

December 19, 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 4755 – 2018 Energy Efficiency Program Plan
Responses to Record Requests**

Dear Ms. Massaro:

I have enclosed ten copies of National Grid's¹ responses to the record requests that were issued at the PUC's Evidentiary Hearing 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.

Sincerely,



Raquel J. Webster

cc: Docket 4755 Service List
Jon Hagopian, Esq.
Steve Scialabba, Division

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

Record Request No. 1

Request:

Please state whether or not the research the National Grid witness referenced during the hearing regarding cost screening included guidance of the situation where the deregulated utility provides energy with load following contracts.

Response:

At the hearing in this docket on December 13, 2017, the Company referenced the Lawrence Berkley National Laboratory's report titled, "The Program Administrator Cost of Saved Energy for Utility Customer-Funded Energy Efficiency Programs", which is available at <http://utilityscopesolar.lbl.gov/sites/all/files/lbnl-6595e.pdf>. The report does not distinguish between regulated and deregulated utilities. The dataset that they examine in the report includes information from 31 states, which includes deregulated states such as Massachusetts and Rhode Island.

The research is appropriate for cost screening and defining the cost of saved energy. Specifically, the research has two key takeaways for calculating the cost of saved energy (CSE) in the report on pages x and 12:

"Program administrator costs exclude participant costs and performance incentives for program administrators (e.g., utility shareholder incentives)."

"The program administrator's CSE is a useful metric for comparing the relative costs of efficiency programs and for comparing an energy efficiency option to other demand and supply choices for serving electricity and natural gas needs. However, the cost of saved energy is not a test of cost effectiveness (e.g., one of the screening tests used by program administrators) because: (1) it does not capture the full benefits to utility customers and shareholders (e.g., avoided generation capacity, avoided transmission and distribution investments, avoided environmental compliance costs); (2) benefits are not monetized but reflected simply in energy units of kilowatt hours or therms, the cost of which will vary by utility; and (3) energy is saved at the end use, not the power plant."

As the load serving entity, National Grid has an obligation to meet the load of its default service customers. Least Cost Procurement further mandates that that Company procure energy efficiency if it is less than the cost of energy supply. Under this context, both the cost of the supply and the cost of energy efficiency are passed onto the customer. As the load serving entity, the Company should, on behalf of its customers, procure the least cost resource. Therefore, it is appropriate to compare the Company's cost to either procure energy supply or procure energy savings.

Record Request No. 2

Request:

For each program or measure contained in the proposed 2018 Energy Efficiency Plan that includes funding from Rhode Island ratepayers from sources other than the System Benefit Charge, please identify the source and amount of funding.

Response:

Specific Energy Efficiency programs or measures are not funded through other rates or charges beyond the Energy Efficiency Program Charge and other sources of funding identified in the Energy Efficiency Program Provision. These sources include revenue generated by ISO-New England's Forward Capacity Market and any other funding approved by the PUC, adjusted by the projected over or under-funding of the current program year's expenditures, including interest earned at the rate in effect for customer deposits. Certain initiatives proposed by the Company may complement or expand existing Energy Efficiency services with separate funding.

For example:

- The total estimated operation and maintenance costs for the Energy Innovation Hub are \$574,758. In 2018, the Company has proposed that the Energy Innovation Hub be funded through the Energy Efficiency Program at 50% of this cost, or \$287,379 (allocated between the electric and gas programs). The Company is proposing that the remainder of the Energy Innovation Hub costs be supported by base distribution rates (also allocated between electric and gas rates), effective September 1, 2018, at an annual amount of \$287,379, as proposed in the Company's rate case in Docket 4770.
- The Residential Home Energy Monitoring pilot is included in the electric Energy Efficiency budget at \$165,000. The pilot will test offering customer access to home energy usage information to customers that are past participants in Energy Efficiency program. In the Company's rate case in Docket 4770, the Company is proposing a discreet expansion of the demonstration pilot to income eligible customers on electric Rate A-60, and proposes a base rate allowance of \$75,000.

Record Request No. 2, page 2

- As part of the Company's Power System Transformation proposal initially filed in the Company's rate case in Docket 4770, but now in Docket 4780, National Grid included a three-year "Electric Heat Initiative" that proposes to leverage customer funding through a new mechanism outside of the electric Energy Efficiency Program Charge. This initiative is intended to encourage beneficial electrification of space heating beyond what could be accomplished through energy efficiency alone. If approved, this initiative would complement the energy efficiency measures in the year it is implemented, which is most likely in 2019.

Record Request No. 3

Request:

Are AGT funds customer funds?

Response:

Advanced Gas Technology is currently funded through base rates.

Record Request No. 4

Request:

What's the net value of the marketing contribution for the EE Hub?

Response:

The Energy Innovation Hub operational costs are included in the 2018 Energy Efficiency Program Plan in the Marketing costs in tables E-2 and G-2 and allocated among electric and gas portfolios and residential and commercial programs. The amount totals \$287,379.

Record Request No. 5

Request:

Regarding the Company's response to Commission 1-4, calculate the total value of reduced arrearages for the 2018 EE Plan.

Response:

The total value of reduced arrearages for the 2018 Energy Efficiency (EE) Plan is \$177,598. The Company also includes other non-energy benefits such as EE impacts on property value, home durability, health benefits, thermal comfort, national safety and other factors when calculating benefits from EE programs. The non-energy impacts used for the 2018 EE Plan are documented in Appendix B of the 2018 RI Technical Reference Manual.