

February 21, 2017

## **BY HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Docket 4684 - RI Energy Efficiency and Resource Management Council (EERMC)  
Proposed Energy Efficiency Savings Targets, 2018-2020  
National Grid Letter of Support**

Dear Ms. Massaro:

National Grid<sup>1</sup> submits this letter in support of the high-level electric and natural gas savings Targets and Standards for 2018-2020, which the Energy Efficiency and Resource Management Council (EERMC) filed with the Rhode Island Public Utilities Commission (PUC) on December 22, 2016 (Memorandum). In its filing cover letter (p. 3) the EERMC notes:

The EERMC believes that the process discussed in the memorandum for inclusion of National Grid, OER, the Division, parties to the Collaborative, the SIRI subcommittee of the Collaborative, and other affected parties, has helped ensure essential input and a solid level of agreement among the key players in Rhode Island that these Targets and Standards will provide appropriate guidance to the implementation of LCP in Rhode Island in the 2018-2020 time period.

The Company agrees with the EERMC that the proposed savings Targets and Standards will serve as a useful planning tool for the Company in the development of the 2018-2020 Three-Year Energy Efficiency Procurement Plan (Three-Year Plan).

### **2018-2020 Savings Targets**

There are two important elements for the PUC to consider in reviewing whether the EERMC's proposed energy efficiency savings targets for 2018-2020 are reasonable and attainable. The first element is whether there is adequate potential for procuring cost-effective energy efficiency that is cheaper than the cost of supply, as required by the Least Cost Procurement Law. In its Memorandum (p. 20), the EERMC notes that "while there is some level of uncertainty in forecasting the future, the Consultant Team has high confidence that the process undertaken effectively identifies an achievable potential." Based on the Company's review of the EERMC's bottom-up savings potential analysis, its experience in implementing energy efficiency programs in Rhode Island under Least Cost Procurement, and its collaboration with the EERMC to develop the electric and natural gas savings potential for its core programs, the

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Company agrees with the EERMC that the proposed targets adequately reflect the existing potential for cost-effective energy efficiency savings in Rhode Island for the 2018-2020 period. Accordingly, the Company believes that the proposed savings targets are reasonable.

The Company also agrees with the EERMC that energy efficiency programs implemented to meet the proposed targets will create significant benefits for customers. These benefits include millions of dollars in direct benefits, broader economic benefits to the local economy through job creation and re-spending, greenhouse gas reductions, and other environmental benefits. These benefits will increase as the energy savings increase consistent with the proposed targets.

The second element to consider is the cost to achieve the proposed savings targets. As indicated in the EERMC's Memorandum (page 29), "there are many variables that drive costs up and/or down and the individual and overall impact of these variables in 2018-2020 cannot be known with any reasonable degree of certainty today." Similar to previous targets filings, the EERMC's December 22, 2016 filing does not include any budgetary considerations. The Company does, however, anticipate that a modest increase in the budget over 2017 budget levels will be necessary in order to meet the proposed savings targets contained in the EERMC's filing. This is because of changes in codes, standards, and market conditions - the most notable of which is the decrease in claimable savings from low-cost residential lighting measures. The Company will consider these changes and variables as it develops its three-year energy efficiency programs and budgets through the normal year-long planning process, which will include input and contributions from diverse stakeholders through the RI Energy Efficiency Collaborative.

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 2018-2020. The Company also agrees with the EERMC that the proposed annual targets should be reviewed during the development of each Annual Plan and adjusted if needed based on updated market conditions, cost-effectiveness, evaluation results, and budgetary considerations.

Finally, achieving the proposed targets will likely depend on a variety of factors, including the development and full funding of effective annual energy efficiency program plans under the provisions of R.I. Gen. Laws § 39-1-27.7 and the consideration of the available sources of such funding.

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

### **2018-2020 Energy Efficiency and System Reliability Procurement Standards**

In its Memorandum, the EERMC also proposed revisions to the Energy Efficiency and System Reliability Procurement (SRP) Standards. As noted in the EERMC Memorandum (p. 5),

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National Grid participated in the SRP Standards revision process and supports the revised Standards, as filed.

The Company believes the revised standards comply with Least Cost Procurement by providing a set of guidelines that ensure Rhode Island's electrical and natural gas energy needs are met in a manner that is cost-effective, reliable, prudent, and environmentally responsible. Specifically, the Company agrees with the EERMC that broadening the cost-effectiveness test to the Rhode Island Benefit Cost Test (RI Test) will better reflect the State's energy policy objectives by capturing the full societal benefits of energy efficiency and demand response. National Grid will work with the Collaborative and the EERMC to propose in its Three-Year and Annual Plans specific benefits, costs, and other factors for use in the RI Test.

Finally, the Company believes that the updated screening criteria in the Standards will provide for new and innovative ways to invest in cost-effective energy efficiency, demand response, distributed generation resources, and other technologies. These updated screening criteria will also foster the reduction of or manage load, defer wires projects, and allow for partial non-wires solutions.

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

Sincerely,



Raquel J. Webster

cc: Docket 4684 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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.



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Joanne M. Scanlon

February 21, 2017  
Date

**Docket No. 4684 – RI Energy Efficiency Resource Mgmt. Council (EERMC)  
Energy Efficiency Savings Targets, 2018-2020**

**Service list updated 1/14/17**

<b>Name/Address</b>	<b>E-mail Distribution List</b>	<b>Phone</b>
Marisa Desautel, Esq. ( <b>EERMC</b> ) Law Office of Marisa Desautel, LLC 55 Pine St. Providence, RI 02903	<a href="mailto:marisa@desautelesq.com">marisa@desautelesq.com</a> ;	401-477-0023
Mike Guerard, Optimal Energy	<a href="mailto:guerard@optenergy.com">guerard@optenergy.com</a> ;	
Jon Hagopian, Esq. <b>Division of Public Utilities and Carriers</b>	<a href="mailto:Jon.hagopian@dpuc.ri.gov">Jon.hagopian@dpuc.ri.gov</a> ; <a href="mailto:Al.contente@dpuc.ri.gov">Al.contente@dpuc.ri.gov</a> ; <a href="mailto:Macky.McCleary@dpuc.ri.gov">Macky.McCleary@dpuc.ri.gov</a> ; <a href="mailto:Jonathan.Schrag@dpuc.ri.gov">Jonathan.Schrag@dpuc.ri.gov</a> ; <a href="mailto:Steve.scialabba@dpuc.ri.gov">Steve.scialabba@dpuc.ri.gov</a> ;	401-784-4775
Tim Woof Jennifer Kallay Synapse Energy Economics	<a href="mailto:twoolf@synapse-energy.com">twoolf@synapse-energy.com</a> ; <a href="mailto:jkallay@synapse-energy.com">jkallay@synapse-energy.com</a> ;	
Raquel Webster, Esq. <b>National Grid</b> 280 Melrose St. Providence, RI 02907	<a href="mailto:Raquel.webster@nationalgrid.com">Raquel.webster@nationalgrid.com</a> ; <a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ; <a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	781-907-2121
Carol Grant, Commissioner <b>Office of Energy Resources (OER)</b>	<a href="mailto:Carol.grant@energy.ri.gov">Carol.grant@energy.ri.gov</a> ; <a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ; <a href="mailto:Danny.Musher@energy.ri.gov">Danny.Musher@energy.ri.gov</a> ; <a href="mailto:Nicholas.Ucci@energy.ri.gov">Nicholas.Ucci@energy.ri.gov</a> ; <a href="mailto:Becca.Trietch@energy.ri.gov">Becca.Trietch@energy.ri.gov</a> ;	
Andrew Marcaccio, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 <sup>th</sup> Floor Providence, RI 02908	<a href="mailto:Andrew.Marcaccio@doa.ri.gov">Andrew.Marcaccio@doa.ri.gov</a> ;	401-222-8880
<b>Original &amp; 9 copies file w/:</b>	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107

Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	