

June 9, 2017

**BY HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Energy Efficiency Financing  
Technical Session on May 18, 2017  
National Grid's Responses to PUC's Follow-up Questions**

Dear Ms. Massaro:

On behalf of National Grid,<sup>1</sup> I have enclosed the Company's responses to the Rhode Island Public Utilities Commission's follow-up questions issued at the technical session on May 18, 2017 regarding energy efficiency financing.

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

Very truly yours,



Raquel J. Webster

Enclosure

cc: Docket 4684 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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

**Question 1:** How does on bill financing appear on the bill?

Response: On Bill Financing appears on the bill as "Energy Efficiency Project CoPay" under the heading "Other Charges/Adjustments", which falls under the heading "Details of Current Charges."

**Question 2:** Where do partial payments fall in waterfall of the application of receivables to balances?

Response: If a customer made a payment that is less than the total of Delivery and Supply charges (past and present) that are currently due, the available funds would be applied in the order shown below until fully distributed.

- a. Reinstate Bad debt
- b. Cash Deposit
- c. Arrears Service charges: Electric service (Delivery and Standard Offer Charges), late payment surcharges
- d. Arrears miscellaneous business: rentals, late payment charge, reconnection, transfer, court costs
- e. Arrears "EE loans" and Rentals
- f. Arrears Alternate Electric Service (Competitive Supply), Alternate lighting
- g. Current Service charges: Electric service (Delivery and Standard Offer Charges), late payment surcharges
- h. Current miscellaneous business: rentals, late payment charge, reconnection, transfer, court costs
- i. Current "EE loans" and Rentals
- j. Current Alternate Electric Service (Competitive Supply), Alternate lighting

**Question 3:** Please clarify the 2-3% default rate provided by Mr. McAteer with the one customer default provided by Ms. Henschel.

Response: National Grid considers an On Bill Repayment (OBR) or CoPay loan to be defaulted if it is not collectable. This can occur when a business has failed, filed for bankruptcy protection, or otherwise closed its account and is not operating as a customer of National Grid.

The instance of a business defaulting, which happened in the medium/ large commercial sector for the time period of March 2014 – April 2017, was for \$1,012.72. This is the one default to which Ms. Henschel was referring.

National Grid also provides OBR for its Small Business customers. During the time period of March 2014 – April 2017, 101 small business customers defaulted on their Repayments. This resulted in \$144,820.21 not being re-paid into the Small and Medium Business revolving loan

fund. Over the timeframe of 2014 through early 2017, National Grid distributed approximately \$7.5 million in OBR funds. Using these two numbers, the Company computes an approximate default rate of 1.9%. This is the 2-3% to which Mr. McAteer was referring.

**Question 4:** How are customers currently screened for risk for the purpose of on-bill financing/repayment?

**Response:** All National Grid commercial customers, including small businesses, have a letter assigned to their account(s) in the Company's billing system. These letters are based on payment history, and represent a different level of risk of non-payment to the Company. The letter A is the highest rating, and the letter E is the lowest rating (i.e., greatest risk of non-payment).

If a customer has a rating of A or B, the sales representative may offer the customer on bill repayment.

If a customer has a rating of C, the sales representative must receive sales manager approval before offering the customer OBR. The exception must be documented in the Company's InDemand system, which is the Company's energy efficiency savings and work management system.

Customers with a rating of D or E are not offered OBR unless the Sales Representative completes a "Request for Exception to the OBF Policy" form. This exception form must be reviewed and approved by the Vice President of Sales and Program Operations and documented in InDemand.

**Question 5:** How is the default balance recovered?

**Response:** The default balance is not recovered. The amount of money owed is deducted from the available OBR loan balance.

**Question 6:** Does Massachusetts Electric Company offer on-bill financing/repayment for residential customers in Massachusetts? If yes, please provide the default rate for that customer class.

**Response:** Massachusetts Electric Company, d/b/a National Grid, does not offer on-bill financing or on-bill repayment for residential customers in Massachusetts. Massachusetts offers a very successful 0% financing program, the HEAT Loan, where the interest is bought down as part of the Home Energy Services program. This loan is similar to Rhode Island's EnergyWise HEAT loan.

**Question 7:** Please explain how the Company considers the barrier of the value of a customer's time in its evaluation of the energy efficiency programs. How is the Company assessing the value of time through program performance? If the value of time is not being quantified, how is it considered as a friction point? Please provide some specific examples to further expand on the answers to these questions.

Response: When designing programs, the Company considers barriers to energy efficiency, such as a customer's or business's time. For example, the Company offers EnergyWise home energy audits on nights and weekends because customers may be more available during those periods. Additionally, for business customers, the Company works with vendors and sub-contractors who will complete energy efficiency retrofits at times when the business is closed so as to not disrupt the business.

The quantifying of a value for customers' time can be considered a non-energy cost. In the example of the opportunity cost regarding taking time off to wait for an audit and energy efficiency measure installations, business customers typically do not face non-energy costs since the audit hours are usually during the facility's working hours. Some residential customers do not have this cost since audits are offered on nights and weekends. In addition, customers may also be able to work from home or on a work flexible schedule to accommodate their personal priorities.

This issue may be relevant to residential customers who face losing wages as a result of spending extra time to participate in the program. However, it is unknown what percentage of customers fall into this category.

Non energy impact (NEI) evaluation studies that analyze non-energy benefits (NEBs) might already account for such non-energy costs. NEI values are mostly determined based on customer surveys that ask customers to assess the value of on non-energy benefit such as thermal comfort. During the process of customers internally estimating the dollar value in benefits associated with the EE measures, they might already account for the loss of time or wage in exchange for the benefits. Therefore, the NEI values might already represent net non-energy benefits. The Company is not aware of an evaluation study on non-energy costs. The Company acknowledges that, theoretically, these costs might exist. However, from a practical stand point, the Company would have to invest a substantial amount of money to develop the methodology for measuring such costs, and it is possible that the cost of the study would be more than the actual non-energy costs.