverse stakeholders through the Collaborative Subcommittee of the EERMC. As it has done in the past, the Company is prepared to work with the EERMC on any potential adjustments to the targets as it develops its savings goals in the Three-Year Plan for 2015-2017. Furthermore, the EERMC indicates in its September 1 filing (at page 8) that "[f]uture updates to the targets will be considered annually, based on updated savings potential estimates, performance data, evaluation studies, and budget considerations, as appropriate." Achieving the proposed targets will likely depend on a variety of factors, including development and full funding of effective annual energy efficiency program plans under the provisions of R.I.G.L. §39-1-27.7, as well as consideration of the available sources of such funding.

Subject to the budgetary considerations above, the Company supports the EERMC's proposed savings targets as being consistent with Rhode Island law and because they will create significant benefits for our customers over the long term.

Very truly yours,



Jennifer Brooks Hutchinson

cc: Docket 4443 Service List
Leo Wold, Esq.
Steve Scialabba, Division

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted to the individuals listed below. Copies of this filing will be hand delivered to the RI Public Utilities Commission and the RI Division of Public Utilities and Carriers

Joanne M. Scanlon

November 13, 2013

Date

**Docket No. 4443 – RI Energy Efficiency and Resource Management Council
 (“EERMC”) – Energy Savings Target (2015-2017)
 Service List updated on 9/9/13**

Name/Address	E-mail Distribution List	Phone
R. Daniel Prentiss, P.C. (for EERMC) Prentiss Law Firm One Turks Head Place, Suite 380 Providence, RI 02903	dan@prentisslaw.com	401-824-5150
S. Paul Ryan (for EERMC)	spryan@eplaw.necoxmail.com	
Scudder Parker	sparker@veic.org	
Jennifer Hutchinson, Esq. National Grid 280 Melrose St. Providence, RI 02907	Jennifer.hutchinson@nationalgrid.com	401-784-7667
	Joanne.scanlon@nationalgrid.com	
	Celia.obrien@nationalgrid.com	
	Jeremy.newberger@nationalgrid.com	
Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Klyons@riag.ri.gov	401-222-2424
	jmunoz@riag.ri.gov	
	dmacrae@riag.ri.gov	
Jon Hagopian, Esq. Division of Public Utilities & Carriers	jhagopian@ripuc.state.ri.us	401-784-4775
	jspirito@ripuc.state.ri.us	
	Dstearns@ripuc.state.ri.us	
	Sscialabba@ripuc.state.ri.us	
	Acontente@ripuc.state.ri.us	
Jamie Howland Environment Northeast 101 Tremont St., Suite 401 Boston, MA 02108	jhowland@env-ne.org	
	aanthony@env-ne.org	
Seth H. Handy, Esq. (ENE) HANDY LAW, LLC 42 Weybosset Street Providence, RI 02903	seth@handylawllc.com	401 626.4839

Bob Fagan Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	rfagan@synapse-energy.com	617-661-3248
Original & 11 copies to be filed w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov	401-780-2107
	Amy.dalessandro@puc.ri.gov	
	Alan.nault@puc.ri.gov	
	Dilip.shah@puc.ri.gov	
Bill Ferguson, Executive Director TEC-RI	bferguson2010@cox.net	