

November 25, 2015

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4580 – The Narragansett Electric Company, d/b/a National Grid
2016 Energy Efficiency Program Plan
Responses to PUC Data Requests – Set 3**

Dear Ms. Massaro:

I have enclosed ten copies of National Grid's¹ responses to the third set of data requests issued by the Public Utilities Commission in the above-referenced docket.

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Docket 4580 Service List
Karen Lyons, Esq.
Jon Hagopian, 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 any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Raquel J. Webster

November 25, 2015

Date

**Docket No. 4580 - National Grid - 2016 Energy Efficiency Program Plan
Service list updated 10/19/15**

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COMM 3-1

Request:

The following questions refer to Attachment COMM 1-21, page 1 of 2. (Table G-7)

- a) Please confirm that actual 2015 participation levels did not meet the Company's planned participation levels for every single program in 2015.
- b) Please confirm that the Company has increased planned participation levels from 2015 to 2016 for 6 out of 11 of the programs listed on this chart.
- c) For programs with increased planned participation levels in 2016, what confidence does the Company have that the increased 2016 planned participation levels will be met given the failure to meet 2015 planned participation levels.

Response:

- a) Actual 2015 participation levels have not yet met planned participation levels in every program because actual participation is reported only through September 30, 2015, as stated in the Company's response to COMM 1-21. The Company expects to reach more participants through the end of the 2015.
- b) Yes. The Company has increased planned participation levels from 2015 to 2016 for 6 out of 11 of the programs in Table G-7. However, as stated in the footnote in Table G-7, Attachment 6 of the EE Plan, "[p]lanned 2016 participation takes into account net-to-gross and estimates unique participation by taking into account 2014 unique customer accounts to savings ratios." Although this method provides a more accurate planning assumption, it makes it difficult to compare planned participation levels across years since the method is based on changing factors such as the previous year's unique customer accounts and net-to-gross evaluation results. For example, net-to-gross values were updated in the Gas Commercial and Industrial sector for the 2016 plan.
- c) The Company is confident in its planned 2016 participation levels, based on available information. *See* response a) above.

COMM 3-2

Request:

Referring to Attachment COMM 1-21, page 2 of 2 (Table E-7), with respect to Large Commercial Retrofit, explain the Company's basis for 2016 planned participation levels which are more than 12 times the actual 2015 levels.

Response:

The 2016 planned participation levels have increased because the upstream lighting initiative, which typically has approximately 2,000 participants, was moved from Large Commercial New Construction to Large Commercial Retrofit for 2016.

The upstream lighting initiative was moved to Large Commercial Retrofit following an analysis of projects, which indicated that most of the upstream lighting initiative projects were retrofit projects that replaced existing equipment. Other components of the upstream initiative, such as water heaters and HVAC equipment, remained in the New Construction program as a result of the same analysis.

COMM 3-3

Request:

Explain the relationship, if any, between participation levels and the cost of energy efficiency programs. Include in your response 1) whether a program with 200 participants would cost ratepayers more or less than a program with 2000 participants and 2) why the costs of programs not meeting participation goals, or other goals, should not be credited back to ratepayers.

Response:

Within a program or an initiative, there is typically a relationship between participation and the cost of energy efficiency. However, across all programs, there is no such relationship because each program delivers various measures at various costs due to different delivery channels.

The Company is trying to achieve both broad and deep savings in energy efficiency. Broad savings, such as the buy down of the cost of efficient lighting at a big box store, typically costs less and reaches more customers. Deep savings, such as a comprehensive retrofit project, involves, among other things, numerous vendors, site visits, designs, and technical experts, and, therefore, typically costs more to deliver. Therefore, considering different measure and delivery costs across the portfolio of programs, a program with 200 participants could cost more or less than a program with 2,000 participants.

In each EE Plan, the Company estimates the number of unique customer interactions needed to meet the savings goals while maintaining equity across all customers. As such, the participation targets included in the Plan are intended as benchmarks towards savings, rather than specific goals. While the Company plans to meet these estimates, actual customer participation is influenced by factors outside the Company's control such as customer behavior and decision-making, economic conditions, and weather. Therefore, there could be less or more participation in a program than the Company planned.

Even if the Company falls short of its planned participation, if the Company reaches its savings goals, it has met its obligation under Least Cost Procurement to deliver cost effective energy savings to its customers.

For these reasons, it is not appropriate to credit back to customers the costs of programs that do not meet the Company's planned participation. These costs represent incentives that have already been paid out to customers for the installation of cost-effective energy saving measures, creating real value and benefits to all customers. This includes lower bills for participants and additional

COMM 3-3, page 2

benefits that flow to non-participants such as price suppression and avoided infrastructure investments.

Regarding other goals, the cost of not meeting savings goals is already credited back to ratepayers due to the fact that the Company would not earn the full shareholder incentive. The money not spent on program delivery and/or the shareholder incentive would be reflected in the Fund Balance and reduce the customer funding required for the next program year, which would be reflected in the Fully Reconciling Funding Mechanism.