

May 21, 2007

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 3790 – National Grid Gas Energy Efficiency Programs
Responses to Record Requests – Set 3**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's responses to the Commission's third set of record requests issued on May 18, 2007 in the above-captioned proceeding.

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

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3790 Service List

Record Request 3-1

Request:

As a follow-up to PUC Record Request 1-4, please provide the percent of participants who utilized the Internet Audit Program and go on to participate in the individual residential efficiency programs. For example, provide the percentage separately for the following programs: Building Practices, Energy Star Heating, High Efficiency Water Heating, Energy Star Thermostat and Energy Wise.

Response:

As stated in the Company's response to PUC Record Request 1-4, a matching exercise revealed that 1.4% of customers that participated in the online energy analyzer could be positively identified in KeySpan's rebate program database. The following table depicts the actual percentage of participation in each of KeySpan's programs of the 1.4% of customers that could be positively identified.

Program	Program Participation Percentage
High Efficiency Heating Program	0.44%
High Efficiency Water Heating Program	0.23%
Energy Star Windows Program	0.27%
Energy Star Thermostats Program	0.10%
Residential Weatherization Program	0.36%
Total	1.40%

Record Request 3-2

Request:

Explain, justify and provide the detail as to what will be expended from the line item: “Commitments” in Attachment 6, page 2 of 2. Provide other details such as the benefit/cost ratio and number of participants which are provided for other programs in the settlement and explain what exactly is “Commitments” since it appears not to have been explained in settlement documents.

Response:

“Commitments” refer to dollars that National Grid commits to pay to an energy efficiency program participant for an approved installation that does not get completed in the Commission-approved implementation period but which is expected to be completed in a future time period. This concept of “commitments” is identical to the concept of “commitments” incorporated in the electric energy efficiency program budgets, that the Commission has approved.

Record Request 3-3

Request:

According to Attachment 8, pages 1 and 3, Energy Star Homes has “NA” for benefit/cost ratio and for participants. Explain why Energy Star Homes is “NA” in these categories and justify in detail why Energy Star Homes is an appropriate use of ratepayer funds if it is “NA” in these categories.

Response:

The ENERGY STAR® Homes Program is described on page 10 of Attachment 1 to the Settlement Agreement. As noted on lines 16 through 21 of that attachment, the ENERGY STAR® Homes Program is currently funded through the electric energy efficiency program and is implemented on a fuel blind basis. For 2007 and 2008, National Grid proposes to include a small budget funded by gas funds to support contractor training and education. ENERGY STAR® Homes participants with gas heat are included in the goals for the electric energy efficiency program and are not included here to avoid double counting of those results.

Record Request 3-4

Request:

Utilizing the current gas distribution rates and current GCR rates, indicate how much will ratepayers save annually in gas costs utilizing the figure presented on Attachment 8, page 3. If the annual figure of savings is less than what is proposed to be expended in Gas DSM programs annually pursuant to this settlement, explain why is there a benefit/cost ratio 3.43? If the answer includes a computation of savings over a number of years, explain why that number of years was selected.

Response:

The benefit/cost analysis is not based on the reduced bill from National Grid to the customer and hence, the Company did not calculate and does not have an analysis of how much ratepayers will save annually in their gas bills. As noted on page 8, lines 20 – 24 in the Settlement, lifetime gas savings have been valued using the avoided gas costs identified in “Avoided Energy Supply Costs in New England,” (December 23, 2005) prepared by ICF Consulting for the Avoided-Energy-Supply-Components (AESC) Study Group. This is the same source of the avoided costs that have been used to value electricity savings for the electric energy efficiency programs.

ICF describes avoided costs as follows:

“Avoided natural gas costs are made up of two components, those costs avoidable by the local distribution companies (LDC) and the retail or end user avoided cost. The avoided gas costs of a LDC consist of the cost of the gas itself as well as the non-gas costs of transportation, storage and peak shaving. The avoided costs for end users also include the avoidable costs of distribution. The costs of serving a gas load vary depending on the season. Since all northern pipeline systems are designed to meet winter peak demand, avoided costs are higher in winter than in the summer. That is, a unit of gas saved in the winter allows LDCs to avoid the costs of pipe, storage, and peaking supply. In summer the avoided cost of gas service are limited to the cost of gas and the variable transportation and redelivery cost.” (“Avoided Energy Supply Costs in New England,” page 17)

The gas savings that the Company expects to influence through its programs are expected to last over many years. The following tables summarize the expected life of savings in each program along with the source of that information.

Record Request 3-4 (continued)

**Commercial & Industrial Programs
Measure Life Assumptions**

Program	Measure Name	Measure Life	Source
Commercial High Efficiency Heating Equipment Program	High Efficiency Gas Furnace (AFUE >= 90%)	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Commercial High Efficiency Heating Equipment Program	High Efficiency Gas Hot Water (Hydronic) Boiler	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Commercial High Efficiency Heating Equipment Program	High Efficiency Gas Steam Boiler	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Commercial High Efficiency Heating Equipment Program	ECM 92%	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.

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Program	Measure Name	Measure Life	Source
Commercial High Efficiency Heating Equipment Program	Direct Fired Heater	20	GDS estimate
Commercial High Efficiency Heating Equipment Program	Condensing Unit Heater (200,000 Btu per hour size)	20	April 2003 ACEEE Report titled "Unit Heaters Deserve Attention for Commercial Programs" (Table 8 on page 9)
Commercial High Efficiency Heating Equipment Program	Indirect Fired Water Heaters	20	Gas Networks
Commercial High Efficiency Heating Equipment Program	Tankless Natural Gas Water Heater	20	GDS Associates analysis for KeySpan Energy Delivery on tankless natural gas water heaters, December 22, 2004 (Excel worksheet documentation)
Commercial High Efficiency Heating Equipment Program	Infrared Heaters	20	KeySpan, 2004
Economic Redevelopment		12.3	Data from KeySpan's updated "Performance Report" report for Massachusetts programs" for Program Year 3 (this is for the period May 1, 2004 to April 30, 2005)
The Emerald Network		12.3	Data from KeySpan's updated "Performance Report" report for Massachusetts programs" for Program Year 3 (this is for the period May 1, 2004 to April 30, 2005)
Building Practices and Demonstrations		13.6	Data from KeySpan's "Cost per therm report for Massachusetts programs" for Program Year 3

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Program	Measure Name	Measure Life	Source
			(this is for the period May 1, 2004 to April 30, 2005)
Commercial Energy Efficiency Program		12.3	Data from KeySpan's updated "Performance Report" report for Massachusetts programs" for Program Year 3 (this is for the period May 1, 2004 to April 30, 2005)

Record Request 3-4 (continued)

**Residential Programs
Measure Life Assumptions**

Program	Measure Name	Measure Life	Source of Measure Life
Energy Wise	Single Family Weatherization	20	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Energy Wise	Multi-Family Weatherization	20	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Residential HE Heating Equipment	High Efficiency Gas Furnace (AFUE >= 90%)	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Residential HE Heating Equipment	High Efficiency Gas Hot Water Boiler	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Residential HE Heating Equipment	High Efficiency Gas Steam Boiler	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.

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Program	Measure Name	Measure Life	Source of Measure Life
Residential HE Heating Equipment	ECM 92%	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.
Residential HE Water Heating	Indirect Water Heater	20	Gas Networks March 25, 2004 report titled "Benefit/Cost Screening Results for Regional Natural Gas Energy Efficiency Programs"
Residential HE Water Heating	Tankless Natural Gas Water Heater	20	GDS Associates analysis for KeySpan Energy Delivery on tankless natural gas water heaters, December 22, 2004 (Excel worksheet documentation)
Residential Energy Star Thermostat Program	Programmable thermostat	10	Source: Honeywell Customer Service Center, phone call by Richard Spellman of GDS to Honeywell on 5/4/2000.
Building Practices and Demonstrations	92% ECM and MicroCHP	15	Estimate from Climate Energy
Single-Family Low Income Program	Single Family Weatherization	18	Measurement & Verification Standards prepared for New England State Program Working Group, by RLW Analytics and GDS Associates, 1-18-07.

Prepared by or under the supervision of: Carol White

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

May 21, 2007

Date

**Docket 3790 – National Grid – Gas Energy Efficiency Programs
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