

August 28, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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


**RE: Docket 3701 - Rhode Island DSM Collaborative Report of Meeting Minutes
August 2, 2006**

Dear Ms. Massaro:

On behalf of the Rhode Island DSM Collaborative, enclosed are ten (10) copies of a report of meeting minutes from the Collaborative's August 2, 2006 meeting. Although this report is not required by the Settlement approved by the Commission in Docket 3701, the Collaborative is forwarding a copy of the meeting minutes as a means to keep the Commission informed of its ongoing actions during the course of the year. Please circulate this document to the Commissioners as well as other interested staff members. Please place a copy of this report in the official file for this docket.

Thank you for your attention to our report. If you have any questions concerning this matter, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3701 Service List
RI Collaborative Members

**RHODE ISLAND DSM COLLABORATIVE
MEETING MINUTES
AUGUST 2, 2006**

The sixth meeting in 2006 of the Rhode Island DSM Collaborative began at 9:20 am at the offices of National Grid in Providence, RI.

Attendance

Non-Utility Parties	For National Grid
John Farley, TEC-RI	Michael McAteer
Dave Stearns, Division	Laura McNaughton
Al Contente, Division	Jeremy Newberger
Janice McClanaghan	Bob O'Brien
Tim Woolf, for the Division	Kevin Rennick
	Carol White

I. Filing Process Revision

- A. The Collaborative discussed the Company's proposal to revise the filing process to filing program plans for the coming year in November and eliminate the mid-program year True-up filing.
- B. Collaborative members supported the Company's motivation for making the proposal: to have constant goals for the whole year and reduce the administrative burden of an added filing. However, they expressed concern about the decoupling from goals of mid-year budget adjustments that may be made in response to unexpected program activity.
- C. The Company believes that the goal setting process will be enhanced by having more time to develop and review goals for a November filing. It is willing to accept the risk of not being able to adjust goals for mid-year budget adjustments.
- D. The proposal letter was revised to address the concerns expressed.
- E. The following actions were agreed to:
 - 1. The Company will finalize language for the letter.
 - 2. The Company will specifically solicit the input of Bill Lueker on the letter.
 - 3. The Company will share more detailed information on the development of goals (for example, subprogram costs of savings) with the Collaborative.
 - 4. The Company will develop a timetable for filing preparation that culminates in filing by November 30. The timetable will accommodate Tim Woolf's request to allow more time for goal review than in the past.

- F. The Company also agreed to provide to the Collaborative Executive Summaries of recently completed evaluation studies that affect Rhode Island.

II. Forward Capacity Market

- A. Carol White noted that the plan for 2007 should include a proposal for how to deal with revenue from capacity savings that will accrue through the transition period into ISO-New England's emerging capacity market. New DSM installed since June 16, 2006, will be eligible to receive capacity payments of \$3.05/kW- beginning in December 2006 subject to FERC approval of proposed rules.
- B. The proposed rules for the transition period do not include reconstitution of loads (adding back demand-side resources by rate class or geographic location) prior to the allocation of capacity costs to load serving entities.
- C. As long as the proposed rules for the transition period are not modified, the Collaborative supports the Company's position that the anticipated revenue should be used to supplement DSM funds available for program services.

D. Division representatives will ask Tom Ahearn for his opinion on this topic.

III. Meeting Calendar

- A. The following meetings dates were set:
 - 1. Wednesday August 16, 2006, 9 am – 12:30 pm. This meeting may be cancelled if the Commission approves the filing process change request.
 - 2. Wednesday August, 30, 2006, 9 am – 12:30 pm
 - 3. Monday, September 18, 2006, 9 am – 12:30 pm
 - 4. Tuesday, October 10, 2006, 9 am – 12:30 pm

IV. 2007 Program Plans

- A. The Company is beginning the program planning process. Because of high demand for existing programs, the Company has no plans to introduce new programs in 2007. However, enhancements to current program offerings are anticipated. The Company solicited specific ideas for the 2007 programs.
- B. The following ideas were discussed:
 - 1. Pay residential consumers who conserve. A gas utility in California ran a pilot of this strategy. The Company's position is that it is more cost-effective to provide incentives for devices that contribute persistent energy savings.
 - 2. LED lighting in homes. This is an emerging technology that bears watching. The Company does not want to promote an immature technology.
 - 3. Residential Air Conditioning load control. The Company continues to monitor costs associated with available technologies that can be used to control residential air conditioning loads. Based on a review of technologies from E Source, experience implementing a pilot using two way communication technology, and the costs being incurred by others running residential air conditioning load control programs (e.g., LIPA), the Company has determined that this is currently not a cost-effective opportunity. The Company will continue to monitor opportunities in this area.

4. Gas DSM. The recent legislation provides for funding of gas DSM. The Company's proposed merger with New England Gas is not final and the closing date is currently projected to be later this summer. If and when the merger is completed, the Company will prepare an energy efficiency program filing for gas DSM. The Company plans to develop its 2007 electric DSM plans independent of the gas filing. Potential program synergies will be explored in the future.

V. The meeting adjourned at 12:39 pm.

Minutes prepared by Jeremy Newberger

Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



Joanne M. Scanlon
National Grid

August 28, 2006
Date

Narragansett Electric Co. – 2006 Demand Side Management – Dkt. 3701
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