

December 2, 2016

**BY HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Docket 4654 – 2017 Energy Efficiency Program Plan  
Responses to PUC Data Requests – Set 2**

Dear Ms. Massaro:

I have enclosed ten copies of National Grid's<sup>1</sup> responses to the second set of data requests issued by the Rhode Island Public Utilities Commission in the above-referenced matter.

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Sincerely,



Raquel J. Webster

cc: Docket 4654 Service List  
Jon Hagopian, Esq.  
Steve Scialabba, Division

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

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



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

December 2, 2016  
Date

**Docket No. 4654 - National Grid - 2017 Energy Efficiency Program Plan  
Service list updated 11/11/16**

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The Narragansett Electric Company  
d/b/a National Grid  
RIPUC docket No. 4654  
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PUC 2-1

Request:

Has the Company executed an agreement with the Rhode Island Infrastructure Bank (RIIB) comparable to agreements with other efficiency vendors that addresses management of the \$5 million from the 2017 Energy Efficiency Program Plan (Plan)? If yes, please provide. If no, why not?

Response:

No. The Company and the RIIB do not have an executed agreement similar to that of an efficiency vendor because the RIIB is a pass through entity. The RIIB acquires the funds to leverage them in the private market but the decision for where to invest those funds is made by the RI Office of Energy Resources (OER). The Company is currently working with the RIIB on a framework to provide transparency into the energy efficiency investments financed through the Efficient Buildings Fund (EBF) that includes reporting needs such as annual and lifetime savings, cost savings, savings by fuel type, as well as frequency of meetings between the Company, RIIB, and the OER.

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PUC 2-2

Request:

Will projects receiving financing under the Energy Efficient Building Fund (EBF) be required to contract with an approved list of vendors, similar to the Company's efficiency program?

Response:

No. Projects receiving financing under EBF are not required to contract with an approved list of vendors.

PUC 2-3

Request:

In addition to the \$5 million from the 2017 Plan, what are the other sources of funding for the EBF?

- a. Will RIIB be issuing bonds to fund the EBF?
- b. Will the RIIB charge interest on any of these funding sources? If yes, please identify the interest rate for each funding source.
- c. If RIIB is charging an interest rate on the \$5 million from the Plan, how will the interest be dispersed?
- d. Will the \$5 million be used as a revolving loan fund or as grant funding to municipalities?
- e. What is the target municipal contribution in dollars and percent?

Response:

In addition to the \$5 million from the 2017 Plan, the Rhode Island Infrastructure Bank (RIIB) has received an allocation of \$2.5 million dollars in Regional Greenhouse Gas Initiative (RGGI) proceeds from RI OER that will be used to support renewable energy projects.

- a. RIIB has not yet determined whether it will issue bonds to fund the EBF. RIIB is considering issuing bond(s) as one option, and may issue bonds or borrow in the bank market, on a tax exempt basis. RIIB will select the option that allows the greatest leverage of public funds at the lowest possible cost.
- b. RIIB makes interest-bearing loans at a below-market cost to its customers, supported by the capital that they can access. The rate of interest to RIIB's customers depends on market interest rates at the time of commitment and funding. RIIB lends at an interest rate determined by the blended cost of capital that RIIB can access either through issuing bonds or borrowing in the bank market. RIIB does not distinguish between funding sources when determining the relevant lending rate.
- c. RIIB's business model is to create a sustainable long-term funding program whereby returned capital is recycled into subsequent phases of the EBF program as loans are repaid. This recycling of capital reduces the need for additional outside capital over time once EBF achieves a critical capitalization size.
- d. The EBF is structured as a revolving loan program. The funds will not be used as grants.
- e. The entire cost of the project is covered by a combination of utility incentives and the amount borrowed from EBF.

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PUC 2-4

Request:

Please update Tables E-5 (Bates 182) with an estimate of the TRC Benefit/Cost for the RIIB. Please explain if you are unable to provide an update.

Response:

The Company is not able to provide the TRC Benefit/Cost for the RIIB dollars. The estimated savings and benefits resulting from the Efficient Building Fund projects are included in National Grid's Large Commercial and Industrial programs in the 2017 Plan. We are reasonably certain that both the Company's incentives and RIIB EBF financing are needed to enable these savings to occur. Since the savings associated with RIIB are already included under the C&I program, adding them again to the RIIB expense line to create a TRC Benefit/Cost would result in double counting the savings.

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PUC 2-5

Request:

Please update Tables G-5 (Bates 193) with an estimate of the TRC Benefit/Cost for the RIIB.  
Please explain if you are unable to provide an update.

Response:

Please see the Company's response to PUC 2-4.



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PUC 2-6

Request:

Was any representative(s) of National Grid present at the December 15, 2015 open meeting of the Commission?

Response:

Yes. Jeremy Newberger, Courtney Lane, Rachel Henschel, and Muxi Yang attended the open meeting on December 16, 2015 for the 2016 Energy Efficiency Program Plan, Docket No. 4580.