

Commission Request 5-1

Request:

Please provide documentation of any requests made by National Grid to the Office of Energy Resources for RGGI and/or ARRA funds.

Response:

RGGI funds

The Company's interest in receiving RGGI funds has been known to the OER and the Company's Collaborative parties since the filing of the Company's Least Cost Procurement Plan on September 2, 2008 in Docket 3931. Page 6 of the Least Cost Procurement Plan states, "The Company and several other subcommittee and Council members support the allocation of RGGI funds to the Company's energy efficiency programs."

The Company monitored the OER's development of its draft rules for RGGI proceeds. These rules were open to public hearing on April 3, 2009 and identified for the first time the RGGI 60% funds that are to be directed to the Company's programs. At numerous Collaborative and EERMC meetings in subsequent months and in individual conversations with OER staff, the Company reiterated its interest in securing the RGGI funds and asked about the timetable for finalizing the rules, which would allow the distribution to take place. The Company was informed that the OER's rules for the distribution of RGGI funds were finalized September 30, 2009, and, following a notice period, were declared in force by the Secretary of State on October 22, 2009. On November 10, National Grid was informed that to receive the distribution of funds, it should send a letter to the Governor's chief of staff. National Grid sent a letter, provided as Attachment 5-1 on November 19, 2009. The Company has not yet received the funds.

ARRA Funds

The ARRA funds for which National Grid may be eligible are, thus far, not being distributed by request. They are being distributed through solicitations of proposals through an RFP process. According to OER ARRA applications filed with DOE, the Company believes it is only eligible to apply for the following ARRA funds:

1. \$936,000 State Energy Efficiency Appliance Rebate Program (SEEARP)
2. \$7M in State Energy Plan (SEP)

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The company intends to submit a bid for \$936,000 for expanding gas and electric rebates when the RI OER releases an RFP for SEEARP funds to expand gas heating and electric kitchen appliances beyond the number of rebates offered in the 2010 plan.

The Company has applied for \$2.3M of the \$7M SEP funds for Weatherization of Dwelling Units Deliverable Fuels. If awarded, the funds will offer rebates to customers who are not currently eligible for weatherization rebates because they do not pay an energy efficiency conservation charge for oil, propane or wood fuels. The Company cannot provide documentation because this is a competitive bid currently under consideration.

The OER and RI Office of Procurement have not released a call for bids on the remaining \$4.7M in SEP funds.

nationalgrid

Michael F. Ryan
Regional President – Rhode Island

November 19, 2009

Andrew M. Hodgkin, Esq.
Chief of Staff
Office of the Governor
222 State House
Providence, RI 02903

RE: Transfer of Regional Greenhouse Gas Initiative Funds to National Grid

Dear Mr. Hodgkin 

I am writing to initiate the transfer of funds earned from Regional Greenhouse Gas Initiative, Inc. (RGGI) auctions held from September 2008 until September 2009 to National Grid. On September 30, 2009, the Office of Energy Resources (OER) finalized rules for the distribution of RGGI funds for energy efficiency programs. According to these rules, sixty percent of the funds are to be directed to National Grid to supplement and expand its PUC-approved energy efficiency efforts. To date, it is our understanding that these funds, to be used to support National Grid's existing programs, total an estimated \$4.2 million. With the rules in place, National Grid is ready to receive the funds for application to their desired intent for 2009 and 2010.

Ken Payne with the OER, recommended that I contact you to assure a swift transfer of funds. It is essential that we receive these funds immediately because delays in finalizing the rules have created difficulties for the Company's implementation of several new or expanded programs. RGGI funds are also central to our programs planned for 2010; without them, our ability to meet our mutual goals in service and efficiency would be seriously impaired. In addition to requesting a transfer of RGGI funds collected to date, National Grid wants to establish a process in which future RGGI proceeds can be transferred to the Company quickly in order to guarantee continued programs and services. The next RGGI auction takes place in December 2009. Please let me know how we can assist the Governor's office to transfer existing RGGI funds, as well as establish a process for transferring future auction proceeds.

Sincerely,

