

May 19, 2014

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 Reply Comments**

Dear Ms. Massaro:

On behalf of National Grid¹ I have enclosed the Company's reply comments to the comments submitted by the Rhode Island Division of Public Utilities and Carriers on May 13, 2014 in the above-referenced proceeding.

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

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

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

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company").

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. Paper copies of this filing were hand delivered to the Rhode Island Public Utilities Commission and the RI Division of Public Utilities and Carriers.



Joanne M. Scanlon

May 19, 2014
Date

**Docket No. 4443 – RI Energy Efficiency and Resource Management Council
("EERMC") – Energy Savings Target for Period 2015 - 2017
Service List updated on 5/2/14**

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
RHODE ISLAND PUBLIC UTILITIES COMMISSION

**In Re: Energy Efficiency And Resource
Management Council's Proposed 2013
Electric and Natural Gas Energy
Efficiency Savings Targets (2015-2017)**

Docket No. 4443

**REPLY COMMENTS OF
THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
REGARDING PROPOSED CHANGES TO THE LEAST COST PROCUREMENT
STANDARDS**

I. Introduction

National Grid¹ hereby submits this reply to the written comments submitted by the Rhode Island Division of Public Utilities and Carriers (the "Division"). On March 17, 2014, the Energy Efficiency and Resource Management Council ("EERMC") filed proposed revisions to the Energy Efficiency Procurement Standards and the System Reliability Procurement Standards (collectively, the "Standards"). In compliance with the established procedural schedule, on May 13, 2014, the Division's consultant, Tim Woolf of Synapse Energy Economics, Inc. ("Synapse"), submitted comments with respect to the EERMC's proposed revisions to the Standards. National Grid participated in the Targets and Standards subcommittee of the EERMC that developed the proposed revisions, which ultimately led to the EERMC's filing in this docket. Accordingly, the Company is submitting these reply comments to respond to the issues raised in the Division's memorandum.

In its comments, the Division made two recommendations: (i) to advance the filing date of the annual Energy Efficiency Program Plan ("EE Plan") by one month, to October 1 instead of

¹ The Narragansett Electric Company d/b/a National Grid (referred to herein as "National Grid" or the "Company").

November 1, which is the date that is currently provided for in the Standards; and (ii) to revise the Standards to make clear that reasonably anticipated future environmental requirements will be included in the screening test. The Company addresses these recommendations below.

II. Energy Efficiency Program Plan Filing Dates

In support of the Division's recommendation for an October 1 filing date, the Division states that the current requirement for filing the annual EE Plan by November 1 does not allow adequate time for the Rhode Island Public Utilities Commission ("PUC") and other stakeholders to review the final EE Plan, hold hearings, and reach a decision on changes before the Plan needs to be approved. The Targets and Standards Subcommittee ("Subcommittee"), in which the Company participated, considered moving the current November 1 filing date to an earlier date for similar reasons that the Division outlines in its comments. Ultimately, the Subcommittee opted not to change the filing date because doing so would require moving the entire planning calendar to an earlier schedule. This would mean that there would be less information on recent performance to inform the planning processes and, consequently, the quantitative aspect of the annual EE Plan may be impacted.

The Company believes that a November 1 filing date continues to be appropriate for planning purposes, based on the following considerations:

1. Planning Timeline. Since the 2007 EE Plan was filed in November 2006, all annual EE Plans have been filed on or about November 1. Prior to 2006, the Company had filed its annual EE Plans earlier than November 1: the 2006 Plan was filed on October 14, 2005, the 2005 Plan was filed on October 1, 2004, and the 2004 Plan was filed on September 12, 2003. However, since then the annual EE Plans have evolved in scope and now involve a more robust stakeholder process than in earlier years. As

a result, a longer lead-time in the planning calendar has been necessary to accommodate development and review of the annual EE Plan and to secure the necessary EERMC approval prior to filing with the PUC. Moving the filing date back to an October date would compress the planning calendar, which may impact the overall quality of the EE Plan. The Company does not anticipate that it could easily commence planning activities earlier in the current year, because during the period between January and April the Company is generally finalizing the results from the prior EE Plan year and preparing for filing its Year End Report on May 1.

2. Planning Assumptions. The Company often relies on recent historic program experience to inform future plans. If the planning calendar were to be compressed, there would be a larger interval between the period analyzed for historic information and the plan year. Consequently, the EE Plan would not benefit from the latest program experience.
3. Load Forecast. The Company's most recent load forecast is used to develop the proposed energy efficiency program charges for natural gas and electricity. These forecasts are typically available in late August or early September. If the planning calendar were to be moved earlier, the Company would not have the benefit of the most recent forecast. This could affect the calculation of the proposed charges.
4. Evaluation Results. The Company incorporates the results from the most recent cohort of evaluation studies into the estimates of savings and benefits in the benefit-cost modeling supporting its EE Plan, and adds them as supporting documentation in the Technical Reference Manual. If the planning calendar were to be moved earlier, the Company may not be able to use results from some of the evaluation studies.

Nonetheless, the Company is sensitive to the Division's and PUC's concerns with having sufficient time to review the EE Plan within the statutorily required timeframe of sixty (60) days, and recognizes the challenges that are presented by a November 1 filing date. The Company would be amenable to an October 15 filing date for year 2 and year 3 of the Three-Year Plan if that would be helpful to the PUC, subject to the above considerations regarding the limitations of the quantitative information. The Company believes that an October 15 filing date for year 2 and year 3 strikes the appropriate balance between allowing for the necessary time to develop a quality EE Plan and incorporate stakeholder input, and providing the PUC with the full statutory 60-day review period that is not further compressed by the holiday period in the last two weeks of December.

The Company does not, however, believe that it would be realistic or feasible to file the annual EE Plan earlier than November 1 in the same year in which the Company files its statutorily required Three-Year Plan on September 1, because the sixty-day (60) requirement for approval of the Three-Year Plan would not enable the PUC's full review in time to influence the annual EE Plan prior to filing. In addition, many of the elements and themes of the Three-Year Plan are revisited in the annual EE Plan; therefore, the PUC's prior review of the Three-Year Plan may streamline the PUC's review of the annual EE Plan in those years. Therefore, the Company believes that it is important to maintain a November 1 filing date for the annual EE Plan for year 1 to allow sufficient time to incorporate the elements and themes of the Three-Year Plan, as approved by the PUC.

III. Environmental Compliance Costs

The Company does not object to the Division's addition of the language in Section 1.2.A.ii(b) of the current Standards that states: "The test shall also include any other utility

system costs associated with reasonably anticipated future greenhouse gas requirements at the state, regional or federal level, for both electric and gas programs.” The Company also does not object to the deletion of the language in Section 1.3.B of the current Standards that provides for a sensitivity analysis to investigate the impact of CO2 mitigation requirements.

Respectfully submitted,

**The Narragansett Electric Company
d/b/a National Grid**

By its attorney,

A handwritten signature in cursive script, appearing to read "Jennifer Brooks Hutchinson".

Jennifer Brooks Hutchinson (RI Bar #6176)

Dated: May 19, 2014