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Via First Class Mail and E-Mail

December 10, 2010

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

**RE: Docket No. 4209: Energy Efficiency Program Plan for 2011
Comments on National Grid's Response to Commission Data Request 1-4**

Dear Ms. Massaro,

Attached please find comments from Environment Northeast ("ENE") regarding National Grid's Response to Commission Data Request 1-4. The comments have been prepared by ENE Policy Advocate and Attorney Sam Krasnow.

Kindly date stamp the enclosed extra copy and return it in the enclosed self-addressed stamped envelope. If you have any questions or concerns, please do not hesitate to contact me at 617-742-0054 x102.

Sincerely,

/s/ Jeremy C. McDiarmid

Jeremy C. McDiarmid
Staff Attorney

Enclosure

cc: Patricia Lucarelli, Esq., Public Utilities Commission
Amy K. D'Alessandro, Esq., Public Utilities Commission
R. Daniel Prentiss, Esq., Prentiss Law, Attorney for EERMC
Thomas Teehan, Esq., National Grid
Seth Handy, Esq., Chace Ruttenberg & Freedman, LLP
Service List (via e-mail)

ENE Comments on National Grid's Response to Commission Data Request 1-4

ENE comments that National Grid's Response to Commission Data Request 1-4 does show a bill impact analysis through one particular lens – namely it shows the incremental costs of the energy efficiency programs incurred by customers in one year, 2011. The Company expresses their bill impact analysis as incremental rate increases in 2011. It is important to note as National Grid does, that the bill impact analysis does not show the monetized bill savings of energy efficiency that accrue to participating and non-participating electric and natural gas customers over the lifetime of the efficiency measures, which typically continue to accrue more than 10 years after the investments are made.

Another way to analyze a bill impact is to look at the 2011 efficiency program's effect on bills over time (not just rates in one year) in order to illustrate the long-term bill savings generated by the 2011 efficiency investment. Some of these categories of bill savings are listed below, with who receives them noted in parenthesis:

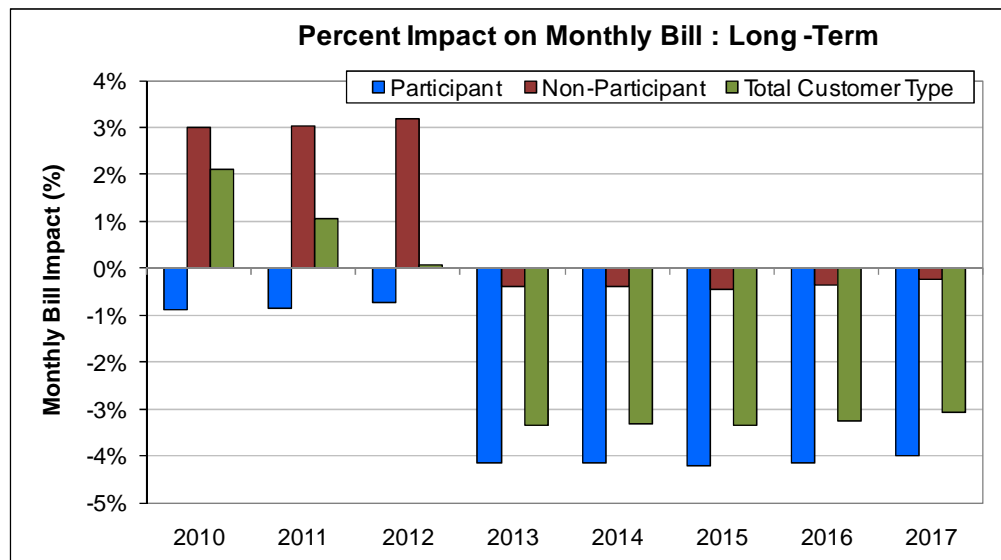
- Bill savings from using fewer MWhs over the lifetime of the EE measures (participants)
- Bill savings from lower MW capacity costs (participants)
- Bill savings from reduced fossil fuel use (participants)
- Bill savings from reduced transmission and distribution costs because Rhode Island's overall energy usage and capacity needs are lowered (all customers)
- Bill savings and economic value accrued from improved system reliability (all customers)
- Bill savings from reduced electric prices through the demand-reduction induced price effect (DRIPE), which occurs because of lower MWh consumption (all customers)

These bill savings, which are generated overtime by the 2011 efficiency program investments, are not illustrated in National Grid's bill response. ENE notes that Massachusetts has been analyzing and presenting bill impacts that include bill savings over time from the efficiency investments in a given year. Below is a slide from a presentation titled "Bill Impacts of Energy Efficiency Programs" given by Commissioner Tim Woolf to Law Seminars International's Energy in the Northeast Conference on September 27, 2010, which presents information on bill savings from efficiency program investments over time.

The slide on long-term bill impacts (slide 11 from the presentation) is based on detailed analysis conducted over several months and incorporates the categories of savings listed above. Many of the inputs to this graph, such as the savings from lower transmission and distribution investments, savings from reduced electric prices through the demand-reduction induced price effect, and savings from efficiency investments over the life of the measures are very similar in Rhode Island. Slide 11 is included below and Commissioner Woolf's full presentation can be found at <http://www.env-ne.org/resources/open/p/id/1091> .

Figure 1. Commissioner Woolf, Slide 11 from “Bill Impacts of Energy Efficiency Programs” presentation to Law Seminars International, September 27, 2010

 **Long-Term Bill Impacts of Three-Year Plan: Residential Example**



TIM WOOLF - MASSACHUSETTS DEPARTMENT OF PUBLIC UTILITIES

SLIDE 11

This slide on the results of the long-term bill impact analysis illustrates that over time the efficiency programs generate bill savings for both participants and non-participants because of the substantial savings listed above that are generated over the life of the efficiency measures. The finding is important because it shows that not only do participants experience large bill savings from the efficiency programs, but non-participants see bill savings over time too and that overall the bill savings of the program investments are large.

In addition, it is important to note that one goal of least cost procurement in Rhode Island is for all customers to be aware of and participate in the efficiency programs over time. As an example of what’s possible, Vermont has an all cost-effective efficiency requirement similar to Rhode Island’s and over a several year period more than 60% of residential customers in Vermont participated in the efficiency programs. Recent expansions in Massachusetts’ least cost procurement efficiency programs, which came after Rhode Island started its pioneering legislative, Council and Commission efficiency efforts, aim to exceed 70% cumulative residential efficiency program participation by the end of 2012.

In sum, ENE comments that a bill impact analysis that captures costs and benefits over time demonstrates the substantial benefits and bill savings of the efficiency investment made in 2011 to both participants and non-participants alike.

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 2010, I caused to be delivered a true copy of the foregoing document either by first class mail or by electronic mail to the Docket 4209 Service List as of December 10, 2010.

/s/ Jeremy C. McDiarmid

Jeremy C. McDiarmid