

April 2, 2007

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 3779 – National Grid Electric Demand Side Programs (DSM)  
Rhode Island DSM Collaborative Report of Meeting Minutes  
February 7, 2007**

Dear Ms. Massaro:

On behalf of the Rhode Island DSM Collaborative concerning National Grid's electric energy efficiency programs, enclosed are ten (10) copies of a meeting summary of the Collaborative's February 7, 2007 meeting. Although this report is not required by the Settlement approved by the Commission in Docket 3779, 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 summary 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 3779 Service List  
RI Collaborative Members

**RHODE ISLAND DSM COLLABORATIVE  
MEETING MINUTES  
FEBRUARY 7, 2007**

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The first meeting in 2007 of the Rhode Island DSM Collaborative began at 9:10 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
Andy Dzykewicz, RI OER	Bob O'Brien
Matt Guglielmetti, RI OER	Kevin Rennick
Bill Lueker, RI AG	Carol White
Tim Woolf, for the Division	Mark DePetrillo
Karina Lutz, PP&L	Tom Coughlin

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**I. Introductions**

A. Since there were a lot of new faces, attendees introduced themselves.

**II. Preliminary Year End Results**

A. Preliminary Year End Results were distributed (see Attachment 1)

B. Residential Highlights

1. Demand for residential energy efficiency programs continues to be high.
2. EnergyWise fell short of saving goal in 2006 because of application of new, lower realization rate.
3. Program managers intentionally underspent in Residential Lighting and Energy Star Products in order to meet demand in other programs. This shift did not need to be approved.
4. Program managers continue to attempt to increase participation in the ENERGY STAR AC program.
5. Ongoing audit of year end results and spending may change results.
6. ACTION ITEM: Savings targets will be adjusted by all recent applicable evaluation results, per the Settlement agreement, for the Year End Report.

C. Commercial and Industrial Programs

1. C&I Programs uniformly exceeded goals. Volatility of energy costs is driving demand.

2. ACTION ITEM: Need to confirm participation numbers for Large C&I programs.

#### D. Metrics

1. Company did not achieve metric thresholds for EnergyWise targeting and High Performance Schools; it made the threshold for Benchmarking and achieved the target for SBS Comprehensiveness. The company had previously informed the Collaborative that it made a choice to serve the broader market, rather than the target segment.
2. ACTION ITEM; The Company will ask its vendor what is the maximum number of customers they could serve in EnergyWise.
3. The schools segment was discussed. There are new Department of Education regulations that may influence this segment.
4. ACTION ITEM: Tom Coughlin to send copy of new regulation to Andy Dzykewicz.
5. Thresholds for two 2007 metrics (ENERGY STAR Homes and SBS Non-lighting) depend on year end 2006 performance; The Collaborative agreed that the 2007 threshold for Schools should be 1 and the target 3, despite achieving 0 school contracts in 2006.
6. ACTION ITEM: Jeremy will prepare a final version of the 2007 Metrics for distribution to the Collaborative.

#### E. Overspending

1. The Collaborative discussed the issue of overspending in 2006. Program managers made a decision to serve demand, rather than tell customers to wait until 2007. This is a typical management decision.
2. Overspending contributed to a larger negative fund balance at year end 2006 than forecast in the 2007 Settlement. However, the change in available funding for 2007 is not greater than or equal to the 20% threshold established in the 2007 Settlement to trigger a true up filing.
3. Some concern was expressed that the Company could overspend to make savings goals and still collect its shareholder incentive. Some members suggested taking a look at the integrity of the goal setting process or establishing a \$/MWh goal.
4. ACTION ITEM: In preparing for the 2008 Settlement, the Collaborative will consider whether the 20% threshold is appropriate, or whether another percentage should be used as a threshold.

#### F. Least Cost Planning

1. Tying into the discussion of a \$/MWh goal. Andy Dzykewicz reminded the Collaborative about the specification for least cost procurement in the 2006 Energy Act. It requires procurement of all cost-effective energy efficiency.
2. It is not too early for the Collaborative to start thinking about this, even though a procedural schedule has not been initiated.

3. ACTION ITEM: The Collaborative agreed to devote 20 to 30 minutes at a future meeting to discussing least cost procurement. Doug Hartley and/or Steve Frias will be invited to join this discussion.

### **III. Gas Program Update**

- A. Mark DePetrillo, along with Laura McNaughton and Michael McAteer briefed the Collaborative on the Company's proposed gas efficiency programs. Information was presented about program spending and savings from the Company's December 1, 2006, and January 29, 2007, filings. Initially, the Company is requesting to use 6.3 cents/decatherm out of the potential 15 cent surcharge. Some funding for selected programs (Smart Growth load balancing and low income) comes from existing provisions in base rates.
- B. The filings are awaiting Commission action.
- C. The intersection of gas and electric programs was discussed. These synergies exist and will develop over time.
- D. In the initial year of the programs, one of the main goals is to develop expertise and train the organization. The Company will benefit from KeySpan's experience.
- E. Collaborative members expressed interested in settlement negotiations with the Company and other parties not involved in electric DSM. These would be contingent on the procedural schedule to be set forth by the Rhode Island PUC.

### **IV. Meeting Calendar**

- A. The following meetings dates were set:
  1. Friday, March 23, 2007, 9 am – 3pm
  2. Thursday, April 12, 9 am - 3 pm (This meeting will be at the offices of the Company's gas division on Weybosset Street in Providence.)
  3. Thursday, June 7, 9 am – 12:30 pm

### **V. Forward Capacity Market**

- A. Jeremy reviewed the status of the Company's participation in ISO New England's forward capacity market
  1. The Company registered an energy efficiency project for the transition period.
  2. The Company has submitted performance data for the project, and will submit performance data every month.
  3. ISO New England is paying a fixed amount per kW for energy efficiency kW. This revenue is being put into back into energy efficiency program funding, per the 2007 Settlement Agreement.
  4. The Company plans to submit a Show of Interest Form to ISO-NE for a Demand Resource Project for the first capacity auction. The Show of Interest Form is due February 28<sup>th</sup>. A qualification package is due June 15<sup>th</sup>. The auction is scheduled for February 2008.

B. The Company will keep the Collaborative up to date on further developments in the Forward Capacity Market.

VI. The meeting adjourned at 12:37 pm.

*Minutes prepared by Jeremy Newberger*

## NATIONAL GRID

Table 1. Summary of 2006 Target and Preliminary Year End Results

Sector and Program	(1) (3) (4) Demand Reduction (Annual kW)			(5) (7) (8) Energy Savings (Annual MWh)			(9) (10) (11) Customer Participation			(12) (14) (15) Implementation Expenses (\$ 000)		
	Approved Target	Year To Date	Pct Achieved	Approved Target	Year To Date	Pct Achieved	Approved Target	Year To Date	Pct Achieved	Approved Budget	Year To Date	Pct Achieved
<b>Large Commercial and Industrial</b>												
Design 2000 <i>plus</i>	2,016	1,729	85.8%	9,625	8,465	87.9%	196	110	56.1%	\$2,729.0	\$2,339.5	85.7%
Energy Initiative	3,896	4,788	122.9%	24,538	29,630	120.8%	254	159	62.6%	3,842.5	4,615.9	120.1%
<b>SUBTOTAL</b>	<b>5,912</b>	<b>6,517</b>	<b>110.2%</b>	<b>34,163</b>	<b>38,094</b>	<b>111.5%</b>	<b>450</b>	<b>269</b>	<b>59.8%</b>	<b>\$6,571.5</b>	<b>\$6,955.4</b>	<b>105.8%</b>
<b>Small Commercial and Industrial</b>												
Small Business Services	1,962	2,146	109.4%	8,234	9,230	112.1%	491	562	114.5%	\$3,592.1	\$4,061.8	113.1%
<b>SUBTOTAL</b>	<b>1,962</b>	<b>2,146</b>	<b>109.4%</b>	<b>8,234</b>	<b>9,230</b>	<b>112.1%</b>	<b>491</b>	<b>562</b>	<b>114.5%</b>	<b>\$3,592.1</b>	<b>\$4,061.8</b>	<b>113.1%</b>
<b>Residential</b>												
EnergyWise	350	318	90.8%	3,587	3,250	90.6%	4,980	4,458	89.5%	1,888.4	\$2,018.6	106.9%
Single Family Low Income Services	127	128	101.1%	1,038	1,227	118.2%	967	1,113	115.1%	1,684.4	1,922.5	114.1%
ENERGY STAR ® Appliances	331	293	88.4%	924	1,258	136.2%	5,800	6,224	107.3%	345.3	319.5	92.5%
ENERGY STAR ® Heating Program	0	0	0.0%	10	10	101.9%	480	489	101.9%	109.8	101.0	92.0%
ENERGY STAR ® Central A/C Program	94	28	29.6%	58	17	28.3%	343	116	33.8%	174.9	118.7	67.9%
ENERGY STAR ® Lighting	870	1,022	117.5%	13,640	16,076	117.9%	57,696	52,119	90.3%	780.6	760.4	97.4%
ENERGY STAR ® Homes	119	235	n/a	774	1,323	n/a	500	610	n/a	988.0	1,112.3	112.6%
Energy Efficiency Education Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48.6	55.9	115.1%
<b>SUBTOTAL</b>	<b>1,892</b>	<b>2,024</b>	<b>107.0%</b>	<b>20,030</b>	<b>23,161</b>	<b>115.6%</b>	<b>70,766</b>	<b>65,129</b>	<b>92.0%</b>	<b>\$6,020.1</b>	<b>\$6,409.0</b>	<b>106.5%</b>
<b>TOTAL</b>	<b>9,765</b>	<b>10,687</b>	<b>109.4%</b>	<b>62,427</b>	<b>70,485</b>	<b>112.9%</b>	<b>71,707</b>	<b>65,960</b>	<b>92.0%</b>	<b>\$16,183.7</b>	<b>\$17,426.3</b>	<b>107.7%</b>

## NOTES

(1) Approved Target from 2006 True-Up, Updated Attachment 10 page 2 of 3, Summer kW.

(4) Pct Achieved is Column (3)/ Column (1).

(5) Approved Target from 2006 True-Up, Updated Attachment 10 page 2 of 3, Maximum Annual MWh Saved.

(8) Pct Achieved is Column (7)/ Column (5).

(9), (10) Customer Participation in 2006 defined as completed projects in Approved Target and Year To Date, except for C&I Year To Date participants, which are counted as unique customer participants from the DSM Tracking System. There were 195 Energy Initiative applications, 148 Design 2000 applications, and 790 SBS Applications

(11) Pct Achieved is Column (10)/ Column (9).

(12) Approved Budget from 2006 True-Up, Updated Attachment 10, page 1 of 3

For Design 2000plus and Energy Initiative this excludes estimated commitment budget of \$1,132,700 for Design 2000 *plus* and \$2,648,000 for Energy Initiative, respectively.

For Small Business Services, this is net of expected copayments of \$706,251.

(14) Year To Date Implementation Expenses are net of the following items:

Actual commitments made in 2005 for 2006.

Customer copayments

(15) Pct Achieved is Column (14)/ Column (12).

## NATIONAL GRID

Table 5. Preliminary 2006 Performance Metrics

Metric	Description	Threshold	Target	2006 Results	Actual	Incentive
	<b>EnergyWise Targeting</b>					
Residential Metric 1:	The Company will actively offer EnergyWise services to the approximately 10,000 customers who (a) are not low income, (b) who have previously been shut-off for non-payment over the past three years, and (c) have not previously participated in the EnergyWise program. The Company will serve 100 more customers from this group than it served in 2005.	116 \$13,400	216 \$20,000	The Company served 91 of the targeted customers with EnergyWise services in 2006.	91	\$0
	<b>C&amp;I Benchmarking</b>					
C&I Metric 1:	In 2006, the Company will benchmark the energy use of large C&I customers to assist them in setting priorities and promote the installation of energy efficiency measures in their facilities. Delivery of this benchmarking service will be the basis for creation of and commitment by the Company to applications for incentive payments from 12 different large C&I customer	8 \$13,400	12 \$20,000		8	\$13,400
	<b>High Performance Schools</b>					
C&I Metric 2:	The Company will contract with new public or private school projects through Design 2000plus to provide full incremental cost for high performance design and construction practices with a special focus on high quality energy efficient lighting. It shall contract with 2 schools more than it contracted with in	1 \$13,400	2 \$16,700	3 \$20,000	The Company signed a high performance school contract with 0 schools in 2006	0 \$0
	<b>Comprehensiveness in Small Business Installations</b>					
C&I Metric 3:	The Company will achieve 2 percentage points greater comprehensiveness in Small Business Services in 2006 than it achieved in 2005. The percentage will be calculated as the number of completed non prescriptive lighting or other custom energy efficiency applications (excluding custom walk-in cooler applications) divided by the total number of applications (excluding walk-in cooler applications) in 2006.	7% \$13,400	9% \$20,000	For 2006, the Company completed 60 custom applications and had 612 non-cooler applications. We thus achieved a comprehensiveness measure of 60/612 = 9.8%.	9.8%	\$20,000

per laura mcnaughton e-mail 12/

per anita hagspiel 1/2/07

per tom coughlin 1/2/07

per crystal rahaim e-mail 12/6/06

## Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate has been mailed or hand-delivered to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

April 2, 2007  
Date

**National Grid 2007 Demand Side Management – Docket No. 3779**  
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