

June 3, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4116 -- National Grid Electric and Gas Energy Efficiency Programs
2010 Year-End Report**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's¹ Energy Efficiency Programs 2010 Year-End Report ("Year-End Report"). This report summarizes the year-end results of the Company's gas and electric energy efficiency program efforts in 2010, and serves as the Year-End Report for both. A copy of this report has also been provided to the parties in this proceeding.

Thank you for your attention to our filing. Please feel free to contact me if you have any questions regarding this matter at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4116 Service List
RI Collaborative Members (w/attachments)

¹ Submitted on behalf of The Narragansett Electric Company d/b/a National Grid ("Company").

Certificate of Service

I hereby certify that a copy of the cover letter and/or any foregoing attachments accompanying this certificate were electronically submitted, hand delivered, and/or mailed to the individuals listed below.

Joanne M. Scanlon

June 3, 2011
Date

**National Grid - 2010 Energy Efficiency Program Plan – Docket No. 4116
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2010 DSM Year-End Report

for

The Narragansett Electric Company

d/b/a

National Grid

May 31, 2011

nationalgrid

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National Grid

2010 DSM Year-End Report

Overview

This report summarizes the results of The Narragansett Electric Company's, d/b/a National Grid (Company's) gas and electric energy efficiency program efforts in 2010, and serves as the Year-End Report for both. The electric and gas programs are described more fully in the "Settlement of the Parties," filed in Docket No. 4116 on February 8, 2010, and approved by the Rhode Island Public Utilities Commission in Order No. 20005, issued May 27, 2010.

Electric Programs

Introduction

This section summarizes the results of the Company's commercial and industrial (C&I) and residential electric demand-side management (DSM, or energy efficiency) program efforts in 2010. These programs are described more fully in the "Settlement of the Parties," filed February 8, 2010. They were approved by the Rhode Island Public Utilities Commission in Order No. 20005, issued May 27, 2010. The Settlement of the Parties included two tiers of activities for electric programs. Tier 1 presented a budget and goal using only the funding sources that were currently known. Tier 2 presented a budget and goal assuming additional funding from the Office of Energy Resources' (OER) 40% Innovating Financing and Partnership Account ("40%") using funds from Regional Greenhouse Gas Inc. (RGGI) auction proceeds. The additional funding was not received in time to increase 2010 goals to the Tier 2 level. Therefore, Tier 1 budget and goals were in effect for all of 2010. Additional information provided to the OER about the use of RGGI funds in 2010 is available in Attachment 1: The Rhode Island Regional Greenhouse Gas Initiative, Inc. Auction Proceeds Report, March 1, 2011.

For the 2010 DSM program year, the Company established a goal to achieve 16,406 kW in annual demand savings and 75,866 MWh of annual energy savings. By year-end 2010, the Company achieved annual demand savings of 12,747 kW and 81,275 annual MWh energy savings. These results were achieved at a benefit/cost ratio of 3.73. The dollar per lifetime kWh was \$0.027.

The chart below summarizes year-end program expenditures compared to budgeted amounts.

Budget vs. Expenditures, 2010		
	Budget, \$Million ¹	Year-End Spending, \$Million ²
Total Expenditures and Commitments ³	\$37.6	\$29.7
Total Expenditures, excluding Commitments	\$32.6	\$27.6
Total Implementation Expenses, residential and C&I programs ⁴	\$28.3	\$25.2

As seen above, the Company spent \$27.6 million in 2010 on the residential and C&I DSM programs. The Company also made \$2.1 million in commitments for future projects in the C&I programs.

Table E-1 summarizes the 2010 year-end performance for all of the DSM programs compared with annual goals and approved budgets. Overall, the programs achieved approximately 107% of targeted annual energy savings and 78% of targeted annual kW savings, while using 89% of the implementation budget for the DSM programs.

Table E-2 summarizes the value created by the projected lifetime MWh and lifetime kW savings from the 2010 DSM programs. The programs created \$129 million in total value. The total value created stems from \$96.7 million in electricity savings, \$22.5 million in capacity and \$9.6 million from non-electric benefits such as fossil fuel and water.

Table E-3 provides the Rhode Island benefit/cost (B/C) ratios for the residential and C&I programs. The B/C ratios incorporate the total value, implementation expenses, customer contribution, evaluation costs and shareholder incentive resulting from the Company's implementation of the programs during 2010. Overall, the B/C ratio for the portfolio of energy efficiency programs implemented in 2010 is 3.73.

Table E-4 documents that the Company has earned \$1,333,996 for the successful implementation of its energy efficiency programs in 2010. The Company earned \$1,257,156 through the energy savings portion of the incentive mechanism. This exceeds the target savings incentive of \$1,117,043 due to the Company's exceeding the kWh savings goal in 2010. The Company's actual spending in the C&I and non-low income residential sectors

¹ Total Budget is From 2010 Annual EE Plan, Attachment 5A, Table E-8.

² Year-End Spending is actual spending in 2010.

³ Total Expenditures and Commitments includes all DSM program-related expenses, including rebates, administration and general expenses (A&G), evaluation, expenses to be repaid by customer co-payments, EERMC expenses, commitments for future years, Company incentive, and System Reliability.

⁴ Total Implementation Expenses are net of the co-payment amounts paid directly by Small Business and Large Commercial program participants. Implementation expenses also exclude evaluation expenses, EERMC expenses, and the Company's incentive. See Table E-1.

was less than 95%, therefore the savings target was adjusted accordingly.⁵ The Company further earned \$76,840 from fully or partially meeting three of the five performance metrics. Table E-5 provides detail on the performance metric accomplishments.

The 2010 Year-End DSM fund balance of \$6,153,486 is shown in Table E-6. Table E-7 summarizes the Company's C&I programs and Table E-8 summarizes the Company's residential programs.

Commercial and Industrial Programs

Descriptions of the C&I energy efficiency programs implemented in 2010 are contained in Table E-7.

For the C&I programs, Design 2000*plus*, Energy Initiative and Small and Medium Business, the Company achieved 102% of the targeted annual energy savings and 70% of targeted annual kW savings while spending 96% of the implementation budget. The total resource B/C ratio for the C&I program sector was 4.10.

The total amount of implementation spending in 2010 was \$14.6 million, which was 96% of the approved 2010 spending budget. There were an additional \$2.1 million in commitments.

Non-Low Income Residential Programs

In 2010, the residential DSM programs were cost-effective with an overall total resource B/C ratio of 3.25. The Company spent approximately 94% of the residential implementation budget and achieved 121% of targeted annual energy savings and 120% of targeted annual kW savings. Descriptions of the 2010 residential energy efficiency programs are contained in Table E-8.

Low Income Residential Programs

The Single Family Low Income Services program was cost-effective with an overall total resource B/C ratio of 2.15. The Company spent approximately 58% of the implementation budget and achieved 97% of targeted annual energy savings and 97% of targeted kW savings. A description of the 2010 program is contained in Table E-8.

⁵ Shareholder incentive adjustments are described in Section VII.C of the Settlement, page 32.

Gas Programs

Introduction

This section summarizes the results of National Grid Gas's C&I and residential DSM program efforts. In 2010, the Company achieved 140,097 MMBTU in natural gas savings. These results were achieved at a total resource benefit/cost ratio of 2.31. The dollar per lifetime MMBtu was \$0.43.

The chart below summarizes year-end program expenditures compared to budgeted amounts.

Budget vs. Expenditures, 2010		
	Budget, \$Million ⁶	Year-End Spending, \$Million ⁷
Total Expenditures ⁸	\$4.8	\$5.5
Total Implementation Expenses, residential and C&I programs ⁹	\$4.3	\$5.0

As seen above, the Company spent \$5.5 million in 2010 on the residential and C&I DSM programs. The Company did not budget or make commitments for future projects in the Large C&I programs.

Table G-1 summarizes the 2010 year-end performance for all of the DSM programs compared with annual goals and approved budgets. Overall, the programs achieved approximately 127% of targeted annual gas savings, while using 117% of the implementation budget.

Table G-2 summarizes the benefits of annual and lifetime MMBTU saved by DSM programs. The programs created \$26.3 million in total value. The total value created stems from \$26.3 million in natural gas savings and \$38,000 in participant resource benefits.

Table G-3 provides the total resource B/C ratios for C&I and residential programs. The B/C ratios incorporate the total benefit, the implementation expenses, customer contribution, evaluation expenses, and shareholder incentive. Overall, the B/C ratio for the 2010 DSM programs was 2.31.

Table G-4 documents that the Company has earned \$231,310 for the successful implementation of energy efficiency programs in 2010. This exceeds the target savings incentive of \$199,743 due to the Company's exceeding the MMBtu savings goal in 2010. The Company's actual spending in the C&I and low income residential sectors was less than

⁶ Budget is Total Budgeted Expenditures and Commitments from the Settlement.

⁷ Year-End Spending is actual spending in 2010.

⁸ Total Expenditures includes all DSM program-related expenses, including rebates, administration and general expenses (A&G), evaluation, EERMC expenses, and Company incentive.

⁹ Implementation expenses exclude evaluation expenses, EERMC expenses, and the Company's incentive. See Table G-1 for implementation expenses and Table G-3 for details on the evaluation and incentive expenses.

95%, therefore the savings target was adjusted accordingly.¹⁰ The Company's actual spending in the non-low income residential sector was more than 105%, therefore the savings target was increased accordingly.

The 2010 Year-End DSM fund balance of (-\$793,901) is shown in Table G-5. Table G-6 describes the residential programs while Table G-7 describes the C&I programs.

Commercial and Industrial Programs

For the C&I programs, the Company achieved 107% of the targeted annual gas savings while spending 91% of the approved implementation budget. The total resource B/C for Large C&I programs was 1.97.

Non Low Income Residential Programs

For Residential programs, the Company achieved 191% of the targeted annual energy savings, while spending 176% of the approved implementation budget. The total resource B/C for residential programs was 2.93.

Low Income Residential Programs

The Single Family Low Income Services program achieved 102% of the targeted annual energy savings, while spending 82% of the approved implementation budget. The total resource B/C was 1.42.

¹⁰ Shareholder incentive adjustments are described in Section VII.C of the Settlement, page 32.

Table E-1: Summary of 2010 Target and Year-End Results

Sector and Program	(1) Demand Reduction (Annual kW)			(2) Energy Savings (Annual MWh)			(3) Customer Participation			(4) Implementation Expenses (\$ 000)			(5) Lifetime savings, MWh	(6) \$/kWh
	Target	Year To Date	Pct Achieved	Target	Year To Date	Pct Achieved	Approved Target	Year To Date	Pct Achieved	Budget	Year To Date	Pct Achieved		
Commercial and Industrial														
Design 2000plus	3,926	2,098	53.4%	11,558	7,678	66.4%	209	177	84.6%	\$3,466.6	\$3,242.0	93.5%	118,154	\$0.027
Energy Initiative	6,651	4,704	70.7%	27,368	32,019	117.0%	347	223	64.3%	5,518.1	\$5,826.6	105.6%	385,984	0.015
Small and Medium Business	3,184	2,836	89.1%	12,671	12,741	100.6%	1,312	947	72.2%	5,894.0	\$5,384.4	91.4%	154,632	0.035
Energy Action: Aquidneck & Jamestown										\$300.0	\$99.0	33.0%		
SUBTOTAL	13,761	9,638	70.0%	51,597	52,438	101.6%	1,868	1,347	72.1%	\$15,178.7	\$14,552.0	95.9%	658,769	\$0.022
Residential Low-Income														
Single Family - Low Income Services	244	236	97.0%	2,284	2,205	96.5%	2,053	1,443	70.3%	\$3,532.1	\$2,059.3	58.3%	27,201	\$0.076
Residential Non-Low Income														
ENERGY STAR ® Homes	226	118	52.5%	448	782	174.5%	300	341	113.7%	\$823.7	\$766.3	93.0%	15,313	\$0.050
ENERGY STAR ® Central A/C Program	298	397	133.4%	428	421	98.5%	1,175	1,208	102.8%	\$892.3	\$703.9	78.9%	7,446	0.095
EnergyWise	547	632	115.6%	5,506	6,614	120.1%	8,232	9,105	110.6%	\$3,973.4	\$3,856.9	97.1%	79,163	0.049
ENERGY STAR ® Lighting	1,194	1,530	128.1%	11,173	14,292	127.9%	110,330	128,479	116.4%	\$1,677.4	\$1,526.8	91.0%	101,943	0.015
ENERGY STAR ® Appliances	138	195	141.6%	4,430	4,523	102.1%	11,300	11,688	103.4%	\$1,609.6	\$1,652.5	102.7%	39,407	0.042
Energy Efficiency Education Programs										\$50.7	\$51.5	101.5%	n/a	n/a
Pilots										\$111.0	\$23.2	20.9%		n/a
SUBTOTAL	2,402	2,872	119.6%	21,984	26,632	121.1%	131,337	150,821	114.8%	\$9,138.1	\$8,581.0	93.9%	243,272	\$0.035
SRPP										\$425.0	\$34.0	8.0%		
SUBTOTAL										\$ 425.0	\$ 34.0	8.0%		
TOTAL	16,406	12,747	77.7%	75,866	81,275	107.1%	135,258	153,611	113.6%	\$28,273.9	\$25,226.3	89.2%	929,242	\$0.027

NOTES

(1)(4) Target from 2010 EE Annual Plan, Docket 4116, Attachment 5A, Table E-5

(3) Pct Achieved is Column (2)/ Column (1).

(6) Pct Achieved is Column (5)/ Column (4).

(7) Approved Target from EE 2010 Annual Plan, Docket 4116, Attachment 5A, Table E-6

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

(10) Approved Implementation Budget from 2010 EE Annual Plan, Docket 4116, Attachment 5A, Table E-4

For Design 2000plus and Energy Initiative, implementation budget exclude commitment budget of \$3,570,000 for Design 2000plus and \$1,430,000 for Energy Initiative, respectively.

For Small Business Services, implementation budget excludes expected copayments.

(11) Year To Date Implementation Expenses are net of customer copayments received in 2010 for Design 2000plus, Energy Initiative, and Small and Medium Business

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

(14) \$/lifetime kWh = Column (11)/Column (13)

Table E-2: Summary of Value, kW, and kWh by Program

	Value (000's)											Load Reduction in kW				MWh Saved		
	Total	Capacity					Energy					Non-Electric Benefits	Maximum Annual	Winter	Summer	Lifetime	Annual	Lifetime
		Generation		Trans	MDC	DRIPE	Winter		Summer		DRIPE							
		Summer	Winter				On Peak	Off Peak	On Peak	Off Peak								
Large Commercial and Industrial																		
Design 2000plus	\$15,862	\$965	\$0	\$817	\$1,929	\$717	\$3,643	\$2,037	\$1,854	\$955	\$2,944	\$0	2,098	762	2,098	32,709	7,678	118,154
Energy Initiative	\$50,950	\$1,657	\$0	\$1,482	\$3,500	\$1,592	\$12,801	\$6,182	\$6,459	\$2,897	\$12,050	\$2,331	4,704	3,992	4,704	57,640	32,019	385,984
Small and Medium Business	\$23,983	\$984	\$0	\$881	\$2,080	\$969	\$6,435	\$1,435	\$3,271	\$675	\$5,130	\$2,124	2,836	1,539	2,836	34,210	12,741	154,632
SUBTOTAL	\$90,795	\$3,606	\$0	\$3,180	\$7,509	\$3,277	\$22,879	\$9,653	\$11,585	\$4,527	\$20,123	\$4,455	9,638	6,293	9,638	124,559	52,438	658,769
Residential Low-Income																		
Single Family - Low Income Services	\$4,707	\$100	\$0	\$78	\$184	\$79	\$582	\$680	\$287	\$322	\$736	\$1,659	236	468	236	3,089	2,205	27,201
SUBTOTAL	\$4,707	\$100	\$0	\$78	\$184	\$79	\$582	\$680	\$287	\$322	\$736	\$1,659	236	468	236	3,089	2,205	27,201
Residential Non-Low Income																		
ENERGY STAR ® Homes	\$2,555	\$104	\$0	\$58	\$136	\$40	\$315	\$371	\$159	\$177	\$268	\$944	118	123	118	2,457	782	15,313
ENERGY STAR ® Central A/C Program	\$2,243	\$210	\$0	\$169	\$399	\$135	\$294	\$80	\$134	\$42	\$169	\$627	397	141	397	6,857	421	7,446
EnergyWise	\$9,271	\$237	\$0	\$187	\$441	\$216	\$1,675	\$1,980	\$857	\$935	\$2,210	\$534	1,159	1,605	632	11,587	6,614	79,163
ENERGY STAR ® Lighting	\$14,768	\$377	\$0	\$293	\$692	\$522	\$2,247	\$2,589	\$1,094	\$1,218	\$4,308	\$1,427	1,530	3,060	1,530	10,902	14,292	101,943
ENERGY STAR ® Appliances	\$4,525	\$59	\$0	\$51	\$122	\$66	\$863	\$1,001	\$425	\$472	\$1,465	\$0	195	200	195	1,969	4,523	39,407
SUBTOTAL	\$33,363	\$987	\$0	\$758	\$1,790	\$980	\$5,394	\$6,022	\$2,670	\$2,843	\$8,420	\$3,532	3,399	5,129	2,872	33,771	26,632	243,272
TOTAL	\$128,864	\$4,693	\$0	\$4,016	\$9,482	\$4,336	\$28,855	\$16,355	\$14,541	\$7,692	\$29,280	\$9,646	13,274	11,890	12,747	161,419	81,275	929,242

Table E-3: Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs (\$000's)

	(1) Benefit/ Cost	(2) Total Value	(3) Program Implementation Expenses	(4) Customer Contribution	(5) Evaluation Cost	(6) Shareholder Incentive
Large Commercial & Industrial						
Design 2000plus	4.39	\$15,861.6	\$3,242.0	\$210.3	\$161.6	NA
Energy Initiative	5.48	\$50,950.4	\$5,826.6	\$3,423.6	\$42.6	NA
Small and Medium Business	2.95	\$23,983.1	\$5,384.4	\$2,722.1	\$13.8	NA
Energy Action: Aquidneck & Jamestown	NA	NA	\$99.0	NA	\$49.1	
EERMC - Large C&I	NA	NA	\$260.9	NA	NA	NA
SUBTOTAL	4.10	\$90,795.1	\$14,812.9	\$6,356.0	\$267.1	\$698.6
Low Income						
Single Family - Low Income Services	2.15	\$4,706.5	\$2,059.3	\$0.0	\$1.2	\$132.2
Residential Programs						
ENERGY STAR ® Homes	3.31	\$2,555.4	\$766.3	\$0.0	\$4.8	NA
ENERGY STAR ® Central A/C Program	2.28	\$2,243.1	\$703.9	\$281.0	\$0.3	NA
EnergyWise	2.36	\$9,271.3	\$3,856.9	\$64.0	\$3.5	NA
ENERGY STAR ® Lighting	8.16	\$14,768.1	\$1,526.8	\$69.3	\$214.4	NA
ENERGY STAR ® Appliances	2.29	\$4,524.8	\$1,652.5	\$236.7	\$85.5	NA
Energy Efficiency Education Programs	NA	NA	\$51.5	NA	\$0.0	NA
Pilots	NA	NA	\$23.2	NA	\$39.1	NA
EERMC - Residential	NA	NA	\$177.4	NA	NA	NA
SUBTOTAL	3.25	\$33,362.7	\$8,758.4	\$650.8	\$347.6	\$503.2
TOTAL	3.73	\$128,864.3	\$25,630.6	\$7,006.8	\$615.9	\$1,334.0

Notes:

- (1) RI Total Resource Cost test Benefit/Cost Ratio = Value/(Implementation Expenses + Customer Contribution + Evaluation Cost + Shareholder Incentives).
- (2) Year-End Value Total from Table 2.
- (3) Year-End Implementation Expenses by Program from Table 1.
- (5) National Grid's evaluation costs includes outside contractor services.
- (6) Shareholder incentives from Table 4.

Table E-4: National Grid 2010 DSM Incentive Calculation

Incentive Rate: 4.40%

	(1)	(2)	(3)	(4)	(5)	(5a)	(5b)	(5c)	(6)
Sector	Approved Spending Budget	Target Incentive	Target Incentive for Performance Metrics	Target Incentive - Annual kWh Savings	Annual kWh Savings Goal	Actual Spending	% of Approved Spending	Budget adjusted target kWh savings	Threshold kWh Savings
Low Income Residential	\$3,532,066	\$137,012	\$0	\$137,012	2,284,319	\$ 2,060,524	58.3%	2,284,319	1,370,591
Non-Low Income Residential	\$9,411,494	\$425,081	\$60,000	\$365,081	21,984,314	\$ 8,928,608	94.9%	20,856,341	12,513,805
Large Commercial & Industrial	\$15,852,864	\$704,949	\$90,000	\$614,949	51,596,914	\$ 14,819,102	93.5%	48,232,291	28,939,374
Total	\$28,796,423	\$1,267,043	\$150,000	\$1,117,043	75,865,547	\$23,747,710		71,372,951	42,823,771

	(7)	(7a)	(8)	(9)	(10)	(11)	(12)	(13)
Sector	Target Incentive Per kWh	Adj Target Incentive Per kWh	Actual kWh	% of Target Savings	Savings Eligible for Incentive	Earned Savings Incentive	Earned Metric Incentive	Total Earned Incentive
Low Income Residential	\$0.060	\$0.060	2,204,658	97%	2,204,658	\$ 132,234	\$ -	\$ 132,234
Non-Low Income Residential	\$0.017	\$0.018	26,632,217	128%	26,070,427	\$ 456,352	\$ 46,840	\$ 503,192
Large Commercial & Industrial	\$0.012	\$0.013	52,437,991	109%	52,437,991	\$ 668,570	\$ 30,000	\$ 698,570
Total			81,274,865		80,713,075	\$ 1,257,156	\$ 76,840	\$ 1,333,996

- Column 1: From 2010 EE Annual Plan, Attachment 5A, Table E-8
- Column 2: Column 1 * Incentive Rate
- Column 3: From 2010 EE Annual Plan, Attachment 5A, Table E-9
- Column 4: Column (2) - Column (3) allocated to each sector based on the sector Spending Budget.
- Column 5: Annual MWh Approved Targets by Sector from 2010 EE Annual Plan, Table E-9
- Column 5a: Actual Spending includes actual Implementation from Table 1, Column 11, and Evaluation expenses from Table 3, Column 5
- Column 5b: Column (5a) / Column (1)
- Column 5c: Column (5) * (5b), only if 100% of Target Savings were achieved in Column (5)
- Column 6: Column 5b * 60% Threshold
- Column 7: Column (4) / Column (5)
- Column 7a: Column (4) / Column (5c)
- Column 8: Year End Savings from Table 1, Column (7)
- Column 9: Column (8) / Column (5c)
- Column 10: If Column (9) is less than 60%, Column (10) = 0;
If Column (9) is between 60% and 125%, Column (10) = Column (8);
If Column (9) is greater than 125%, Column (10) = 125% of Column (5) due to the incentive cap.
- Column 11: Column 10 * Column 7a
- Column 12: As documented in Table 5
- Column 13: Column 11 + Column 12

Table E-5: 2010 Performance Metrics Targets and Year End Results

Metric	Description	Threshold	Target	Year-End	Incentive
EnergyWise Follow Up Measures					
Residential Metric 1:	In 2010, the Company will calculate the number of follow-up measures, defined as weatherizations, installed by EnergyWise Single Family household customers divided by the number of measures recommended in the Energy Wise audit. The Company will increase the percentage of customers installing follow-up measures by 10% over the 2008-2009 baseline penetration of 31%.	36.00%	41.00%	37.71%	\$16,840
		\$10,000	\$30,000		
Residential and Commercial Outside Funding Sources					
Integrated Metric 1:	The Company will secure \$2 million dollars in outside funding for application in some combination of residential, commercial, and low-income, gas and electric programs in 2010. This funding will only be used to increase loan and financing funds relative to 2009. Funding counted toward success in this metric can not be funds used to increase overall savings or the shareholder incentive. Funding counted toward success in this metric can also not be funds that will be used to offset future DSM charges. The funds need to be secured in 2010, but need not be spent in 2010 to fulfill the objective of the metric (funds secured but not allocated in 2010 will be used in 2011).	\$800,000	\$ 2,000,000	\$ 4,453,525	\$30,000
		\$10,000	\$30,000	223%	
Savings Other Than Prescriptive Lighting Savings in the Energy Initiative Program					
C&I Metric 1:	The Company will achieve a target amount of MWh savings from subprograms other than prescriptive lighting in the Energy Initiative program in 2010. The target will be calculated as the net annual MWh savings from all other subprograms estimated as part of the planned savings for the Energy Initiative program in 2010.		6,790	5,748	\$0
			\$30,000	85%	
Comprehensive Industrial Integration of Gas and Electric Measures					
C&I Metric 2:	The Company target will be to work with 5 industrial customers to sign a comprehensive agreement that includes both a gas and an electric measure. Qualifying customers will be customers that have a completed TA study that identifies at least three gas and three electric energy efficiency measures, and commit in 2010 to installing at least one gas and one electric measure. A commitment will be in the form of a signed rebate application; installation need not be in 2010.	3	5	2	\$0
		\$10,000	\$30,000		
Core Performance Buildings					
C&I Metric 3:	The Company will contract with design professionals (architects, engineers, builders) to commit to apply the Core Performance guidelines in the design and construction of new commercial buildings less than 75,000 square feet in area. The Company will sign 6 agreements, 2 more agreements than in 2009.	4	6	6	\$30,000
		\$10,000	\$30,000	100%	
Total					\$76,840

Notes

- Integrated Metric 1: The Company secured \$4.4M in outside funding for finance when the RGGI Innovative Proposal was accepted by EERMC, OER and DEM. The proposal included \$3.9M for LCI & Small Revolving Loan Funds, and \$416k for Residential HEAT Loan. In December, the Company received the first part of the RGGI Innovative Funds, including \$1.8M for the Revolving Loan Funds and \$416k for Residential HEAT Loan.
- C&I Metric 1: For the 2010 Energy Initiative Program, subprograms include Compressed Air, Custom, HVAC, Lighting, Motors and VSDs.
- C&I Metric 2: Comprehensive Industrial Integration commitments signed include: Toray Plastics and Sperian/UVEX Protection.
- C&I Metric 3: Core Performance Buildings include: Tiverton Library, Jamestown Arts Center, Johnson & Wales University Grace Welcome Center, Lincoln Senior Center, Lincoln YMCA, St. George's Hill Library

Table E-6: Demand-Side Management Fund Balance

NARRAGANSETT ELECTRIC COMPANY
2010 DEMAND - SIDE MANAGEMENT ADJUSTMENT AND BALANCE
 12 month(s) of actuals 0 month(s) of estimates

Total C&LM Revenue/Expense for Jan-Dec 2010

	<u>Actual JAN</u>	<u>Actual FEB</u>	<u>Actual MAR</u>	<u>Actual APRIL</u>	<u>Actual MAY</u>	<u>Actual JUNE</u>	6MTHS Y.T.D
kWh Sales Revenue	\$2,027,483	\$1,914,655	\$1,966,147	\$1,752,813	\$1,942,769	\$2,228,526	\$11,832,392
ISO FCM Revenue	\$161,492	\$212,990	\$218,123	\$210,923	\$201,890	\$149,858	\$1,155,276
RGGI Revenue	\$0	\$0	\$3,950,152	\$0	\$0	\$0	\$3,950,152
1. TOTAL REVENUE (A)	\$2,188,975	\$2,127,645	\$6,134,422	\$1,963,736	\$2,144,659	\$2,378,384	\$16,937,821
Program Expense	\$1,036,506	\$1,165,347	\$1,510,393	\$2,743,034	\$1,572,265	\$1,809,017	\$9,836,563
ISO FCM Expense	\$691	\$944	\$113	\$1,127	\$1,250	\$123	\$4,248
2. TOTAL EXPENSE (B)	\$1,037,197	\$1,166,292	\$1,510,506	\$2,744,161	\$1,573,516	\$1,809,140	\$9,840,811
3. Cash Flow Over/(Under)	\$1,151,778	\$961,353	\$4,623,916	(\$780,425)	\$571,143	\$569,244	\$7,097,009
4. Start of Period Balance (C)	\$4,248,053	\$5,414,544	\$6,393,878	\$11,044,346	\$10,296,417	\$10,899,834	\$4,248,053
5. End of Period Balance Before Interest	\$5,399,831	\$6,375,897	\$11,017,794	\$10,263,921	\$10,867,559	\$11,469,079	\$11,345,062
6. TOTAL INTEREST (D)	\$14,713	\$17,980	\$26,553	\$32,495	\$32,275	\$34,113	\$158,129
7. End of Period Balance After Interest	\$5,414,544	\$6,393,878	\$11,044,346	\$10,296,417	\$10,899,834	\$11,503,191	\$11,503,191
	<u>Actual JULY</u>	<u>Actual AUG</u>	<u>Actual SEPT</u>	<u>Actual OCT</u>	<u>Actual NOV</u>	<u>Actual DEC</u>	ANNUAL TOTAL
kWh Sales Revenue	\$2,638,399	\$2,290,766	\$2,148,386	\$1,895,105	\$1,908,576	\$2,183,976	\$24,897,600
ISO FCM Revenue	\$150,391	\$142,317	\$220,125	\$397,702	\$198,285	\$202,866	\$2,466,963
RGGI Revenue R	\$0	\$0	\$0	\$0	\$0	\$0	\$3,950,152
8. TOTAL REVENUE (A)	\$2,788,790	\$2,433,083	\$2,368,512	\$2,292,807	\$2,106,862	\$2,386,843	\$31,314,716
Program Expense	\$2,863,828	\$1,756,438	\$1,494,374	\$1,662,013	\$2,602,814	\$6,101,895	\$26,317,926
ISO FCM Expense	\$1,000	\$886	\$782	\$1,881	\$1,069	\$575	\$10,441
9. TOTAL EXPENSE (B)	\$2,864,828	\$1,757,324	\$1,495,156	\$1,663,894	\$2,603,884	\$6,102,470	\$26,328,367
10. Cash Flow Over/(Under)	(\$76,038)	\$675,759	\$873,356	\$628,912	(\$497,022)	(\$3,715,628)	\$4,986,349
11. Start of Period Balance (C)	\$11,503,191	\$11,462,122	\$12,173,871	\$13,085,689	\$13,755,472	\$13,299,646	\$4,248,053
12. End of Period Balance Before Interest	\$11,427,153	\$12,137,881	\$13,047,227	\$13,714,601	\$13,258,450	\$9,584,018	\$9,234,402
13. TOTAL INTEREST (D)	\$34,969	\$35,990	\$38,462	\$40,870	\$41,196	\$34,898	\$384,514
14. End of Period Balance After Interest	\$11,462,122	\$12,173,871	\$13,085,689	\$13,755,472	\$13,299,646	\$9,618,916	\$9,618,916
Low Income Residential Incentive							\$132,234
Residential Incentive							\$503,192
Commercial & Industrial Incentive							\$698,570
15. Total Incentives							\$1,333,996
15a. End of Period Balance (minus incentive)							\$8,284,920
15b. Commitments(D)							\$2,131,434
15c. FUND BALANCE AT YEAR-END						\$6	\$153,486

(A) Revenue Report
 (B) Source: PeopleSoft query
 (C) "End of Period Balance Before Interest" from prior month.
 (D) Commitments are estimated until year-end

Table E-7: 2010 Commercial and Industrial DSM Programs

Program Name	Description
<p>Design 2000<i>plus</i> Program</p>	<p>Promotes energy efficient design and construction practices in new and renovated commercial, industrial, and institutional buildings. The program also promotes the installation of high efficiency equipment in existing facilities during building remodeling and at the time of equipment failure and replacement. Design 2000<i>plus</i> is known as a lost opportunities program because a customer who does not install energy efficient equipment at the time of new construction or equipment replacement will likely never make the investment for that equipment or will make the investment at a much greater cost at a later time.</p> <p>Design 2000<i>plus</i> provides both technical and design assistance to help customers identify efficiency opportunities in their new building designs and to help them refine their designs to pursue these opportunities. The program also offers rebates to eliminate or significantly reduce the incremental cost of high efficiency equipment over standard efficiency equipment. Commissioning or quality assurance is also offered to ensure that the equipment and systems operate as intended.</p>
<p>Energy Initiative Program</p>	<p>Energy Initiative is a comprehensive retrofit program designed to promote the installation of energy efficient electric equipment such as lighting, motors, and heating, ventilation and air conditioning (HVAC) systems in existing buildings. All commercial, industrial, and institutional customers are eligible to participate. The Company offers technical assistance to customers to help them identify cost-effective conservation opportunities, and pays rebates to assist in defraying part of the material and labor costs associated with the energy efficient equipment.</p>
<p>Small Business Services Program</p>	<p>The Small and Medium Business Program provides direct installation of energy efficient lighting and non-lighting retrofit measures. Customers with average monthly demand of less than 200 kW or annual energy usage of less than 300,000 kWh are eligible to participate. The program's lighting measures are delivered through one labor and one product vendor selected through a competitive bidding process. The labor vendor performs lighting analysis, installs measures, and inputs data into a database. Refrigeration measures are performed by a different vendor. These measures include cooler door heaters, fan controls, and freezer door heater controls. The customer pays 30% of the total cost of a retrofit. This amount is discounted 15% for a lump sum payment or the customer has the option of spreading the payments over a two-year period interest free. The program is integrated with gas programs and is seamlessly delivered to the customer. Gas opportunities are identified during the assessment.</p>

Table E-8: 2010 Residential DSM Programs

Program Name	Description
Residential Low Income Programs	
Single Family Low Income Services	The low income program, marketed as the Appliance Management Program, is delivered by the State Energy Office and local Community Action agencies. It provides the same services as the Energy Wise program, described below, but no customer contribution is required for equipment installation.
Residential Non Low Income Programs	
EnergyWise	<p>The EnergyWise program offers customers free home energy assessments of their homes and information on their actual electric usage. Participants in this program receive financial incentives to replace inefficient lighting fixtures, appliances, thermostats, and insulation levels with models that are more energy efficient. The program addresses baseload electric use as well as electric heat in all residential buildings. The program identifies additional energy saving measures in weatherization and heating system replacement.</p> <p>In 2010, the program administered the state's American Recovery and Reinvestment Act (ARRA) State Energy Plan (SEP) Deliverable Fuel program. After receiving an Energy Wise home energy assessment, customers who heat with oil or propane were eligible to receive up to \$2,250 in rebates for weatherization or heating system replacement. The spending and fossil fuel savings from the ARRA Deliverable Fuel program are not reported or claimed in the DSM Year-End report.</p>
ENERGY STAR[®] Products	Included in this initiative is the ENERGY STAR [®] Appliance Program which promotes the purchase of high efficiency major appliances (refrigerators, dishwashers, clothes washers, room air conditioners, and dehumidifiers) that bear the ENERGY STAR [®] label. The program also offers rebates for appliance recycling.
ENERGY STAR[®] Lighting	This is an initiative implemented jointly with other regional utilities. It provides discounts to customers for the purchase of ENERGY STAR [®] LEDs, compact fluorescent lamps and fixtures through instant rebates, special promotions at retail stores, mail order catalogs, or by delivering to Hard-To-Reach populations through targeted channeling.
ENERGY STAR[®] Central A/C	This program promotes the installation of high efficiency central air conditioners. The program provides training of contractors in installation, testing of the high efficiency systems, tiered rebates for new ENERGY STAR [®] systems, and incentives for checking existing systems. In 2010, the program incorporated the previous ENERGY STAR [®] Heating program which offers rebates for purchasing or replacing an existing oil or propane heating system.
Energy Efficiency Education Programs	The Company promotes energy education in schools through the National Energy Education Development (N.E.E.D) Program. This program provides curriculum materials and training for a comprehensive energy education program.
ENERGY STAR[®] Homes	The ENERGY STAR [®] Homes Program promotes the construction of energy efficient homes by offering technical and marketing assistance, as well as cash incentives to builders of new energy efficient homes that comply with the program's performance standards. The Company also supports the ENERGY STAR [®] Homes Vocational School Initiative which trains students at the nine Rhode Island Career and Technical schools to be ENERGY STAR [®] certified builders.

Table G-1: Summary of 2010 Target and Year End Results

GAS PROGRAMS Sector and Program	(1) (2) (3) Energy Savings (MMBtu)			(4) (5) (6) Customer Participation			(7) (8) (9) Implementation Expenses (\$ 000)			(10)	(11)
	Approved Target	Year To Date	Pct Achieved	Approved Target	Year To Date	Pct Achieved	Approved Budget	Year To Date	Pct Achieved	Lifetime MMBtu	\$/Lifetime MMBtu
Commercial and Industrial											
Commercial Energy Efficiency Program	75,148	72,268	96.2%	400	282	70.5%	\$ 2,001.3	\$ 1,837.4	91.8%	867,216	0.4720
Commercial High Efficiency Heating Equipment	7,788	16,428	211.0%	226	259	114.7%	\$ 563.6	\$ 492.8	87.4%	328,560	0.6667
SUBTOTAL	82,936	88,697	106.9%	626	541	86.4%	\$ 2,564.9	\$ 2,330.2	90.8%	1,195,776	0.5132
Residential Low-Income											
Single Family - Low Income Services	1,515	1,544	101.9%	83	115	138.6%	\$ 368.2	\$ 301.6	81.9%	30,880	0.1024
Residential Non-Low Income											
Residential High-Efficiency Heating, Water-Heating, EnergyWise	16,524	40,872	247.3%	1,844	3,719	201.7%	\$ 479.8	\$ 1,516.1	316.0%	748,775	0.4939
Building Practices and Demonstration	9,541	8,985	94.2%	1,368	1,281	93.6%	\$ 825.8	\$ 860.7	104.2%	179,682	0.2088
ENERGY STAR® Homes	n/a	n/a	n/a	10	14	140.0%	\$ 29.1	\$ 9.9	33.9%	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a	\$ 26.4	\$ 4.7	17.8%	n/a	n/a
SUBTOTAL	26,065	49,856	191.3%	3,222	5,014	155.6%	\$ 1,361.0	\$ 2,391.4	175.7%	928,456	0.7026
TOTAL	110,515	140,097	126.8%	3,931	5,670	144.2%	\$ 4,294.1	\$ 5,023.2	117.0%	2,155,112	0.4290

NOTES

- (1) Approved Target from 2010 EE Annual Plan Attachment 6, Table G-5
- (3) Pct Achieved is Column (2)/ Column (1).
- (4) Approved Target from 2010 EE Annual Plan, Attachment 6, Table G-6
- (6) Pct Achieved is Column (5)/ Column (4).
- (8) Approved Budget from 2010 EE Annual Plan, Attachment 6, Table G-4, Excluding C&I and Residential EERMC budgets.
- (9) Pct Achieved is Column (9)/ Column (8).
- (11) \$/ Lifetime MMBtu is Column (8)/ Column (2)

Table G-2: Summary of Value and Annual and Lifetime MMBTU

	Value (\$000)			MMBTU Gas Saved	
	Total Value (1)	Natural Gas Benefits(2)	Participant Resource(3)	Annual(4)	Lifetime(5)
Commercial & Industrial					
Commercial Energy Efficiency Program	\$9,743	\$9,743	\$0	72,268	867,216
Commercial High Efficiency Heating Equipment	\$3,669	\$3,669	\$0	16,428	328,560
SUBTOTAL	\$13,413	\$13,413	\$0	88,697	1,195,776
Low Income Residential					
Single Family - Low Income Services	\$459	\$421	\$38	1,544	30,880
SUBTOTAL	\$459	\$421	\$38	1,544	30,880
Residential Programs					
ENERGY STAR ® Homes	\$0	\$0	\$0	n/a	n/a
EnergyWise	\$2,450	\$2,450	\$0	8,985	179,682
Residential High-Efficiency Heating, Water-Heating, Controls	\$9,987	\$9,987	\$0	40,872	748,775
Building Practices and Demonstration	\$0	\$0	\$0	n/a	n/a
SUBTOTAL	\$12,437	\$12,437	\$0	49,856	928,456
TOTAL	\$26,309	\$26,271	\$38	140,097	2,155,112

Notes:

1) Total Benefits equal Natural Gas Benefits plus Participant Resources.

Table G-3: Summary of B/C Ratios, Value, Implementation Expenses, and Evaluation Costs

	(1) TRC Benefit/ Cost	(2) Total Value	(3) Program Implementation Expenses	(4) Customer Contribution	(5) Evaluation Expenses	(6) Shareholder Incentive
Commercial & Industrial						
Commercial Energy Efficiency Program	1.70	\$9,743.2	\$1,837.4	\$3,777.7	\$128.2	NA
Commercial High Efficiency Heating Equipment	4.08	\$3,669.3	\$492.8	\$406.1	\$1.0	NA
EERMC - C&I	NA	NA	\$33.2	NA	NA	NA
SUBTOTAL	1.97	\$13,412.5	\$2,363.4	\$4,183.8	\$129.2	\$140.5
Low Income Residential						
Single Family - Low Income Services	1.52	\$459.3	\$301.6	\$0.0	\$0.4	NA
SUBTOTAL	1.42	\$459.3	\$301.6	\$0.0	\$0.4	\$21.7
Non Low Income Residential						
ENERGY STAR ® Homes	NA	NA	\$4.7	\$0.0	\$0.1	NA
EnergyWise	1.71	\$2,449.7	\$860.7	\$569.1	\$1.8	NA
Residential High-Efficiency Heating, Water-Heating, Controls	3.71	\$9,987.3	\$1,516.1	\$1,135.0	\$42.7	NA
Building Practices and Demonstration	NA	NA	\$9.9	\$0.0	\$0.0	NA
EERMC - Residential	NA	NA	\$33.9	\$0.0	NA	NA
SUBTOTAL	2.93	\$12,437.0	\$2,425.3	\$1,704.1	\$44.6	\$69.1
TOTAL	2.31	\$26,308.8	\$5,090.4	\$5,887.9	\$174.2	\$231.3

Notes:

- 1) The TRC Test is equal to the expected dollar value of lifetime resource benefits divided by the sum of Implementation Expenses, Customer Contribution, Evaluation Expenses, and the Shareholder Incentive.
- 3) From Table 1
- 6) From Table 4

Table G-4: National Grid 2010 DSM Incentive Calculation

Incentive Rate:

4.40%

	(1)	(2)	(3)	(4)	(5)	(5a)	(5b)	(5c)	(6)
Sector	Approved Spending Budget	Target Incentive	Annual Savings Goal (MMBTU)	Threshold Savings (MMBTU)	Target Incentive Per MMBTU	Actual Spending	% of Approved Spending	Budget Adjusted target MMBtu Savings	Threshold MMBtu Savings
Low Income Residential	\$ 368,156	\$ 17,461	1,515	909	\$ 11.52	\$ 302,061	82.0%	1,243	746
Non-Low Income Residential	\$ 1,404,217	\$ 62,668	26,065	15,639	\$ 2.40	\$ 2,435,967	173.5%	45,216	27,129
Commercial & Industrial	\$ 2,701,717	\$ 119,615	82,936	49,761	\$ 1.44	\$ 2,459,420	91.0%	75,498	45,299
Total	\$ 4,474,090	\$ 199,743	110,516	66,309	\$ 1.81	\$ 5,197,448		121,957	73,174

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Sector	Target Incentive Per MMBtu	Adj Target Incentive Per MMBtu	Actual MMBtu	% of Target Savings	Savings Eligible for Incentive	Earned Savings Incentive	Total Earned Incentive
Low Income Residential	\$ 11.52	\$14.04	1,544	124.2%	1,544	\$21,684	\$21,684
Non-Low Income Residential	\$ 2.40	\$1.39	49,856	110.3%	49,856	\$69,099	\$69,099
Large Commercial & Industrial	\$ 1.44	\$1.58	88,697	117.5%	88,697	\$140,527	\$140,527
Total	\$ 1.81	\$1.64	140,097	114.9%	140,097	\$231,310	\$231,310

Notes:

- (1) Budget from 2010 Annual EE Plan, Attachment 6, Table G-4
- (2) Equal to the incentive rate (4.40%) x Column (1).
- (3) Approved savings goal from 2010 Annual EE Plan, Attachment 6, Table G-5
- (4) 60% of Column (3). No incentive is earned on annual MMBTU savings in the sector unless the Company achieves at least this threshold level of performance.
- (5) Column (2)/Column (3)
- (5a) Actual spending includes actual Implementation Expenses from Table 1, Column 8 and Evaluation expenses from Table 3, Column 5
- (5b) Column (5a)/ Column (1)
- (5c) Column (5) * (5b), only if 100% of Target Savings were achieved in Column (3)
- (6) Column 5b * 60% Threshold
- (7) Column (5)
- (8) Column (2)/ Column (8)
- (9) Year End Savings from Table 1
- (10) Column (9)/ Column (5c)
- (11) If Column (10) is less than 60%, Column (11) = 0,
If Column (10) is between 60% and 125%, Column (11) = Column 9;
If Column (10) is greater than 125%, Column (11) = 125% of Column (3) due to the incentive cap.
- (12) Column (11)*Column (8)

Table G-5: Demand-Side Management Adjustment and Fund Balance

NATIONAL GRID - RHODE ISLAND GAS
2010 DEMAND - SIDE MANAGEMENT ADJUSTMENT AND BALANCE
 12 month(s) of actuals 0 month(s) of estimates

<u>Total C&LM Revenue/Expense for Jan-Dec 2010</u>							
	<u>Actual JAN</u>	<u>Actual FEB</u>	<u>Actual MAR</u>	<u>Actual APRIL</u>	<u>Actual MAY</u>	<u>Actual JUNE</u>	<u>6 MTHS Y.T.D</u>
1. TOTAL REVENUE (A)	\$991,259	\$882,855	\$758,716	\$468,279	\$317,910	\$224,304	\$3,643,322
2. TOTAL EXPENSE (B)	\$42,522	\$374,269	\$404,767	\$376,594	\$219,349	\$1,157,617	\$2,575,118
3. Cash Flow Over/(Under)	\$948,737	\$508,586	\$353,949	\$91,685	\$98,561	(\$933,313)	\$1,068,204
4. Start of Period Balance	(\$830,367)	\$118,000	\$626,973	\$981,759	\$1,074,514	\$1,174,246	(\$830,367)
5. End of Period Balance Before Interest	\$118,370	\$626,585	\$980,922	\$1,073,444	\$1,173,076	\$240,933	\$237,838
6. TOTAL INTEREST	(\$371)	\$388	\$837	\$1,070	\$1,171	\$737	\$3,833
7. End of Period Balance After Interest	\$118,000	\$626,973	\$981,759	\$1,074,514	\$1,174,246	\$241,670	\$241,670
	<u>Actual JULY</u>	<u>Actual AUG</u>	<u>Actual SEPT</u>	<u>Actual OCT</u>	<u>Actual NOV</u>	<u>Actual DEC</u>	<u>2010 Y.T.D</u>
8. TOTAL REVENUE (A)	\$192,492	\$179,905	\$188,903	\$233,293	\$383,348	\$708,909	\$5,530,172
9. TOTAL EXPENSE (B)	\$540,222	\$273,086	\$222,923	\$205,510	\$313,046	\$1,135,240	\$5,265,145
10. Cash Flow Over/(Under)	(\$347,730)	(\$93,181)	(\$34,020)	\$27,783	\$70,302	(\$426,331)	\$265,027
11. Start of Period Balance	\$241,670	(\$105,989)	(\$199,329)	(\$233,575)	(\$206,021)	(\$135,897)	(\$830,367)
12. End of Period Balance Before Interest	(\$106,060)	(\$199,170)	(\$233,350)	(\$205,792)	(\$135,719)	(\$562,227)	(\$565,339)
13. TOTAL INTEREST	\$71	(\$159)	(\$225)	(\$229)	(\$178)	(\$364)	\$2,748
14. End of Period Balance After Interest	(\$105,989)	(\$199,329)	(\$233,575)	(\$206,021)	(\$135,897)	(\$562,591)	(\$562,591)
15. 2010 Total Incentives (C)							\$231,310
16. End of Period Balance (minus incentive)							(\$793,901)
17. Commitments							\$0
18. FUND BALANCE AT YEAR-END							(\$793,901)

(A) Revenue Report
 (B) Source: PeopleSoft query
 (C) This is the amount credited to the Company's General Ledger during this year.

Table G-6: 2010 Residential Energy Efficiency Programs

Program Name	Description
Low Income Program	
Single Family Low Income Services	The program offers free weatherization and heating system replacement services provided to income eligible 1-4 unit homes. It is operated through the Rhode Island Office of Energy Resources (OER).
Non Low Income Program	
EnergyWise Program	After an integrated electric and gas home energy assessment that recommends additional savings measures, natural gas customers in both single and multi-family homes are eligible for weatherization rebates. The program is delivered seamlessly with the EnergyWise electric program.
High-Efficiency Heating Equipment (HEHE), Water Heating and Controls.	HEHE offers a variety of rebates for gas heating equipment, water heaters, combined systems, and thermostats. The rebate levels are based on the efficiency level of the equipment. The program trains installers to promote efficient heating equipment to customers.
ENERGY STAR [®] Homes Program	The program offers free building plans review and certification for new ENERGY STAR [®] residential construction.
Building Practices and Demonstration Program	The program offers funding for demonstration projects that apply to new or underutilized technologies.

Table G-7: 2010 Commercial and Industrial Energy Efficiency Programs

Program Name	Description
<p>Commercial Energy Efficiency Program</p>	<p>The program provides financial assistance to customers to help defray the cost of an energy audit by providing co-funding for engineering studies and financial incentives to help fund qualifying energy saving measures. Customers apply for program services or incentives through a variety of channels including Company representatives, plumbing and heating contractors, engineering firms, energy service companies or equipment vendors. There are three specific categories of incentives: (1) Prescriptive incentives for common energy efficiency measures including programmable thermostats, boiler reset controls, steam trap replacements, pipe and/or duct insulation, and building shell (walls, roof, floor, crawlspace) insulation, (2) Prescriptive incentives are available for energy efficient gas fired commercial kitchen equipment, (3) Custom incentives are for projects that demonstrate the use of natural gas more efficiently than typical industry practices, or more efficiently than the minimum building code requirements.</p>
<p>Commercial High Efficiency Heating Program</p>	<p>The program is a lost opportunity program that provides prescriptive incentives for new heating equipment during a planned replacement or for new construction. Prescriptive incentives are available for furnaces, boilers, infrared heaters and domestic hot water systems.</p>



**Rhode Island
Regional Greenhouse Gas Initiative, Inc. Auction Proceeds Report
Presented by National Grid
March 1, 2011**

Since 2008, Rhode Island (RI) has received \$12,340,208 from CO₂ Allowance Auctions through the Regional Greenhouse Gas initiative, Inc. (RGGI).¹ Under the RI Office of Energy Resource's (OER) 2009 Plan for the Allocation and Distribution of RGGI Proceeds ('2009 Plan'), approved September 2009, sixty percent of RGGI auction proceeds are allocated to utility energy efficiency programs ('60%') and forty percent are allocated to an Innovative Financing and Partnership Account at the utility ('40%'). Under these guidelines, National Grid incorporated RGGI funds into its 2010 Energy Efficiency Program Plan, approved by the Rhode Island Public Utilities Commission on March 17, 2010. In addition, National Grid proposed an innovative funding plan for the 40% proceeds, which was approved by the OER, EERMC, and DEM.

This report describes the results achieved from the auction proceeds, as required by the 2009 Plan.

2010 RGGI Results

The following table summarizes the status of RGGI proceeds received to date.

Auctions	Year	Net Proceeds	EE Funding	Status	EE Programs
1-5	2008 - 2009	\$6,581,188	\$3,950,152	60% Received March 2010	Funded all 2010 EE Programs
			\$2,633,434	40% Received December 2010	Will be used for Phase 1 of Approved 40% Proposal in 2011; Including C&I Loans for Small Business, DER, Heat Loan, Homes Tier III

In March 2010, the energy efficiency programs received 60% of RGGI proceeds from Auctions 1 – 5, totaling \$3,948,713. These funds were immediately used to implement energy efficiency programs for Residential, Commercial and Industrial (C&I) and Low Income customers. The RGGI proceeds represent 14.7% of all energy efficiency funding in 2010. Preliminary results attributed to the 60% RGGI proceeds include:

- 11,960 MWh of energy savings
- 135,540 MWh of lifetime energy savings
- 2,093 kW in annual capacity savings
- 25,042 kW in lifetime capacity savings

¹ Source: http://www.rggi.org/market/co2_auctions/results

- 22,098 participants in energy efficiency programs
- \$18,152,684 created in total benefits from avoided energy and capacity costs

Benefits from National Grid’s 2010 energy efficiency program were delivered at a preliminary benefit-cost ratio of 3.4; for every \$1 invested, the programs delivered \$3.40 in benefits. In 2010, the energy efficiency program charge for customers was \$0.0032 per kWh. Without RGGI 60% funds, the charge would have been \$0.0036 per kWh. Therefore, the RGGI proceeds saved the average residential customer, using 6,000 kWh a year, \$2.41 on their energy bills. Meanwhile, customers who installed energy efficiency measures through these programs will save up to \$300 per year on their electric bills, over the lifetime of their measures. Additional information about the programs and final savings and benefits results will be included in the 2010 Demand Side Management (DSM) Year-End Report, to be filed with the RI Public Utilities Commission (PUC) on May 30, 2011.

National Grid’s proposal for the RGGI 40% Innovative Energy Efficiency Programs and Partnerships was approved by the OER, EERMC, and DEM. The Company received a portion of these funds on December 9, 2010 and is implementing the first phase of the RGGI 40% Innovative programs in 2011. These programs include the C&I Revolving Loan Fund for Small Business customers, Deep Energy Retrofit, Homes Tier III pilot, and the HEAT Loan pilot.

2011 RGGI Activities

As noted above, funds expected to be received in 2010 from both the 60% and 40% allocations were not received. In addition, funding for National Grid’s 2011 Energy Efficiency Program Plan (approved by the RI PUC on December 23, 2010) assumes a certain amount of RGGI proceeds. The following table illustrates RGGI funds that are anticipated to deliver energy efficiency savings and innovation in 2011, but National Grid has not received.

Auctions	Year	Net Proceeds	EE Funding	Status	EE Programs
6-10 ¹	2009 - 2010	\$5,074,445	\$3,044,667	60% Not Received	Funds will be used to meet 2011 goals in all programs and defray ratepayer costs
			\$2,029,778	40% Not Received	Funds will be used for Phase 2 of Approved 40% Proposal in 2011; Including C&I Loans for Large Business, Low Income Pilot
11-14 ²	2011	\$2,794,805	\$2,235,844	Not Received Distribution Rules Unknown	Plan to use 80% to meet 2011 goals and defray ratepayer costs

Notes:

1) RGGI Proceeds for Auction 10 updated February 2011

2) Auctions 11-14 based on actuals from Auction 10

National Grid has not received the remaining \$2,029,778 of the RGGI 40% for approved innovative programs. When they are received, the Company will implement Phase 2 of the innovative programs including the C&I Loan Fund for Large Business customers, and the Low Income Pilot.

Additionally, National Grid has not received the \$3,044,667 in proceeds from the RGGI 60% collected in Auctions 6-10, held in 2010. When these funds are received, they will be used in the existing energy efficiency programs to defray the customer energy efficiency charge.

The distribution rules for Auctions 11-14 proceeds have not been developed yet. In the 2011 Energy Efficiency Plan, the Company planned on 80% of RGGI proceeds funding programs. Together, the proceeds from the RGGI 60% and the RGGI 80% represent 11% of total projected funding for 2011 energy efficiency programs. Without these funds, the customer energy efficiency charge will increase up to \$0.0008 per kWh, approximately \$4.73 per year for the average residential customer. National Grid along with the EERMC, OER, DEM must develop a reliable, efficient process for delivering RGGI funds to energy efficient programs in a timely manner in order to save energy and avoid unnecessary increases in customers' bills.