

July 2, 2014

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4366 - 2013 Energy Efficiency Program Plan  
2013 Energy Efficiency Year-End Report  
Responses to Commission Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed is National Grid's<sup>1</sup> responses to the Commission's First Set of Data Requests issued June 13, 2014 concerning the Company's 2013 Energy Efficiency Year-End Report submitted to the Commission on May 1, 2014 in the above-referenced docket.

Thank you for your attention to this filing. Please feel free to contact me if you have any questions concerning this matter at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson, Esq.

Enclosures

cc: Docket 4451 Service List  
Steve Scialabba, Division  
Leo Wold, Esq.

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid.

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate was electronically transmitted to the individuals listed below. Copies of this filing will be hand delivered to the RI Public Utilities Commission and to the RI Division of Public Utilities and Carriers.

July 2, 2014

\_\_\_\_\_  
Joanne M. Scanlon

**Docket No. 4451 - National Grid - 2014 Energy Efficiency Program Plan  
Service list updated 2/27/14**

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PUC 1-1

Request:

Page 15 of the 2013 Report (Income Eligible Services program).

- a) Are the “tradespeople” referred to in the IES section (page 15) the same people who conduct Energywise assessments?
- b) Did the Company leverage new funding sources for IES in 2013? If yes, please identify the sources and amount of dollars leveraged from each source.
- c) Identify the manuals that were developed with DHS.
- d) How many home energy assessments were performed in the IES program in 2013?
- e) Of the home energy assessments listed in paragraph (d), how many resulted in the installation of energy efficiency measures.

Response:

- a) The “tradespeople” referred to in Income Eligible Services are auditors that assess a customer’s home for immediate energy efficiency savings and then recommend additional weatherization and air sealing opportunities that can be completed at a later date. The auditors are employees of Community Action Programs (CAP agencies) that serve the income eligible community with a wide range of services. These auditors are not the same professionals as the ones who provide EnergyWise assessments. If customers need weatherization and/or air sealing in their homes, a private professional will be hired to provide the service; these contractors may work both in the income eligible sector as well as for EnergyWise in the market rate sector.
- b) IES was funded in the same manner in 2013 as it has been in previous program years. Funding for Income Eligible services come from Income Eligible Residential, Non-income Eligible Residential and Commercial and Industrial customers through the systems benefit charge.
- c) There were two manuals under development in 2013, which will be finalized in 2014. First, a field guide was developed to provide best practice installations of all the improvements offered in the program. The field guide will standardize weatherization

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practices and also includes pictures as well as text and operates as a reference in the field. The second manual is a Technical Manual that will list all the technical requirements needed by the contractors. An example of the information included in this manual is ventilation strategies guidance, which covers the requirements associated with ASHRAE 62.2.

- d) There were 2,646 assessments completed through the electric Single Family Income Eligible Services program and 5,370 assessments performed in the electric Income Eligible Multifamily program.
- e) Through the assessments, all participants in the programs received at minimum direct installation savings equipment during the assessment. Equipment may have included efficient lighting, water saving aerators and showerheads, advanced power strips, and pipe insulation. The assessments also monitored the efficiency of appliances and determined opportunities for air sealing and weatherization. These recommendations led to installations once equipment and contractors were scheduled.

PUC 1-2

Request:

Provide a table showing the number of participants in each energy efficiency program delivered in 2013.

Response:

In the 2013 Energy Efficiency Year-End Report, please refer to Table E-1 in Attachment 1 for a summary of electric program participation and to Table G-1 in Attachment 2 for a summary of gas program participation.

PUC 1-3

Request:

Page 3. Is the shareholder incentive factored into the benefit/cost ratios listed on the Chart on page 3? If not, why not?

Response:

Yes. The shareholder incentive is factored into the benefit/cost ratios listed on the Chart on page 3.

PUC 1-4

Request:

Page 3. The 2013 Report states that the Company's programs created estimated annual electric bill savings of \$21.2 million and estimated annual gas bill savings of \$4 million. Please explain how these numbers were derived.

Response:

The annual electric bill savings were calculated by multiplying the 2013 kWh savings for each customer class by the corresponding full retail rate. The full retail rate includes energy, distribution, renewable energy, energy efficiency, transmission, and transition charges. Fixed monthly customer charges were excluded. The resulting annual bill savings were then added together, resulting in \$21.2 million in savings. Electricity rates were obtained from the National Grid website. <https://www.nationalgridus.com/narragansett/business/rates/rates.asp> (business) and [http://www.nationalgridus.com/narragansett/home/rates/3\\_service.asp](http://www.nationalgridus.com/narragansett/home/rates/3_service.asp) (residential).

The annual gas bill savings were calculated by multiplying the 2013 gas savings for each customer class, converted to therms, by the gas rate for each customer class. The gas rate includes an average of the head and tail distribution charges, distribution adjustment charge (DAC), energy efficiency charge, and gas charge. The resulting annual bill savings were then added together, resulting in \$4 million in savings. The rates were obtained at the National Grid website: [https://www1.nationalgridus.com/files/AddedPDF/POA/rigas\\_firm\\_rates.pdf](https://www1.nationalgridus.com/files/AddedPDF/POA/rigas_firm_rates.pdf).



PUC 1-5

Request:

Pages 5 and 21. Please quantify in kilowatts the load relief achieved thus far from the Tiverton pilot, and state whether this is higher or lower than the load shed originally projected for the pilot at this point in time.

Response:

In Appendix 12, Table S-7 of the 2012 System Reliability Procurement Report Supplement, which is the first report in which the Company projected load reductions for the Tiverton Pilot, the load reduction estimate for the beginning of 2014 is 472kW.

In Appendix 3, Table S-7 of the 2014 System Reliability Procurement Report, the Company estimates that approximately 323kW of load relief will have been achieved by the beginning of 2014. While this amount is lower than originally projected, it is still more than double the estimated load reduction amount necessary for 2014, which is 150kW.

It should be noted that the load reductions shown in both of these Reports are estimates based on projected and installed measure quantities and savings assumptions. The third party evaluation of the Tiverton pilot will ultimately determine the kW load reduction amounts that can be attributed to the pilot's efforts.

PUC 1-6

Request:

Page 3. The 2013 gas savings target referenced on page 3 of the Report is 287,775 MMBtus, yet the gas savings target approved by the Commission for 2013 was 338,120 MMBtus (Commission Order No. 20419, Dkt. 4202). Please explain the discrepancy.

Response:

In practice, the Commission has viewed the energy savings targets established in Docket 4202 as illustrative targets in the development of the Three-Year Least Cost Procurement Plan ("Three-Year Plan"). This allows for the Company to propose savings goals for the three-year period that are different from the targets, if warranted by updated or detailed information regarding program performance and budget considerations that the Company assembles and analyzes in the year between the targets filing and the Three-Year Plan filing.<sup>1</sup> This practice further allows for the Company to propose savings goals and budgets in each annual plan that are different from either the targets or the Three-Year Plan, as warranted. In each of those circumstances, the Company presents its justification for the deviation as part of its filing for the Commission's review and consideration.

In the present case, Docket No. 4202 established targets for the three-year period 2012-2014. In Docket No. 4284, the Company presented its Three-Year Plan for 2012-2014 and proposed a gas savings goal of 284,734 MMBtus, which the Commission approved in Order 20697. The Company provided reasons in that docket as to why those goals were different than the approved gas savings targets of 338,120 MMBtus (See Three-Year Plan 2012-2014, Docket No. 4284, Pages 5-7 and 15-16). The natural gas savings goals in the Company's 2013 Annual Plan, submitted and approved in Docket No. 4366, were about 1% higher than the goals that were approved for 2013 in the Three-Year Plan.

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<sup>1</sup>This relationship is more particularly described in the EERMC's savings targets filing for 2015-2017 that the Commission approved in Docket No. 4443.

PUC 1-7

Request:

Savings goals are mentioned for some programs and not for others. Savings goals are not mentioned for the following programs:

Energy Star Appliances  
Home Energy Reports  
Rhode Island Energy Challenge: Find Your Four  
Income Eligible Services  
Large Commercial Retrofit  
Small Business Direct Install

- a) What were the MWh savings attributable to the above programs and how did they compare with the savings goals projected for these programs?
- b) What were the B/C ratios for each of the above programs?

Response:

For a summary of the electric energy savings in 2013, please refer to Table E-1 in Attachment 1 of the 2013 Energy Efficiency Year-End Report. Column 4 lists the program-level savings goals, column 5 lists the program-level achieved savings, and column 6 lists the program-level achieved savings as a percent of goals. Table E-3 shows the benefit cost ratios for electric efficiency programs.

For a summary of the gas savings in 2013, please refer to Table G-1 in Attachment 2 of the 2013 Energy Efficiency Year-End Report. Column 1 lists the program-level savings goals, column 2 lists the program-level achieved savings, and column 3 lists the program-level achieved savings as a percent of goals. Table G-3 shows the benefit cost ratios for gas efficiency programs.

Please note the following information to assist in the review of the material in the tables:

- In both the electric and gas portfolios, there are two programs for the Income Eligible sector, covering Income Eligible Services: Single Family Income Eligible Services and Income Eligible Multifamily.
- Energy Star Appliances is only a program in the electric portfolio, but both the gas and electric portfolios have programs called Large Commercial Retrofit and Small Business Direct Install.

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- The Rhode Island Energy Challenge is not itself a program, but an initiative within the electric and gas Home Energy Reports programs. Therefore, it does not have savings targets attributed to it. The initiative influences Rhode Island residents to engage in energy savings behavior, but it is not possible to determine the exact contribution it has to Home Energy Reports savings. The savings reported for the electric and gas Home Energy Reports program are attributed to a combination of the energy reports sent to customers' homes and the outreach efforts of the Rhode Island Energy Challenge.

PUC 1-8

Request:

Are all of the energy efficiency programs delivered by National Grid in 2013 included in Table E-3/G-3 Summary of B/C Ratios? If not, please update the charts to include B/C ratios for all energy efficiency programs delivered in 2013.

Response:

Yes. Tables E-3 and G-3 contain the B/C ratios of all 2013 electric and gas programs, respectively. This response explains why there are some line items in these tables for which B/C ratios are not presented.

The term “program” refers to a collection of similar energy efficiency services targeted to particular markets or customer segments for which directly attributable savings that contribute to portfolio goals are expected. The line items on Tables E-3 and G-3 that do not have B/C ratios, such as the EERMC, OER, Residential or Commercial and Industrial Pilots, and Comprehensive Marketing and Community Initiatives do not meet this concept of “program” as explained below and are, therefore, not considered programs. For this reason, the approved 2013 EE Program Plan filing in Docket No. 4366 did not show B/C ratios for these line items.

- The “Comprehensive Marketing” line item refers to marketing efforts that benefit all programs in that sector. For example, Comprehensive Marketing-Commercial and Industrial in Table G-3 supports all of the Commercial and Industrial gas energy efficiency programs. It is not possible, however, to say a discrete amount of savings is attributable to the presence of Comprehensive Marketing. Because its effects span multiple programs, its costs are accounted for at the level of the Commercial and Industrial sector, which comprises all Commercial and Industrial energy efficiency efforts. The sector level B/C ratio is available in the “Subtotal” row of the Commercial and Industrial section of Table G-3. Similarly, Community-Based Initiatives supplement education and marketing efforts across a sector.
- The “EERMC” line item details the statutorily mandated expenditure by the Energy Efficiency and Resource Management Council (“EERMC”) to provide statutory oversight over all of National Grid’s energy efficiency programs, for both gas and electric energy efficiency. While it performs a necessary role in the execution of Least Cost Procurement, the EERMC does not directly contribute to energy savings on any program or any sector. The EERMC costs are, therefore, accounted for at the portfolio level, which

PUC 1-8, page 2

is detailed in the "Total" row at the bottom of Tables E-3 and G-3. Similarly, the OER line item represents the statutorily mandated allocation of funds to the OER for the OER's support of its Least Cost procurement activities.

- Pilots refer to research projects that explore new technologies and services. Pilots could be for any fuel or sector. Pilots are not evaluated for cost-effectiveness as their intention is research-focused to provide information that is useful in planning future cost-effective programs.

PUC 1-9

Request:

How are savings goals developed for each program? Explain in your response if/how the overall savings targets approved in Docket 4202 factor into the development of program savings goals.

Response:

The Company develops program-level savings goals in a myriad of ways. The Company considers qualitative and quantitative information in developing savings goals. Quantitative information includes: historical program performance, evaluation findings, the mix of measures within a program, and equipment, service, and labor costs. Qualitative information such as program experience, customer demand, customer experience, program delivery mechanisms, new or enhanced initiatives, innovations, market sector focuses, and many more programmatic attributes may be used to modify quantitative data when developing program-level savings goals. The Company more fully describes programs and their attributes in the Residential and Commercial & Industrial Program descriptions, included in the 2013 Energy Efficiency Program Plan (the "2013 Plan") in Attachments 1 and 2, respectively. Additionally, as detailed in the 2013 Plan, program planning incorporated customer feedback from the Rhode Island Energy Efficiency Forum, as detailed in Attachment 4.

The Company also develops its program-level savings goals in collaboration with the settlement parties. The Energy Efficiency Resources Management Council ("EERMC") also analyzes the program-level savings goals as part of their review of cost-effectiveness. The perspectives and objectives of these entities also may influence goal setting.

The savings target approved in Docket No. 4202, and more recently the savings targets approved Docket No. 4284, factor into the development of overall savings goals for the portfolio. Portfolio savings goals are the sum of the savings goals for each individual program. Therefore, during program planning, the savings goals for programs are summed to make sure that the savings goal is attainable.

As stated on page 2 of the 2013 Plan:

"Energy and cost savings for the 2013 program year are consistent with the objectives and requirements of Least Cost Procurement and the savings target approved by the Commission in Order 20419 in Docket No. 4202. The electric savings target for 2013 is 2.1%

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of 2009 electric load and is consistent with the Commission's June 7, 2011 decision regarding efficiency targets in Docket 4202. The natural gas savings target is 0.8% of 2009 natural gas load, which while generally consistent with the target approved by the Commission in Docket 4202, is slightly lower."

Please also see the Company's response to PUC 1-6.



PUC 1-10

Request:

Page 10. Explain how the \$1.6 million in utility bill savings from Home Energy Reports was derived.

Response:

Utility bill savings attributable to the Home Energy Reports are as follows:

2013 Electric Savings (per Table E-1): 10,002 MWH or 10,002,000 kWh (1 MWH = 1,000 kWh)

Rhode Island Electric Prices (as of February 2, 2014): \$0.14/kWh

Total Utility Bill Savings: 10,002,000 kWh \* \$0.14/kWh = \$1,433,286.60

2013 Gas Savings (per Table G-1): 15,248 MMBTU or 152,480 Therms (1 MMBTU=10 Therms)

Rhode Island Gas Prices (as of February 2, 2014): \$1.42/Therm

Total Utility Bill Savings: 152,480 Therms \* \$1.42/Therm = \$216,251.60

2013 Electric + Gas Savings = \$1,433,286.60 + \$216,251.60 = \$1,649,808.20

PUC 1-11

Request:

Pages 19-20. Provide the B/C ratios, savings, benefits and costs for each of the residential pilots performed in 2013.

Response:

Savings and benefits are not tracked for pilots in the way they are for programs; therefore, the benefit-cost ratios for each of the residential pilots performed in 2013 cannot be calculated. Benefits are not calculated for pilots because a pilot's objective is to provide National Grid with an understanding of the performance and/or delivery capabilities around new technologies or services. This performance informs the feasibility of offering a new program or measure in the future costs and benefits for that future offering. The Company can then use this information to plan for a new measure, initiative, or program, at which point benefits can be estimated, and tracked and reported during a program year.

The Company ran four electric pilots in 2013 - the EmPower Pilot, the OPower Behavioral Thermostat Pilot, the Automatic Temperature Control Pilot, and the Energy Monitoring Pilot. These pilots had a total cost of \$343,845, which is included in Table E-3. The Company also ran the Automatic Temperature Control Pilot for gas customers at a total cost of \$10,457, which is included in Table G-3. Some costs associated with pilots, such as administrative costs, cannot be tracked in such a way that they can be allocated to individual pilots. The tables below detail the costs that can be associated with the individual pilots. A total of \$327,233 can be associated to individual electric pilots. The remaining costs of \$16,612 are identified in the table below as "administrative costs" and were shared by all of the pilots. Since there was only one gas pilot, the entire \$10,457 of costs is associated with that pilot.

PUC 1-11, page 2

<b>Electric Residential Pilots</b>	
EmPower Pilot	\$ 48,811
Opower Behavioral Thermostat Pilot	\$ 225,000
The Automatic Temperature Control Pilot	\$ 26,711
The Energy Monitoring Pilot	\$ 26,711
Administrative Costs	\$ 16,612
<b>Total</b>	<b>\$ 343,845</b>
<b>Gas Residential Pilots</b>	
The Automatic Temperature Control Pilot	\$ 10,457
<b>Total</b>	<b>\$ 10,457</b>

PUC 1-12

Request:

Table E-3. Why did Home Energy Reports receive a B/C ratio of 0.53 (electric) and 0.42 (gas)? Include in your response the costs and benefits supporting the B/C ratios.

Response:

In crafting the 2013 Energy Efficiency Program Plan (the (2013 Plan”), the Home Energy Reports program was developed as cost-effective (Electric B/C ratio of 1.02 and Gas B/C ratio of 1.02). Based on the best information on costs and savings available to the Company at the time the 2013 Plan was filed and approved by the Commission in December 2012, the Company expected the Home Energy Reports program to be cost-effective in 2013.

The primary reason for the low B/C ratios at year-end is because the Company overestimated projected program savings. National Grid, along with its vendor, estimated savings based on both evaluated savings per participant as well as "ramp rates" (growth of the savings/participant over time and cumulative number of reports sent) from experience in other states. National Grid has similar programs in both Massachusetts and New York. In planning for the Rhode Island program, the Company utilized both average savings and ramp rates from its Massachusetts and New York jurisdictions to arrive at its estimate for total electric and gas savings – and from there calculated the corresponding program benefits.

In the implementation phase of the program, the Company found that the electric savings did not ramp up as quickly as expected, leading ultimately to a year-end program underperformance with respect to the goal. Costs remained fixed, and as such the B/C ratio fell below 1.0. In planning for 2014, with a full-year program, Home Energy Reports is expected to be cost effective once again.

Regarding the gas savings, in addition to a slower than anticipated ramp up, the Company discovered that its vendor for the Home Energy Reports, Opower, provided initial projections of 2013 and 2014 gas savings that were based on inaccurate assumptions. This error resulted in an overestimation of potential gas savings, which in turn caused the Company to overestimate program benefits. This ultimately drove down the gas B/C ratio, as costs were also fixed throughout the year.

The Company found this error regarding gas savings projections unacceptable. Therefore, in order to ensure that the 2014 gas Home Energy Reports program would be cost-effective, the Company required a direct dollar refund from the vendor that corresponds with the amount of overestimated savings, effectively lowering the cost of the program. With the lower cost, and a

The Narragansett Electric Company  
d/b/a National Grid  
R.I.P.U.C. Docket No. 4366  
In re: 2013 Energy Efficiency Year-End Report  
Responses to Commission's First Set of Data Requests  
Issued on June 13, 2014

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full-year program, the Company expects the gas Home Energy Reports program to be cost effective in 2014. The Company has directed the refund from the vendor to the other residential gas efficiency programs in order to deliver incentives to customers and increase the savings from those programs in 2014.

PUC 1-13

Request:

The kWh savings goals for the Income Eligible and Non-Income Eligible Residential Sectors in Table E-9 of the 2013 EEPP do not match the corresponding savings goals from Table E-4 of the 2013 Report. Please explain the discrepancy.

Response:

The kWh savings goals for the Income Eligible and Non-Income Eligible Residential sectors in Table E-4 of the 2013 Year End Report correspond to the kWh savings goals in Revised Table E-9 of the Company's November 7, 2012 supplemental electric filing. Please see Revised Table E-9 of the November 7, 2012 supplemental electric filing.

PUC 1-14

Request:

Page 9. What were the qualifications for entering The Energy Star Lighting Makeover contest?

Response:

Participating libraries needed to (1) be commercial electric customers of National Grid in Rhode Island or Massachusetts; and (2) be eligible for our energy efficiency programs.

PUC 1-15

Request:

Page 9. What was the source of the \$15,000 awarded to the MA library for winning the Lighting Makeover contest? Please explain how a \$15,000 award to a Massachusetts business helps “create economic value and cost savings for Rhode Islanders through energy efficiency.”

Response:

The \$15,000 Rhode Island award was funded by the Rhode Island C&I Electric Retrofit incentive budget. The \$15,000 Massachusetts award was funded by the Massachusetts C&I Electric Retrofit incentive budget.

The value of running public contests such as this one is to get customers engaged and increase awareness. There are fixed costs associated with planning and setting up a contest. By spreading the costs among more than one state, all customers benefit. Without the participation of Massachusetts or other states, the cost of running a Rhode Island-specific promotion can often be more expensive than the overall benefit.



PUC 1-16

Request:

What is the affiliation, if any, between Peregrine Mechanical and Peregrine Energy Group?

Response:

There is no affiliation between Peregrine Mechanical and Peregrine Energy Group.