

December 2, 2015  
RI Public Utilities Commission  
RE: Docket 4580

PUC Commissioners;

TEC-RI would like to take this opportunity to officially voice its opposition to the 2016 Energy Efficiency Plan as submitted by National Grid(NG), Docket 4580. This objection is specifically related to the increase in the energy efficiency charge (EE charge \$/kWh). TEC-RI also brings to the Commissions attention that the increased charge is not in compliance with the 2015-2017 overall plan. We strongly urge the Commission to reject the proposed plan an order adherence to the original EE charge in three year plan.

Table 1. 2015-17 Three Year Plan Summary

<b>Electric Programs</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Savings and Benefits</b>			
Annual MWh Savings	193,603	197,475	201,347
Lifetime MWh Savings	1,956,845	2,064,074	2,164,927
Savings as a Percent of 2012 sales	2.50%	2.55%	2.60%
Annual Peak kW Savings	31,447	32,209	32,181
Winter Peak kW Savings	33,700	34,871	36,121
Total Benefits	\$ 282,875,002	\$ 303,660,783	\$ 316,528,156
<b>Costs</b>			
Total Spending*	\$ 86,741,232	\$ 86,052,775	\$ 90,867,248
TRC Cents per lifetime kWh	\$ 0.055	\$ 0.052	\$ 0.053
Utility Cost per lifetime kWh	\$ 0.043	\$ 0.041	\$ 0.041
EE Program Charge per kWh**	\$ 0.00966	\$ 0.00997	\$ 0.00941
Benefit Cost Ratio	2.61	2.82	2.76
Participants	TBD	TBD	TBD

**Table 2 : Comparison 2016 plan vs 3 year plan**

	<b>2016 3 year plan</b>	<b>2016 Plan</b>
<b>Benefit Cost Ratio</b>	<b>2.82</b>	<b>1.77</b>
<b>TRC per kWh</b>	<b>\$0.052</b>	<b>\$0.061</b>
<b>EE Program Charge per kWh</b>	<b>\$0.00997</b>	<b>\$0.01077</b>

Decreasing benefit cost ratio (B/C ratio) and increasing cost is creating an indefinite price spiral increase of the energy efficiency charge to the ratepayers year after year, which is now becoming extremely burdensome to the large user (Figure 1,2,3). It is time to consider capping this charge. The 2016 plan can cause an increase in the energy efficiency charge of up to 22% compared to 2015 price because of the increase of energy efficiency charge and compounded by the effect of “decoupling” as shown in Table 3.

Figure 1 EE Price (\$/kWh) vs. Saved MWh

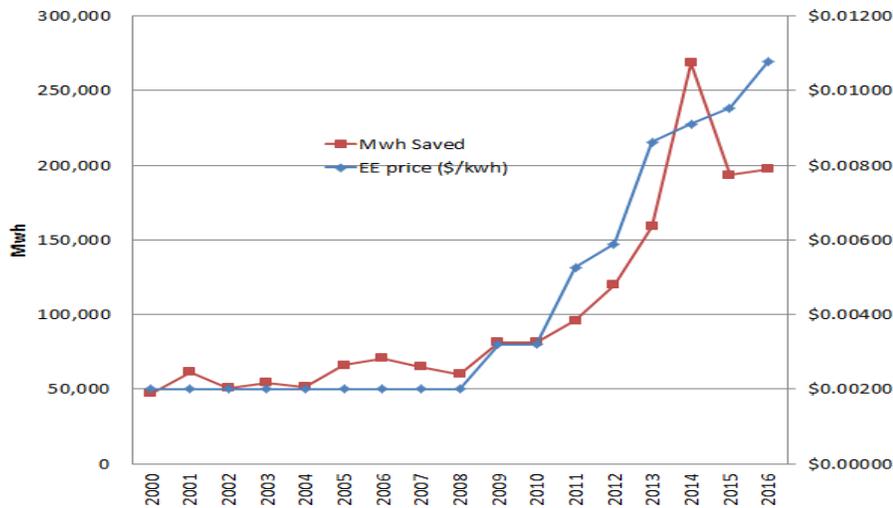


Figure 2 B/C Ratio vs. EE Price

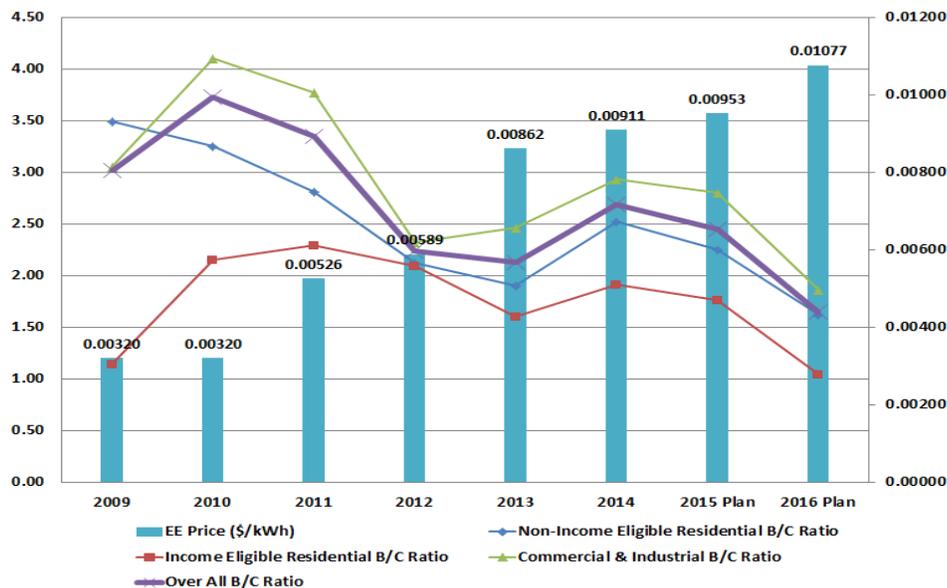


Figure 3 : EE Price, Cost, B/C Ratio Trend

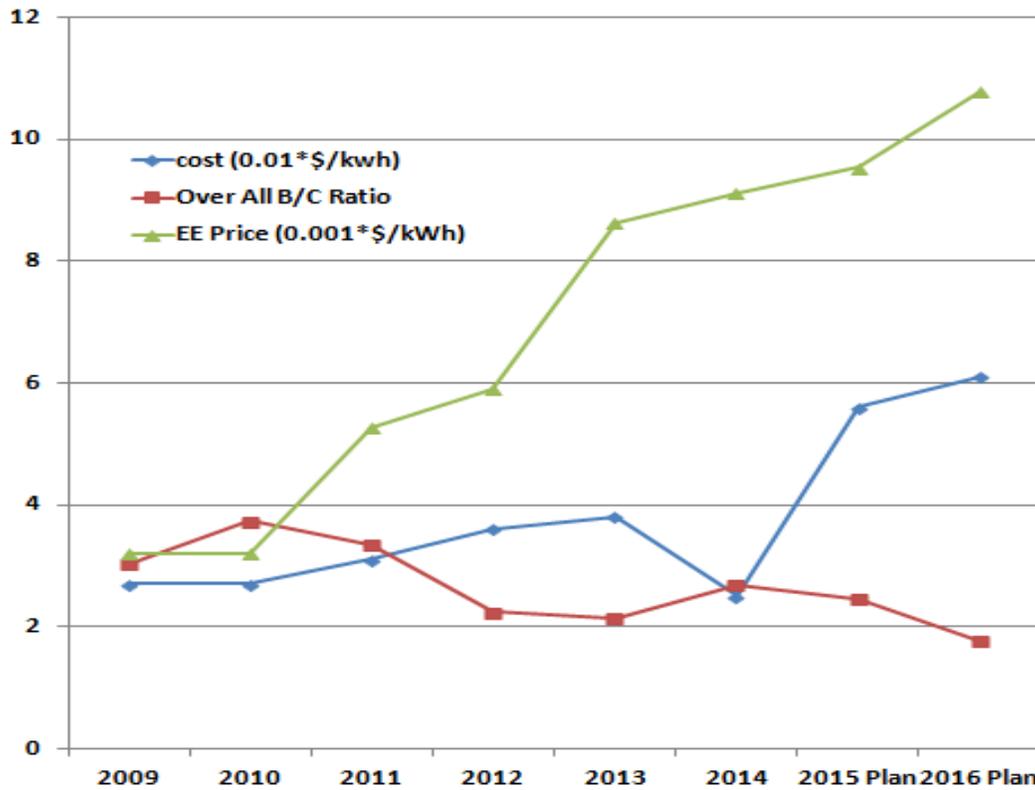


Table 3 : Price impact including “Decoupling” affect

Price Impact for middle-size company					
Usage (kWh/year)	Current EE charge (\$/year)	New EE Charge (\$/year)	Increase by 2016 Plan(\$/year)	Increase by Decoupling (\$/Year)	Total Estimated Increase (\$/year)
10,000,000	95,300	107,700	12,400	8,750	21,150
15,000,000	142,950	161,550	18,600	13,125	31,725
20,000,000	190,600	215,400	24,800	17,500	42,300
* 2.5% T&D increase					

This EE charge has now become biggest element in the total distribution charge which was shown in table 4. This table is showing typical calculation for 2.5MW customer with a G-32 rate. The energy efficiency charge is now higher than the “distribution energy charge” and also higher than the “transmission charge”. With this proposed increase the EE charge will be 28% of the total distribution charge.

And this biggest element was discussed and decided at EERMC which is totally separate process than PUC approval of transmission and distribution charge.

We are also concerned that we will not keep original 2017 price in three year plan which was supposed to be lower than 2016 price if this trend of cost increases continues.

Table 4: Sample calculation for G32 customer

<b>G-32</b>				<b>2,500 kW</b>
				19,710,000 kWh/y
Customer Charge		825.00 \$/Month		9,900 \$/Year
Distribution Charge				
Demand in excess 200kw		4.10 \$/kW		113,160 \$/Year
<b>Distribution Energy Charge</b>		<b>0.759 c/kWh</b>		<b>149,599 \$/Year</b>
Renewable Energy Distribution Charge		0.232 c/kWh		45,727 \$/Year
RE Growth Charge		17.78 \$/Month		213 \$/Year
Transmossion Charge				\$/Year
Demand		3.40 \$/kW		102,000 \$/Year
<b>Transmission Energy Charge</b>		<b>0.93 c/kWh</b>		<b>183,303 \$/Year</b>
Transition Charge (Credit)		-0.201 c/kWh		(39,617) \$/Year
LIHEAP Charge		0.73 \$/Month		8.76 \$/Year
<b>Energy Efficiency Program</b>		<b>1.107 c/kWh</b>		<b>218,190 \$/Year</b>
(include renewable charge)				(28%)
<b>Total</b>				<b>782,484 \$/Year</b>

The plan, which is developed by National Grid, with input from a group of stakeholders, worked collaboratively to reach proposed objectives, plans and goals for energy efficiency. In reality, with the exception of the DPU it is largely made up of a select group, who are basically interested in goals that are compatible with their own organizations, with little regard for the ratepayers interests.

TEC-RI has typically participated in this collaborative process. Our goal is to share with the other collaborative members, the perspective of large industrial, institutional and business concerns regarding the goals, objectives and the

repercussions of those decisions on the interests of our ratepayers and really, all ratepayers. TEC-RI feels that a more balanced group with someone representing business and institutional ratepayers, would provide more balance.

We ask the PUC to weigh in on the make-up of the collaborative, in an effort to require National Grid to ensure that all sectors are represented. There is no question that there are very good contributors on the collaborative, but the ratepayers interest are far outweighed by the special interests at the table.

During the past 7 years, the electrical energy efficiency charge has gone up significantly using the convenient justification of law to back up saved kWh. These increases are becoming unsustainable and while the increases have slowed in the past two years, it continues to creep upward.

The 2015-2017 plan called for set increase, yet the NG Collaborative and EERMC endorsement approved a higher amount. Why have a plan if it doesn't matter what it costs, actual charges will be higher, which is a deceptive practice. National Grid's explanation blamed this increase purely on the creation of the newly created Rhode Island Infrastructure Bank (RIIB) and to "reconcile for lower than expected electricity sales".

Both of these defenses are misguided. First off, there is "always unexpected costs" in personal, government and business budgets. The answer is not to "just increase the budget", but to make other cuts in the budget to balance expenses. The Energy Efficiency account was "raided" in the amount of \$ 2million to seed the RIIB, yet the Water Resource Board, the precursor to the RIIB, had a \$10 million dollar balance in their account. Taking from Peter to pay Paul....most certainly, but in this case, Peter is the ratepayer. The ratepayer who lives in the 3<sup>rd</sup> floor cold water flat, to the businesses that are trying to make it in RI, against long odds and employ the people who live here.

The second National Grid defense of the EE charge increase is even more disturbing and goes to the heart of our "rate creep" assertion. "To reconcile for

lower than expected electricity sales”, the EE rate was increased. Our members are not made whole when their sales numbers decrease and neither should this fund.

So we guess what that means, is to the degree that the program is successful and to the degree that electricity sales decrease, is a guarantee that the EE charge will continue to increase? Commissioners of the PUC, these rate increases for the EE charge, on top of the commodity increase charge, on top of the distribution charge, on top of the forward capacity increases charge is absolutely unsustainable for the 3<sup>rd</sup> floor cold water flat ratepayer and for businesses in the State of Rhode Island. Once the Deepwater project comes on line, in conjunction with all these other increases, it could be possible that Rhode Island will go from the 4<sup>th</sup> highest electricity rate in the lower 48 to #1. This situation certainly won't keep or attract business here in RI or help employ our people. Also, when we talk about highest electricity price, the blame is pointed to the commodity cost, however, we need to be reminded that the distribution fee including the energy efficiency charge is one of the highest in the country.

Rhode Island businesses, as demonstrated by survey after survey and poll after poll, continue to show we are not competitive and consistently rank at the bottom for doing business here in Rhode Island. These continuing cost increases will surely cement us in last place of all polls and surveys. The consequences will far outweigh the benefit.

We fully understand that we are trying to achieve the energy efficiency goals of the three year plan which PUC approved in 2014, *however it should not be at all costs!*

The ratepayer and taxpayer are tired of the price of electricity going up and taxes going up. The Governor and General Assembly have made great strides over the past few years in limiting tax increases and decreasing budgets....doing more with less. This should become our motto.

The Governor proposed and the General Assembly passed legislation in the 2015 session, to remove the sales tax on energy costs. Yet, the collaborative stands ready to increase the EE fee just a few months later. It certainly is a mixed message to ratepayers. Or perhaps because the energy bill is so hard for the average ratepayer to understand, the ratepayer does not know what is going on.

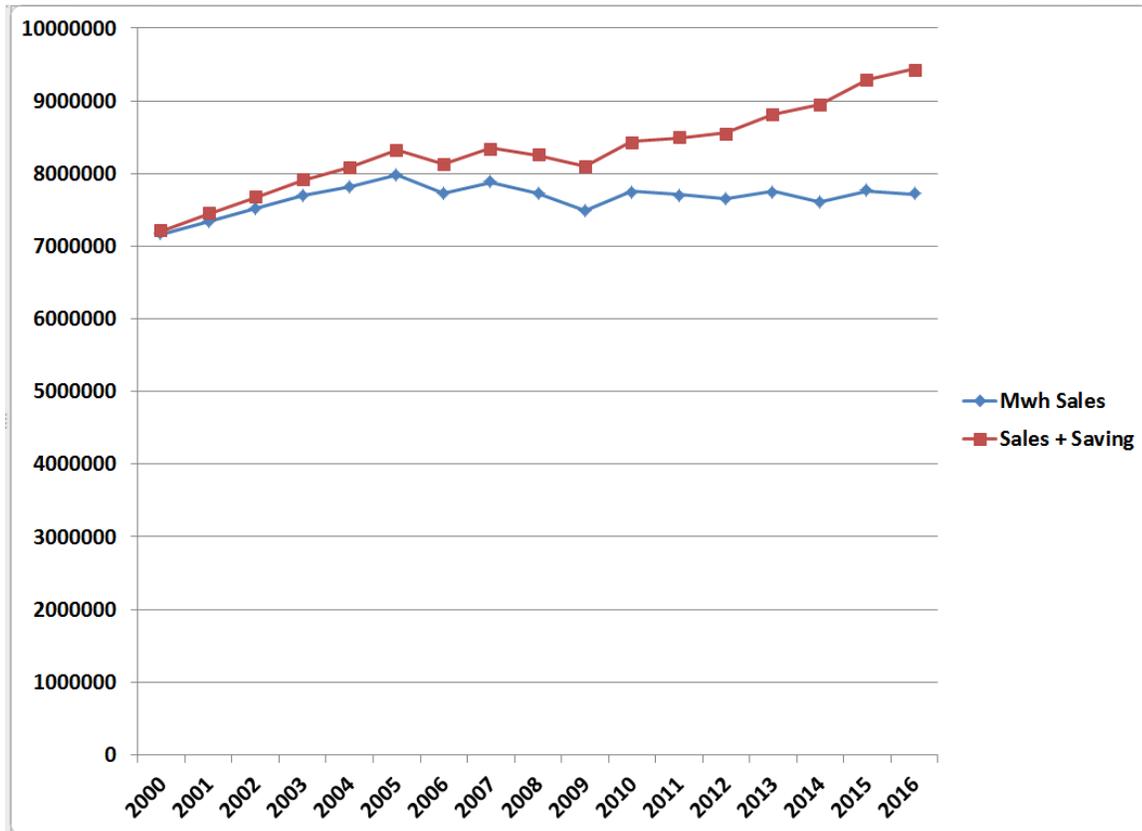
The politicians returned dollars back to the people, and that was good, but the bureaucrats are now taking it away...just a few months later?

We fully agree that the promotion of energy efficiency programs is a laudable goal, and that every measure of energy that is saved, saves that same amount year, after year, after year. The programs are important and we support our members' energy efficiency practices and encourage those policies. However, we need to focus on ways to achieve this goal without price increases.

Perhaps we have hit a plateau in ratepayers enacting energy efficiency measures? After all, these efforts have been going on now for almost 40 years. Perhaps the goals are now too lofty and if so, we need to recognize that and adjust accordingly not just keep raising the EE charge....year, after year, after year. The State of Rhode Island has not raised broad based taxes in almost 10 years. Before 2008, there was a cap on the EE charge. We think that time has come again.

Another fact that we need to seriously take into consideration is that we cannot see any effective reduction in actual usage shown in Figure 4. Actual usage increased by 8% since 2000. NG data is saying that there was 22% saving accumulated since 2000. It is hard to believe that there was 30% growth in usage while recent news is saying that RI has 2.2% population increase in past 10 years, which is 2<sup>nd</sup> worst in the country.

Figure 4 Trend of Saving



Lastly, we know that since the passage of the Least Cost Procurement legislation, decoupling and the Energy Efficiency Resource Management Council were created, the PUC's ability to control rate increases has been limited. However, we strongly urge you to recognize that the EE plan, process and make up is flawed and that you can change that imbalance.

We also urge the PUC to consider and remember that the EERMC recommendations are just that, recommendations. The PUC has statutory power to make decisions contrary to EERMC recommendations and your decisions are binding within the scope of RI laws. We urge you to do so, in the best interest of the ratepayers of Rhode Island. Thank you for the opportunity to comment.

Douglas W. Gablinske  
Executive Director