

December 6, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4209 Energy Efficiency Program Plan for 2011 – Revised Attachment 6

Dear Ms. Massaro:

On behalf of National Grid, I am submitting a revised version of Attachment 6 and Table 1 from the main text of the Energy Efficiency Program Plan for 2011, Docket 4209. The Company discovered an error on Attachment 6, Table G-7, which inadvertently included 1,700 participants and associated savings in the EnergyWise Gas program.

In order to correct the error, without changing the overall portfolio gas savings goal of 173,379 MMBtu and gas budget of \$11.5 million, the Company has removed approximately \$367,000 from the Program Planning and Administration, Marketing, and Evaluation budget categories and shifted those funds to the incentives budgets to increase participation and savings in the High Efficiency Heating Equipment (HEHE) Program and all C&I programs. In the course of making this correction, we also identified an additional necessary reallocation in the Low Income program budget and participation level. The Low Income savings goal remains the same, but the budget has increased.

The total savings goal, total budget, and energy efficiency program charge do not change from the original filing. The programs remain cost effective with a benefit-cost ratio of 2.28, and the programs are less expensive than the cost of supply. The revisions are budget adjustments to increase participation in certain programs to maintain the aggressive savings goal. Representatives of the settlement parties have been consulted relative to the revisions. Despite the Program Planning and Administration and Marketing budget adjustments, the Company believes it will still be able to achieve the goals. The changes take place primarily in the residential sector, and are outlined below.

- On Attachment 6, Table G-2, \$367,000 is reallocated from the total Program Planning and Administration, Marketing, and Evaluation budget categories into the total Incentives and Sales and Technical Assistance budget categories.
- On Attachment 6, Tables G-5 and G-6, the total benefits decrease and subsequently the benefit-cost ratio decreases from 2.34 to 2.28 because HEHE program measures have fewer lifetime savings and benefits than EnergyWise program measures.
- On Attachment 6, Table G-7, the overall number of participants decreases from 13,730 to 12,151.
- On Attachment 6, Table G-8, the total shareholder incentive remains the same at \$476,300, incentives by sector are reallocated.

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As a result of the revisions in Attachment 6, numbers included in the main text also change. The Company is submitting a revised Table 1 from page 2 of the main text to illustrate the revised numbers instead of revising the entire text document.

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

Very truly yours,



Thomas R. Teehan

Enclosures

Cc: Docket 4209 Service List
Leo Wold, Esq.
Steve Scialabba, Division

**Table G-1
National Grid
Gas DSM Funding Sources in 2011 by Sector
\$(000)**

	<u>Projections by Sector</u>			Total
	Low Income Residential	Non-Low Income Residential	Commercial & Industrial	
(1) Projected Budget (from G-2):				\$11,506.4
Sources of Other Funding:				
(2) Projected Year-End 2010 Fund Balance and Interest:	\$ (106.6)	\$ (2,022.5)	\$ 996.6	\$ (1,132.5)
(3) Low Income Weatherization in Base Rates:	<u>\$ 200.0</u>			<u>\$ 200.0</u>
(4) Total Other Funding:	\$ 93.4	\$ (2,022.5)	\$ 996.6	\$ (932.5)
(5) Customer Funding Required:				\$ 12,438.9
(6) Forecasted Dth Sales:				
(7) Forecasted Dth Sales:	1,414,010	16,311,305	13,311,129	31,036,444
(8) Uncollectable Rate of 2.46%: ¹	<u>34,785</u>	<u>401,258</u>	<u>327,454</u>	<u>763,497</u>
(9) Total Forecasted Dth Sales:	1,379,225	15,910,047	12,983,675	30,272,947
(10) Energy Efficiency Program Charge per Dth:				\$ 0.411
(11) Currently Effective DSM Charge				\$ 0.150
(12) Adjustment to Reflect Fully Reconciling Funding Mechanism				\$ 0.261

Notes:

¹ Uncollectible Rate comes from Gas Rate Case.

Table G-2
National Grid Gas Energy Efficiency Program Budget
2011

Program	Program Planning and Administration	Marketing	Rebates and Other Customer Incentives	Sales, Technical Assistance and Training	Evaluation & Market Research	Grand Total
NON LOW-INCOME RESIDENTIAL:						
Residential High-Efficiency Heating Program	\$217.5	\$202.5	\$2,124.9	\$189.8	\$40.3	\$2,775.0
EnergyWise	\$211.9	\$72.9	\$1,632.0	\$187.6	\$0.0	\$2,104.4
Residential Products Pilot	\$74.1	\$0.3	\$55.2	\$0.5	\$0.0	\$130.2
Comprehensive Marketing - Residential	\$0.0	\$241.3	\$0.0	\$0.0	\$0.0	\$241.3
EERMC - Residential	\$131.5	\$0.0	\$0.0	\$0.0	\$0.0	\$131.5
Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$231.0
Subtotal - Non-Low Income Residential	\$635.0	\$517.0	\$3,812.1	\$378.0	\$40.3	\$5,613.5
LOW-INCOME RESIDENTIAL:						
Single Family Low Income Services	\$207.3	\$0.0	\$1,632.0	\$37.6	\$0.0	\$1,876.9
Shareholder Incentive						\$82.6
Subtotal - Low Income Residential	\$207.3	\$0.0	\$1,632.0	\$37.6	\$0.0	\$1,959.5
COMMERCIAL AND INDUSTRIAL:						
Large Commercial New Construction	\$144.8	\$114.5	\$912.6	\$274.4	\$109.5	\$1,555.8
Large Commercial Retrofit	\$226.2	\$118.9	\$1,034.9	\$385.3	\$165.7	\$1,931.0
Small Business Direct Install	\$50.0	\$28.0	\$31.1	\$65.8	\$0.0	\$174.9
EERMC - C&I	\$73.8	\$0.0	\$0.0	\$0.0	\$0.0	\$73.8
Comprehensive Marketing - C&I	\$0.0	\$35.3	\$0.0	\$0.0	\$0.0	\$35.3
Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$162.7
Subtotal - Commercial & Industrial	\$494.7	\$296.7	\$1,978.6	\$725.5	\$275.2	\$3,933.5
Grand Total	\$1,337.0	\$813.7	\$7,422.8	\$1,141.1	\$315.5	\$11,506.4

Table G-3
Derivation of the 2011 Spending & Implementation Budgets

	Proposed 2011 Budget From G-2 (\$000)	EERMC Costs (\$000)	Shareholder Incentive (\$000)	Evaluation Costs (\$000)	Eligible Sector Spending Budget for Shareholder Incentive on G-9 (\$000)	Implementation Expenses for Cost-Effectiveness on G-5 (\$000)²
NON LOW-INCOME RESIDENTIAL:						
Residential High-Efficiency Heating Program	\$ 2,775.0			\$ 40.3		\$ 2,734.7
EnergyWise	\$ 2,104.4			\$ -		\$ 2,104.4
Residential Products Pilot	\$ 130.2			\$ -		\$ 130.2
Comprehensive Marketing - Residential	\$ 241.3			\$ -		\$ 241.3
EERMC - Residential	\$ 131.5	\$ 131.5		\$ -		\$ 131.5
Shareholder Incentive	\$ 231.0		\$ 231.0	\$ -		\$ -
Subtotal - Non-Low Income Residential	\$ 5,613.5	\$ 131.5	\$ 231.0	\$ 40.3	\$ 5,250.9	\$ 5,342.2
LOW-INCOME RESIDENTIAL:						
Single Family Low Income Services	\$ 1,876.9			\$ -		\$ 1,876.9
Shareholder Incentive	\$ 82.6		\$ 82.6	\$ -		
Subtotal - Low Income Residential	\$ 1,959.5	\$ -	\$ 82.6	\$ -	\$ 1,876.9	\$ 1,876.9
COMMERCIAL AND INDUSTRIAL:						
Large Commercial New Construction	\$ 1,555.8			\$ 109.5		\$ 1,446.3
Large Commercial Retrofit	\$ 1,931.0			\$ 165.7		\$ 1,765.3
Small Business Direct Install	\$ 174.9			\$ -		\$ 174.9
EERMC - C&I	\$ 73.8	\$ 73.8		\$ -		\$ 73.8
Comprehensive Marketing - C&I	\$ 35.3			\$ -		\$ 35.3
Shareholder Incentive	\$ 162.7		\$ 162.7	\$ -		\$ -
Subtotal - Commercial & Industrial	\$ 3,933.5	\$ 73.8	\$ 162.7	\$ 275.2	\$ 3,697.0	\$ 3,495.6
Grand Total	\$ 11,506.4	\$ 205.3	\$ 476.3	\$ 315.5	\$ 10,824.8	\$ 10,714.6

Notes:

- (1) Spending Budget = Total Budget from G-2 minus EERMC Costs and Shareholder Incentive
(2) Implementation Expenses = Total Budget from G-2 minus evaluation costs and shareholder incentive

Table G-4
Proposed 2011 Budget Compared to Approved 2010 Budget (\$000)

	Proposed Budget 2011	Approved Budget 2010	Change Compared to 2010
Non-Low Income Residential			
Residential High-Efficiency Heating Equipment	\$ 2,734.7	\$ 479.8	\$ 2,254.9
EnergyWise	\$ 2,104.4	\$ 825.8	\$ 1,278.6
Residential Products Pilot	\$ 130.2	\$ 29.1	\$ 101.1
EERMC - Residential	\$ 131.5	\$ 52.3	\$ 79.2
Comprehensive Marketing - Residential	\$ 241.3	\$ -	\$ 241.3
Subtotal - Non-Low Income Residential	\$ 5,100.9	\$ 1,413.3	\$ 3,687.5
Low Income Residential			
Low Income	\$ 1,876.9	\$ 368.2	\$ 1,508.7
Subtotal - Low Income Residential	\$ 1,876.9	\$ 368.2	\$ 1,508.7
Commercial & Industrial¹			
Large Commercial New Construction	\$ 1,446.3	NA	NA
Large Commercial Retrofit	\$ 1,765.3	NA	NA
Small Business Direct Install	\$ 174.9	NA	NA
EERMC - C&I	\$ 73.8	\$ 55.9	\$ 17.9
Comprehensive Marketing - C&I	\$ 35.3	\$ -	\$ 35.3
Subtotal Commercial & Industrial	\$ 3,460.3	\$ 2,620.8	\$ 839.5
Other Expense Items			
Company Incentive	\$ 476.3	\$ 197.0	\$ 279.3
Program Design, Evaluation and Planning	\$ 315.5	\$ 180.0	\$ 135.5
Subtotal Other Items	\$ 791.8	\$ 377.0	\$ 414.8
TOTAL BUDGET	\$ 11,506.4	\$ 4,779.3	\$ 6,727.1

Notes:

1) 2011 C&I programs cannot be compared to 2010 programs due to the comprehensive changes in program design. The C&I Sector Subtotal can be compared.

Table G-5
Calculation of Program Year Cost-Effectiveness
2011
Values in \$000

	Rhode Island Benefit/ Cost	Total Benefit	Program Implementation Expenses	Customer Contribution	Evaluation Cost	Shareholder Incentive	\$/Lifetime MMBtu
Residential Programs							
Residential High-Efficiency Heating Program	4.17	\$13,956.0	\$2,734.7	\$572.9	\$40.3	NA	3.15
EnergyWise	1.79	\$4,368.3	\$2,104.4	\$341.6	\$0.0	NA	7.39
Residential Products Pilot		\$0.0	\$130.2	\$0.0	\$0.0	NA	
Comprehensive Marketing		\$0.0	\$241.3	\$0.0	\$0.0	NA	
EERMC Assessment-Residential		\$0.0	\$131.5	\$0.0	\$0.0	NA	
SUBTOTAL	2.81	\$18,324.3	\$5,342.2	\$914.5	\$40.3	\$231.0	4.52
Low Income Programs							
Low Income	1.73	\$3,385.6	\$1,876.9	\$0.0	\$0.0	\$82.6	12.88
Large Commercial & Industrial							
Large Commercial Retrofit	1.65	\$6,407.2	\$1,765.3	\$1,954.8	\$165.7	NA	6.62
Large Commercial New Construction	2.50	\$6,319.3	\$1,446.3	\$974.4	\$109.5	NA	4.28
Small Business Direct Install	3.02	\$527.8	\$174.9	\$0.0	\$0.0	NA	6.09
Comprehensive Marketing		\$0.0	\$35.3	\$0.0	\$0.0	NA	
EERMC Assessment-C&I		\$0.0	\$73.8	\$0.0	\$0.0	NA	
SUBTOTAL	1.93	\$13,254.3	\$3,495.6	\$2,929.2	\$275.2	\$162.7	4.80
TOTAL	2.28	\$34,964.2	\$10,714.6	\$3,843.6	\$315.5	\$476.3	5.42

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 target shareholder incentive.

Table G-6
Summary of Benefits and Savings by Program
2011

	Benefits (\$000)			MMBTU Gas Saved	
	Total(1)	Natural Gas(2)	Non-Gas Benefit (3)	Annual	Lifetime(4)
Commercial & Industrial					
Large Commercial New Construction	\$6,319.3	\$6,319.3	\$0.0	28,063	590,543
Large Commercial Retrofit	\$6,407.2	\$6,407.2	\$0.0	54,462	586,850
Small Business Direct Install	\$527.8	\$527.8	\$0.0	3,453	28,733
EERMC - C&I	NA	NA	\$0.0	NA	NA
SUBTOTAL	\$13,254.3	\$13,254.3	\$0.0	85,977	1,206,126
Low Income Residential					
Low Income	\$3,385.6	\$1,922.3	\$1,463.2	7,286	145,712
SUBTOTAL	\$3,385.6	\$1,922.3	\$1,463.2	7,286	145,712
Non Low Income Residential					
EnergyWise	\$4,368.3	\$4,368.3	\$0.0	16,556	331,120
Residential High-Efficiency Heating	\$13,956.0	\$13,956.0	\$0.0	63,560	1,063,361
Residential Products Pilot	\$0.0	\$0.0	\$0.0	0	0
EERMC - Residential	NA	NA	\$0.0	NA	NA
SUBTOTAL	\$18,324.3	\$18,324.3	\$0.0	80,116	1,394,481
TOTAL	\$34,964.2	\$33,500.9	\$1,463.2	173,379	2,746,319

Notes:

- 1) Equal to the sum of Natural Gas benefits and Participant Resource benefits.
- 2) The value of lifetime natural gas savings valued using the avoided gas costs quantified in "Avoided Energy Supply Costs in New England," August, 2009, prepared by Synapse Energy Economics for the Avoided-Energy-Supply-Component Study Group. This is also the source of the electric avoided costs that have been used to assess electric energy efficiency program cost-effectiveness.
- 3) Non-Gas Benefits are equal to the dollar value of expected electricity savings and non-resource savings that have not been included in National Grid's electric energy efficiency plans for 2011.
- 4) Lifetime savings are equal to annual savings multiplied by the expected life of measures expected to be installed in each program.

**Table G-7
Comparison of Goals to Prior Year
2011**

Program	Proposed 2011		2010 Projected Year-End		Difference	
	Annual Energy Savings (MMBTU Natural Gas)	Participants	Annual Energy Savings (MMBTU Natural Gas)	Participants ²	Annual Energy Savings (MMBTU Natural Gas)	Participants
Commercial & Industrial¹						
Large Commercial New Construction	28,063	277	NA	NA	NA	NA
Large Commercial Retrofit	54,462	836	NA	NA	NA	NA
Small Business Direct Install	3,453	818	NA	NA	NA	NA
EERMC - C&I						
SUBTOTAL	85,977	1,931	75,830	864	10,147	1,067
Low Income Residential						
Low Income	7,286	400	1,515	83	5,770	317
SUBTOTAL	7,286	400	1,515	83	5,770	317
Non-Low Income Residential						
Energy Wise	16,556	2,000	9,541	1,368	7,015	632
Residential High-Efficiency Heating Equipment	63,560	7,820	40,857	4,559	22,704	3,261
Residential Products Pilot						
EERMC - Residential						
SUBTOTAL	80,116	9,820	50,397	5,927	29,719	3,893
TOTAL	173,379	12,151	127,742	6,874	45,636	5,277

Note:

- 1) 2011 C&I programs cannot be compared to 2010 programs due to the comprehensive changes in program design. The C&I Sector Subtotal can be compared.
- 2) Projected year-end participants are based on preliminary results through September 2010.

**Table G-8
Avoided Costs
2011**

Used in B/C Model for Rhode Island

Year	RESIDENTIAL			COMMERCIAL & INDUSTRIAL			ALL RETAIL 5-mon.	
	Heating		Hot Water annual	All 6-mon.	Non Heating annual	Heating 5-mon.		All 6-mon.
2011	13.72		10.58	12.70	9.04	11.03	10.40	11.45
2012	14.21		11.15	13.21	9.61	11.52	10.91	11.96
2013	14.23		11.16	13.24	9.62	11.55	10.93	11.98
2014	14.32		11.24	13.32	9.70	11.63	11.02	12.06
2015	14.42		11.33	13.42	9.80	11.74	11.12	12.17
2016	14.57		11.47	13.57	9.93	11.89	11.26	12.31
2017	14.78		11.66	13.77	10.12	12.09	11.46	12.51
2018	15.01		11.88	13.99	10.35	12.32	11.69	12.74
2019	15.11		12.04	14.11	10.50	12.42	11.81	12.86
2020	14.93		11.87	13.94	10.34	12.24	11.63	12.68
2021	14.78		11.68	13.78	10.15	12.09	11.47	12.52
2022	14.88		11.77	13.87	10.23	12.19	11.57	12.61
2023	15.10		11.94	14.08	10.40	12.41	11.77	12.82
2024	15.51		12.34	14.49	10.81	12.82	12.18	13.23
2025	15.64		12.46	14.61	10.92	12.95	12.31	13.35
2026	15.76		12.58	14.73	11.04	13.08	12.43	13.48
2027	15.89		12.70	14.86	11.17	13.21	12.56	13.60
2028	16.02		12.82	14.98	11.29	13.34	12.69	13.73
2029	16.15		12.94	15.11	11.41	13.47	12.82	13.86
2030	16.28		13.06	15.24	11.54	13.60	12.95	13.99
2031	16.41		13.19	15.37	11.66	13.74	13.08	14.12
2032	16.55		13.31	15.50	11.79	13.87	13.21	14.25
2033	16.68		13.44	15.63	11.92	14.01	13.35	14.39
2034	16.81		13.57	15.77	12.05	14.15	13.48	14.52
2035	16.95		13.70	15.90	12.18	14.29	13.62	14.66
2036	17.09		13.83	16.04	12.31	14.43	13.76	14.79
2037	17.23		13.96	16.17	12.45	14.57	13.90	14.93
2038	17.37		14.09	16.31	12.58	14.72	14.04	15.07
2039	17.51		14.23	16.45	12.72	14.86	14.18	15.21
2040								

From 2009 Avoided Costs Study

**Table G-9
Target Shareholder Incentive
2011**

Incentive Rate: 4.40%

Sector	(1) Eligible Spending Budget \$(000)	(2) Target Incentive \$(000)	(3) Annual Savings Goal (MMBTU)	(4) Threshold Savings (MMBTU)	(5) Target Incentive Per Annual MMBTU
Low Income Residential	\$1,877	\$82.6	7,286	4,371	\$11.335
Non-Low Income Residential	\$5,251	\$231.0	80,116	48,070	\$2.884
Commercial & Industrial	\$3,697	\$162.7	85,977	51,586	\$1.892
Total	\$ 10,825	\$476.3	173,379	104,027	\$2.747

Notes:

- (1) Sector budget excluding the EERMC Assessment and Shareholder Incentives. See Table G-3.
- (2) Equal to the incentive rate (4.40%) x Column (1).
- (3) See Table G-7
- (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)*1000/Column (3)

Table 1: 2011 Energy Efficiency Program Plan Summary

Electric Programs by Sector	Proposed Implementation Spending in 2011 (\$000)	Annual MWh Savings	Annual kW Savings	Lifetime MWh Savings	Total Benefits (\$000)	TRC B/C Ratio	¢/lifetime kWh
Non-Low Income Residential	\$13,723	30,956	3,364	262,475	\$34,795	1.76	7.1
Low Income Residential	\$5,725	3,091	325	37,689	\$10,122	1.69	15.9
Commercial and Industrial	\$26,194	68,580	15,454	889,142	\$133,243	3.64	4.1
Subtotal	\$45,643	102,627	19,142	1,189,306	\$178,160	2.86	5.2
Gas Programs by Sector	Proposed Implementation Spending in 2011 (\$000)	Annual MMBtu Savings		Lifetime MMBtu Savings	Total Benefits (\$000)	TRC B/C Ratio	\$/lifetime MMBtu
Non-Low Income Residential	\$5,342	80,116		1,394,481	\$18,324	2.81	4.5
Low Income Residential	\$1,877	7,286		145,712	\$3,386	1.73	12.9
Commercial and Industrial	\$3,496	85,977		1,206,126	\$13,254	1.93	4.8
Subtotal	\$10,715	173,379		2,746,319	\$34,964	2.28	5.4
Total for Plan	\$56,357				\$213,124	2.75	