

Energy Consumers Alliance of New England

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April 2, 2007

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

Re: Gas DSM settlement
Docket No. 3790

Dear Ms. Massaro:

This letter provides the comments of the Energy Consumers Alliance of New England (dba People's Power & Light in Rhode Island) in support of the settlement filed today in regards to National Grid's plan and budget for the new natural gas energy efficiency programs for 2007 and 2008.

People's Power & Light (PP&L) is a nonprofit organization with the dual mission of making energy in Rhode Island sustainable and affordable. We provide consumers the opportunity to support renewable energy through their utility bills through National Grid's GreenUp program. We aggregate customers to negotiate more affordable home heating oil contracts with local dealers through our Discount Heating Oil Program. We also advocate for energy affordable housing and other sustainable and affordable energy issues on the state level.

PP&L lauds the utility for its efforts to develop this new program quickly, yet well, and for using the expertise of Keyspan's existing gas program in planning and implementation. We are particularly impressed with the utilities' efforts to prepare to ramp up the program to the use the full amount of systems benefit charged allowed under the Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006 (15 cents per decatherm) as soon as demand is ready and able to be met.

We are also in strong support of National Grid's efforts to begin to integrate the new gas program with the existing electrical efficiency program for comprehensive services to ratepayers. We feel the utility is aware of and anticipates the integration of the program with the least cost procurement provisions of the Act, which we hope will infuse more money into the program on the electrical side, and satisfy existing unmet demand for programs as well as create markets to transform the way Rhode Islanders use energy, making it more affordable both by reducing overall energy costs for participants in the program, and as it significantly decreases demand, reducing prices (at least from what they otherwise would be) for everyone.

Larry Chretien, Executive Director
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We believe the settlement budget provides enough funding to ramp up low-income residential programs as envisioned by the Act, as long as the state government budget includes the Act's designated allocation from the oil gross receipts tax, though that is far from certain at this point. We understand that if demand for more EnergyStar new construction funding is needed with the affordable housing starts expected under the affordable housing bond approved by voters last November, money will be able to be shifted to that program as needed—since the program prioritizes avoiding the lost opportunities in new construction.

PP&L is glad to see funding in the budget for efficient combined heat and power (CHP), a particularly efficient technology, from a systemic point of view, because it can use gas more efficiently at the site for heat at the same time as it reduces gas used at power plants for electrical generation. We look forward to negotiating eligibility criteria for CHP with the parties if the Public Utilities Commission approves the settlement. We are interested particularly in seeing that the CHP incentivized by the program is cleaner and more efficient on a systemic basis—including the offset generation at the power plant—than existing heating and power systems.

(Outside of this docket, we will continue advocating for removal of barriers to widespread distributed generation adoption where appropriate, such as prohibitive and unfair standby rates and net metering standards. We would like to see the state improve its net metering standards, which we hope will encourage as much distributed generation as would be cost-effective—counting all economic, social, and environmental benefits. We do believe the utility DSM program, currently under the collaborative's assistance and soon with the Energy Efficiency and Resources Management Council's oversight, is poised to study and develop a procedure for cost-effectiveness analysis of distributed generation, which will be needed to implement least cost procurement under the Act.)

In summary, PP&L is excited to see the beginning of the implementation of the Act with the strong program experience of National Grid, Keyspan and Gas Networks, and wholeheartedly supports the collaborative's settlement.

Sincerely,

Karina Lutz
Director of Development and Advocacy

Larry Chretien, Executive Director
Omay Elphick, Deputy Director
Michele Bilodeau, Fiscal Director