



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

MEETING MINUTES

Thursday, March 19, 2015

3:30 - 5:30 PM

Conference Room B, 2nd Floor

Department of Administration

One Capitol Hill, Providence, RI

- Members Present:** Abigail Anthony, Joe Cirillo, Marion Gold, Jennifer Hutchinson, Dan Justynski, Michael McAteer, Joe Newsome, Chris Powell, Paul Ryan
- Consultants Present:** Mike Guerard
- OER Staff Present:** Ryan Crowley, Danny Musher, Rachel Sholly, Nick Ucci
- Others Present:** Marisa Desautel, Rachel Henschel, Sam Milton, Kelly Rogers, Brigid Ryan, Tom Sgouros, Rob Sherwood, Belinda Wong, Chon Wong

1. Call to Order

Chair Paul Ryan called the meeting to order at 3:34 PM.

2. Approval of January Meeting Minutes

Joe Newsome made a motion to approve the February meeting minutes as submitted. Chris Powell seconded and all approved.

3. Executive Director Report

Commissioner Gold from the Office of Energy Resources (OER) said she attended the monthly management Rhode Island Public Energy Partnership (RIPEP) meeting. The project has benchmarked 738 facilities and have completed retrofits at 68 projects to date with an average energy savings of 24 percent. They are on track to exceed their goal of 100 completed projects by September 1, 2015. RIPEP has identified major barriers from moving some projects forward. First barrier encountered was purchasing rules. City and towns were having difficulty working with National Grid without an RFP.

A state master price agreement is being developed to support the delivery of turnkey energy efficiency services for public sector entities. The parameters are based upon specifications used by National Grid in its certification of project expeditors. As proposed in the MPA, for projects up to \$50,000, a public entity can choose any company on the list for turnkey, for projects ranging between \$50,000 and \$600,000 will

need bids from 3 vendors on the list, and projects over \$600,000 will need a standard bid. The parameters were developed with the state purchasing office.

Commissioner Gold went on to explain the other major barrier identified is providing access to capital for projects that allow for a longer payback period. The Treasurer's office has been reviewing barriers in this area as well and their findings are consistent with those that were shared by Dunsky. The Treasurer has emphasized the need to have input from the appropriate stakeholders and Governor has reiterated the same message. Through work of RIPEP there will be many projects in the pipeline ready to be rolled out. RIPEP has done a great job on energy tracking using URI energy fellows to pull the data together for bill tracking. One issue that has been encountered is that it is difficult to update and maintain the database and therefore National Grid has pledged to develop an automatic upload of electricity and gas data and make Rhode Island the first state to have an automatic data dump. Michael McAteer noted that is a difficult process and expensive.

Commissioner Gold also noted that National Grid nominated the RI Department of Transportation for the Rhode Island Business Champion Award for the retrofit of streetlights on I-295. Mr. McAteer said that safety and security are being accented by the project. Commissioner Gold said the project will save taxpayers an estimated \$16,000 a year and may lead to a full conversation. If all state owned lights are changed savings will be almost \$1 million. Mr. Ucci said that through the 2014 RGGI allocation program the OER allocated \$525,000 to support enhanced incentives to municipalities to encourage the conversion to LED lights. Input has been sought from the League of Cities and Towns and the OER hopes to move the funds to National Grid and then National Grid can provide funds to cities and towns that are interested in participating. This would streamline the administrative process. Commissioner Gold said that RIPEP's Ilene Mason is trying to determine how the state tracks outdoor lighting (non-building). She also said that Danny Musher has been working on the thermal report and its recommendations. The draft report is almost ready.

Mr. Powell asked Commissioner Gold what buildings the efficient building fund applies to. She stated it is designed to be for municipal buildings. Mr. Powell then asked where the \$3 million in RGGI funds are coming from. Commissioner Gold said it is from future funds with the idea is to leverage the funds to bring in more private capital. Joe Cirillo asked that if there was still going to be an update on the RIPTA bus shelter stops. Chair Ryan stated that he believes Lamar has the responsibility to light the bus shelters.

Mr. Newsome asked about the status of the State Energy Plan. Commissioner Gold noted the Governor's office is supportive of the plan, which is currently with the state planning office. Their technical committee must first review and then the full committee must formally endorse it. Abigail Anthony stated she wants the Council to understand what is being proposed and decide if there is a position for the council.

Chair Ryan asked for a motion to move agenda item #5 higher on the agenda so it could be addressed when the Treasurer arrived. **Mr. Powell made a motion to move "Legislative Updates" higher on the agenda. The motion was seconded by Dan Justynski and approved by the Council.**

4. Executive Committee Report

Vote on Legal Contract

Marisa Desautel introduced herself to the Council and said she was formerly the environmental council for the Department of Environment. **Mr. Powell motioned to approve the legal services contract. The motion was seconded by Mr. Justynski and approved by the Council.**

5. Policy & Planning Issues

Review of 2015 Annual Report First Draft

Rachel Sholly presented the annual report first draft overview. A rough draft was sent to Council on March 13. Comments are due from the Council by March 27. A second draft will be sent on April 1 with comments due April 8. The Council will then vote on the report at its April 9 meeting. Policy recommendations were reworked based on comments and discussion at previous Council meetings. There are now two sections titled 'policy recommendations' and 'strategic principles and directions'. She noted that these items are aligned closely with the State Energy Plan. She welcomed discussion on how the recommendations and directions should be described and which should go in each section. Mr. McAteer preferred keeping the system integration section in the strategic principles and directions section. Mr. Powell agreed, saying that it would send message that this is a multiyear priority. Mr. Musher noted that the main audience should be considered when deciding what is being listed as a policy recommendation or direction. Ms. Anthony said regulatory recommendations should be highlighted in the recommendations section in the report.

Legislative Update

Treasurer Magaziner highlighted the partnership between Treasury and the Governor's Office to develop a Rhode Island Infrastructure Bank which has been included as part of the Governor's state budget proposal. He said there has been tremendous collaboration with the OER, DEM, Commerce RI, and Department of Business Regulation, as well as outreach to business and environmental stakeholders. He noted that the Dunsky report lined up with what Treasury found regarding energy financing needs – both what is currently being done well and what can be improved. He specifically noted that the Clean Water Finance Agency (CWFA) has managed very successful programs to support stormwater/drinking water improvements and a municipal road and bridge fund, and that National Grid-administered energy efficiency programs have reached thousands of homes and businesses. He stated that the retrofits National Grid does tend to be light and the missing opportunity is to retrofit old public buildings. \$50 million a year is being spent by cities and towns on electricity alone. The proposal would take CWFA and rename it the Rhode Island Infrastructure Bank and try to make it the centralized hub for finance. Existing programs will stay and continue as they are and they would add programs for energy efficiency for buildings such as Property Assessed Clean Energy (PACE). He noted that Connecticut has one of best PACE programs in the country and the goal of the proposal is to include commercial and residential. The second facet of the proposal would finance energy retrofits and projects in municipal buildings or school buildings.

Mr. Cirillo suggested that it would be helpful to have a committee or group look at the proposal and possible future projects. Treasurer Magaziner said there needs to be a cost-benefit analysis with any project and he believes that the various departments should have input for their respective projects. Ms. Anthony asked about the implications of this on the system benefit charge. Treasurer Magaziner said the proposal does not take funding away from other programs that are doing well. The legislation as it is written now would extend the system benefit charge for 20 years, which matches the term of the bond for the public energy fund. Less than one percent of the system benefit charge would be used if there is a case where there are no energy savings and the loan loss reserve is depleted.

Mr. Powell noted that the RGGI funding has strict rules about how the money will be spent because when forecasting was done, taking \$3 million from the fund and also funds from system benefit charge are two areas that may contrast with legislation that already exists. Treasurer Magaziner noted that RGGI funds will not be used on an ongoing basis but will instead be used for a one-time allocation to get the program up and running. Mr. McAteer said the challenge is to determine the scale of the work that

needs to be done. Commissioner Gold stated that RGGI funds were reviewed and approved for use by OER the Governor's office. Ms. Anthony asked what the process is until the budget is approved. Treasurer Magaziner said that feedback will continue to be collected and the most important goal is to get the proposal through the General Assembly. Commissioner Gold noted that partnering with CWFA will be beneficial to the OER because it is not a financing entity and it has been a pleasure to work with the Treasurer's Office.

Ms. Anthony mentioned specific bills that the Council should be concerned about such as capping the performance incentive. Commissioner Gold said that this bill presents an opportunity to educate legislators on the hard work that went in to getting the incentive. Ms. Anthony will draft a legislative position paper for the Council to review. Commissioner Gold said there is a bill to add a large and small institutional representative to the Council and Mr. Ucci noted the OER has not taken a position on any bills on behalf of the administration.

Mr. Justynski said he is concerned about creating another entity to fund programs that municipalities may already be entitled to. Mr. Powell said the municipalities have asked for more financing. Chair Ryan said the infrastructure bank idea was presented to the Governor when she was Treasurer and it became clear with ARRA that CWFA was more organized than other financing agencies. Ms. Anthony asked if under the Governor's proposal, municipalities would still be getting incentives. Mr. McAteer said National Grid would continue to use incentives. Commissioner Gold said there are many details that still need to be worked out but the Dunsky report confirmed that projects are currently take too long to payback with the current model. Mr. Ucci said that as legislation progresses, the OER will adjust how its traditional energy efficiency programs will be delivered and invested.

6. General Updates on Energy Efficiency Programs and System Reliability Procurement

2014 Energy Efficiency Program Results

Rachel Henschel presented National Grid's 2014 Energy Efficiency Program results before the Council voted on the budget transfer.

Vote on National Grid Budget Transfer 2014

Ms. Henschel outlined National Grid's request for approval to transfer \$136,500 from the residential sector to the commercial and industrial sector. Jennifer Hutchinson noted that National Grid that the Public Utilities Commission (PUC) has been notified of other required transfers. Ms. Anthony asked what evaluations are being modified lighting, appliances and other residential products. Mr. Justynski asked if any customers would be deferred to a subsequent year because of the budget transfers. Ms. Henschel said that will not happen and there may actually be more customer served with this change. Mike Guerard noted that similar transfers do happen in Massachusetts. Commissioner Gold noted that Rhode Island will also be reviewing the Massachusetts evaluation for the Heat Loan Program.

Mr. Justynski made a motion to approve a National Grid budget transfer of \$136,500 from the residential program to the commercial electric program. The motion was seconded by Mr. Powell and approved by the Council.

Systems Integration Working Group Update

Ms. Anthony said the group is trying to hire a facilitator to clarify what the group wants to do. The facilitator would engage external stakeholders in advance of the distributed generation rate design proceeding at the PUC in the summer. An RFP was drafted and two responses have been received. Commissioner Gold noted that RGGI allocation from a few years ago was set aside for this topic and

would be used for the facilitator. Ms. Anthony said the goals of the group need to be decided with the PUC activity forthcoming this summer. Mr. Powell asked if there were any updates on the rate design. Commissioner Gold noted there was a conference on March 26. Ms. Anthony said the Commission is currently educating themselves about the topic. Mr. Powell suggested the Council should be thinking about how it would deal with load shedding and how these rate designs will effect consumers in the 2017-2018 year. Chair Ryan asked which entity is overseeing/holding the docket. Jennifer Hutchinson said the docket must be open by July 1 but is unsure if National Grid will make an affirmative filing on that date or if the PUC will open it.

7. Other Business

Energy Expo Debrief

Ms. Sholly presented the preliminary debrief of the Energy Expo. She noted that over 22,000 people attended and over 100 energy vendors participated in the Rhode Island Home Show. Chair Ryan asked if the allotted intern hours and assistance was helpful. Ms. Sholly said it was helpful but also said that there was a lot of work that could not be done by the interns because of their limited time and that she had to put her other projects and responsibilities on hold to make sure that the Energy Expo ran smoothly.

8. Public Comment

Mr. Cirillo commended National Grid on how they handled a recent gas leak in his home.

9. Adjournment

A motion to adjourn was made by Mr. Justynski and seconded by Mr. Powell. The meeting adjourned at 5:37 PM.

EERMC 2015 Annual Report to the General Assembly

March 19, 2015



STATE OF RHODE ISLAND

**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

Annual Report Timeline

- ~~March 13~~ — ~~First draft sent out~~
- ~~March 16~~ — ~~Executive Committee Meeting~~
- March 19 EERMC Meeting
- March 27** **First draft comments due (2 wks)**
- April 1 Final draft sent out
- April 2 Executive Committee Meeting
- April 8** **Final comments due (1 wk)**
- April 9** **EERMC Meeting – final vote**
- April 15 Due to General Assembly



Proposed Policy Recommendations

1. **Extend existing Least-Cost Procurement mandate for electricity and natural gas to 2035**
2. **Expand Least-Cost Procurement to unregulated fuels**
3. **Include non-energy benefits in cost-effectiveness screening**



Strategic Principles & Directions

- 1. Expand financing and investment tools using the findings of the Dunsky study**
- 2. Advance systems integration**

Develop new models of distribution system planning and infrastructure investment to meet clean energy policy goals and accommodate a future grid with more distributed energy resources
- 3. Enhance workforce development around energy efficiency**



RI Energy Expo Preliminary Debrief

March 19, 2015



STATE OF RHODE ISLAND

**OFFICE OF
ENERGY RESOURCES**



energy
expo



Rhode Island Convention Center

March 5 - 8, 2015

Energy Saving Solutions For Your Home

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STATE OF RHODE ISLAND
OFFICE OF
ENERGY RESOURCES

The 2015 Rhode Island Energy Expo invites you to ...

Only \$10
for entry into
Energy Expo &
Home Show

Enter to win a
\$2,500 Home
Energy
Makeover!

- Learn about energy-saving products and services from over *100 energy exhibitors*
- Listen in on *free seminars* on home heating options, lowering your energy bills, electric vehicles, and more
 - Check out *educational displays and live demos* including insulation & lighting comparisons, blower door testing, infrared cameras, DIY air sealing, and more
 - *Bring your kids for free!* They'll have fun learning about energy in our interactive children's area
 - Celebrate Rhode Island's energy leaders at the *Clean Energy Future Awards Ceremony*



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HERE WITH YOU. HERE FOR YOU.



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**



STATE OF RHODE ISLAND
**OFFICE OF
ENERGY RESOURCES**

Clean Energy Future Awards Ceremony

Congratulations Awardees:

- Bob Morton, Newport Biodiesel
- Arpin Group, Inc.
- Chariho School District
- Church Community Housing
- City of East Providence
- Utilidata
- 6 Energy Challenge Video Contest Awardees
- 9 Student Energy Poster Contest Awardees

Thank You Presenters:

- Senator Jack Reed
- Congressman Jim Langevin
- Treasurer Seth Magaziner
- Senator Louis DiPalma
- Secretary Stephan Pryor, CommerceRI
- Tim Horan, National Grid
- Paul Ryan, EERMC

Preliminary Report

- Attendance: 22,000 (14% increase from 2014)
- Survey results are being compiled
- Attendees and exhibitors were very happy with the Energy Expo
- A few exhibitors have already reserved their spot for next year
- Warwick Tech display was extremely well-received
 - Next year may build a walk-through exhibit



STATE OF RHODE ISLAND
**ENERGY EFFICIENCY &
RESOURCE MANAGEMENT COUNCIL**

Energy Efficiency and Resource Management Council

Legal Services Contract

This agreement is between the Rhode Island Energy Efficiency Resource Management Council (Client) and the Law Office of Marisa Desautel, LLC (Attorney).

CONTRACT TERM: March 19, 2015 – April 1, 2016. Upon satisfactory performance and availability of funds, the contract may be extended, under the same terms and conditions, by the Client for not more than two additional twelve (12) month periods, without re-bidding, and upon mutual agreement in writing.

LEGAL SERVICES TO BE PROVIDED: The legal services to be provided by the Attorney to the Client are as described in *Request for Proposal: Legal Services (January 30, 2015), Scope of Services Section II. A. submitted by Marisa Desautel, ESQ on behalf of the Law Office of Marisa Desautel.* (Attached – Appendix A).

RESPONSIBILITIES of ATTORNEY: Attorney will keep the Client informed of progress and developments of work being performed for the Client, and respond promptly to Client's inquires and communications.

RESPONSIBILITIES of CLIENT: Client will cooperate with the Attorney and provide all work assignments in writing.

COMPENSATION: Client will pay Attorney for the legal services provided under this agreement as follows:

- Hourly Rate: \$250.00
- One Time Retainer: \$2,500.00
- In-State Travel Expenses: NONE
- Estimated Monthly Office Costs: \$200.00

Attorney will charge in increments of one tenth of an hour, rounded off for each particular activity to the nearest one tenth of an hour. The minimum time charged for any particular activity will be one tenth of an hour.

The \$2,500.00 retainer shall be paid to the Attorney within ten (10) business days following an executed Contract document. The retainer will cover the first ten (10) hours of work.

Any expenses related to in-state travel will be covered by the Attorney. The costs of any required out-of-state travel shall be reimbursed by the Client. No out-of-state travel shall occur without the permission of the Client.

The estimated monthly office costs shall cover the costs of any printed materials and supplies, and the cost of telephone and electronic communications necessary to carry out the legal services to be provided by this contract.

BILLING: Invoices for services shall be submitted to the Client on the tenth (10th) day of each month. Invoices will be reviewed by the Client within thirty (30) days and notification sent to National Grid to issue payment.

TERMINATION: The Client reserves the right to terminate the services of the Attorney for just cause by giving at least thirty (30) days written notice of the fact of such termination. In such event, all finished or unfinished work products prepared by the Attorney shall become the property of the Client, and the Attorney shall be entitled to compensation for satisfactory work under this agreement.

The Attorney and Client or their authorized representative have executed this Agreement on the dates set forth below.

Marisa Desautel, Esq.
Law Office of Marisa Desautel, LLC

Date

S. Paul Ryan, Chair
Energy Efficiency and Resource Management Council

Date

2015 Energy Efficiency Programs

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Budget Transfer Request

Presentation to the RI EERMC

March 19, 2015



- Seeks EERMC Approval to transfer \$136,500 from the residential sector to the C&I sector
- Notifies EERMC of other budget transfers that the Company is submitting to the Division and PUC
- Proposes to reallocate electric budgets in order to:
 - Meet 100% of the C&I Electric savings target
 - Remain within the 2015 approved budget
 - Increase customer participation

- 2015 developments necessitate budget transfers in order to meet sector savings target within the approved budget
 - Toray CHP incentive more than planned, \$2.6 million
 - C&I New Construction's codes compliance initiative savings may be lower than planned
 - Small Business customers are participating in multiple channels and programs, may result in fewer savings in the Direct Install Program

- Increase C&I New Construction budget by \$870,000
 - Increase savings through Upstream Lighting and with large customer projects
 - Serve an additional 1,700 customers
- Increase C&I Retrofit budget by \$2.6 million
 - Increase CHP savings by 8,300 MWh
- Reduce Direct Install budget by \$3.3 million
 - Program will increase number of businesses served and amount energy saved compared to 2014
- Reduce C&I Pilots budget by \$102,500
- Reduce Residential evaluation budget by \$136,500

- Request EERMC Approval for the transfer between sectors of \$136,500 at March 19 meeting
 - Specifically \$136,500 from residential evaluation to C&I customer incentives
- After decisions from the EERMC and Division, National Grid will file a request with the PUC

March 13, 2015

VIA HAND DELIVERY & ELECTRONIC MAIL

S. Paul Ryan, Esq.
Dr. Marion Gold
Rhode Island Energy Efficiency Resources Management Council
c/o Rhode Island Office of Energy Resources
One Capitol Hill, 4th Floor
Providence, RI 02908

**RE: Docket 4527 – The Narragansett Electric Company, d/b/a National Grid
2015 Energy Efficiency Program Plan
Transfer of Funds Request**

Dear Chairperson Ryan and Commissioner Gold:

On behalf of National Grid¹ and pursuant to Section IV.C.2 of the Energy Efficiency Program Plan for 2015 Settlement of the Parties (2015 Plan) approved in Docket 4527, the Company is requesting approval from the Energy Efficiency Resources Management Council (EERMC) for a small budget transfer between Residential and Commercial and Industrial (C&I) sectors. The Company requests that the EERMC vote on the approval at its meeting on March 19, 2015. This letter also serves as notification of the Company's intent to (A) seek approval from the Rhode Island Division of Public Utilities and Carriers (Division) and the Rhode Island Public Utilities Commission (PUC) for a transfer between large C&I and small business programs within the C&I sector of more than 5% and (B) seek approval from the Division of a transfer of more than 10% of an originating program budget pursuant to Section IV.C.1 of the 2015 Plan.

The need for the budget transfers is outlined below.

The Company believes that the aforementioned budget transfers are necessary in order to meet the 2015 electric savings targets within the established budget. The request for these budget transfers are the result of circumstances that arose after the 2015 Plan was filed and approved by the PUC.

First, the Toray CHP installation will be fully commissioned in 2015 and the Company plans to pay the remaining \$2.7 million incentive when commissioning is successfully completed. The cost per kWh for this final portion of the project is relatively expensive. Therefore, additional budget funds are necessary to maintain funding to serve all interested customers in the large C&I sector.

Second, the Code Compliance Enhancement Initiative within the LC&I New Construction program is anticipating fewer savings in 2015 than were estimated in the 2015

¹ The Narragansett Electric Company d/b/a National Grid (referred to herein as "National Grid" or the "Company").

Plan. The primary reason for the decrease in savings is that the New Buildings Institute (NBI) provided a memo in late 2014 that offered research on the savings estimations from the Codes Initiative. NBI's findings improve early modeling assumptions for EE savings relative to applicable energy codes, therefore lowering the 2015 projection. Consequentially, the LC&I New Construction program needs additional budget funds in order to increase participation in other components of the program in order to meet the sector savings target.

Funds may be transferred from the Small Business Direct Install (SBDI) program to meet these purposes. At year-end 2014, the Company recognized that this program experienced challenges meeting 2014 goals because small business customers actively participated in the Upstream Lighting initiative, which is separate from the SBDI program. The Company expects this trend to continue. While it is encouraging that small business customers are improving their efficiency through Upstream Lighting's product offering, it does lower the potential savings through the SBDI program. These interactive effects are part of an evolving market and as the Company works to improve market and delivery strategies, it is practical to lower the SBDI budget to reflect how customers are acting.

Together, these circumstances offer the Company an opportunity to transfer funds and savings in a way that will meet 2015 savings targets while remaining in the approved budget. The specific transfers are outlined below.

1. Transfers Between Sectors

Section IV.C.2 of the Plan states that "The Company can transfer funds from one sector to another sector with prior approval of the Division and the EERMC (or its appointed representatives). If a transfer reduces the originating sector's budget by more than 20% in aggregate over the course of the program year, the transfer will require PUC approval as well."

The Company plans to transfer \$136,500 from the Electric Non-Income Eligible Residential (Residential) sector to the Electric C&I sector and seeks the EERMC's approval to make this transfer. The Company will also be seeking Division approval for this transfer. PUC approval is not required. Specific details regarding the transfer are as follows:

- The transfer represents less than one percent of the Residential sector.
- The transfer will reduce the ENERGY STAR[®] Lighting evaluation budget by \$65,000, the ENERGY STAR[®] Products evaluation budget by \$35,000, and the Residential Pilots evaluation by \$30,000. The transfer will also reduce the Residential shareholder incentive by \$6,500. At this time, Rhode Island specific studies for these programs are not planned in 2015. As these programs are similar to the Massachusetts programs managed by National Grid, Rhode Island will also continue to leverage applicable results wherever possible from evaluation efforts related to these programs in Massachusetts.
- The Company will transfer the budget to the LC&I New Construction program in order to increase customer participation and savings.

2. Transfers Within a Sector

The Company would like to notify the EERMC of its intent to (A) transfer funds between the large C&I and small business programs; and (B) to transfer 10% or more of the C&I Pilots budget. The Company requests the EERMC's support for these budget transfers.

A. Transfers in the C&I Sector Between Large C&I and Small Business Programs

Section IV.C.1(C) of the 2015 Plan states that “[f]or transfers in the C&I Sector between large C&I programs and small business programs of more than 5% of the originating program's budget, Division approval is required. Upon seeking such approval from the Division the Company shall simultaneously notify the EERMC. In addition, if a transfer reduces the originating program's budget by more than 20% in aggregate over the course of the program year, the transfer will require PUC approval as well with weight given to the EERMC's recommendation to the PUC on the issue.”

The Company will be seeking Division and PUC approval to transfer approximately \$3.3 million from the SBDI program budget to Large C&I New Construction and Retrofit programs. Specific details of the transfer are as follows:

- The transfer represents 22 percent of the SBDI program's original budget, illustrated in the 2015 Plan, Attachment 5, Table E-2.
- Preliminary results from 2014 indicate that the SBDI program served 1,300 small businesses and saved approximately 18,100 MWh. Although this budget transfer will reduce the SBDI budget, the scope of the program will still increase in 2015 by serving 1,400 small businesses, and saving approximately 19,500 MWh in 2015.
- Approximately \$2.7 million will be transferred to the Large Commercial Retrofit program so that the program can pay the CHP incentive in addition to serving all customers interested in retrofits.
- The budget transfer will also transfer approximately \$600,000 to the Large C&I New Construction program in order to promote a variety of offerings to customers such as Upstream Lighting and Street Lighting. Generating savings from these types of projects will help make up for a loss of savings anticipated from the Codes Initiative.

B. Transfers of More Than 10% of the Originating Program

Section IV.C.1 (B) of the Plan states that “For transfers of 10% or more of the originating program's budget, the Company can transfer funds from one program to another program within the same sector with prior approval of the Division. Upon seeking such approval from the Division, the Company shall simultaneously notify the EERMC.”

The Company will be seeking Division approval to transfer \$102,500 from the Commercial Pilots program budget to the Large C&I New Construction program. Specific details of the transfer are as follows:

- The transfer represents 31 percent of the Commercial Pilots original budget, illustrated in the 2015 Plan, Attachment 5, Table E-2.
- The Company will transfer the budget to the LC&I New Construction program in order to increase customer participation and savings.
- The Company plans to reduce spending in several commercial pilots including the Nursing Home/Assisted Living, Zero Energy Ready, and Behavior Initiative with K-12 schools. Research, development and implementation of these pilots will continue in 2015.

Please find enclosed a revised version of the 2015 EE Plan's Attachment 5. All changes proposed in this budget transfer request are highlighted in yellow. These budget transfers are proposed in order to meet the savings target within the approved 2015 budget. There is no impact to the EE program charge illustrated on Table E-1 as a result of the proposed budget transfers. Additionally, the Company will reflect the above transfers in its quarterly report following approval.

Thank you for your prompt and timely attention in this request. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Attachments

cc: Docket 4527 Service List
Jon Hagopian, Esq.
Steve Scialabba, Division
Rachel Sholly, OER
Karen Lyons, Esq.

Table E-1
National Grid
Electric DSM Funding Sources in 2015 by Sector
\$(000)

	<u>Projections by Sector</u>			Total
	Income Eligible Residential	Non-Income Eligible Residential	Commercial & Industrial	
(1) Projected Budget (from E-2):	\$10,683.35	\$31,477.38	\$44,463.80	\$86,624.53
Sources of Other Funding:				
(2) Projected DSM Commitments at Year-End 2014:	\$0.00	\$0.00	\$491.49	\$491.49
(3) Projected Year-End 2014 Fund Balance and Interest:	\$0.00	(\$1,373.60)	\$7,727.20	\$6,353.60
(4) Projected FCM Payments from ISO-NE:	\$169.50	\$1,552.80	\$2,467.70	\$4,189.93
(5) Projected RGGI Payments:	\$147.00	\$1,347.30	\$2,141.10	\$3,635.50
(6) Total Other Funding:	\$316.50	\$1,526.50	\$12,827.49	\$14,670.51
(7) Customer Funding Required:	\$10,366.85	\$29,950.88	\$31,636.31	\$71,954.02
(8) Forecasted kWh Sales:	311,226,560	2,851,607,661	4,531,667,670	7,694,501,891
(9) Energy Efficiency Program charge per kWh, excluding uncollectible recovery:				\$0.00935
(10) Proposed System Reliability Factor per kWh, excluding uncollectible recovery:				<u>\$0.00007</u>
(11) Total Proposed Energy Efficiency Charge per kWh, excluding uncollectible recovery:				\$0.00942
(12) Currently Effective Uncollectible Rate				1.25%
(13) Energy Efficiency Program charge per kWh, including uncollectible recovery:				\$0.00953
(14) Currently Effective EE Charge				<u>\$0.00911</u>
(15) Proposed Adjustment to Reflect Fully Reconciling Funding Mechanism				\$0.00042

Notes:

- (1) Projected Budget from E-2 includes Regulatory costs allocated to each sector based on forecasted sales.
- (2) DSM Commitments are projects that are under construction with anticipated completion in 2015.
- (3) Fund balance projections include projected revenue and spend through year end with Low Income sector set to \$0 through projected subsidization from other sectors, minus commitments which are illustrated separately on line (3).
- (4) & (5) The total projection of FCM and RGGI revenues are allocated by kWh sales to each sector.
- (8) Projected street lighting and sales for resale kWh have been allocated to each sector based on the forecasted of sales in each sector excluding expected street lighting sales.
- (10) Proposed System Reliability Factor is from the 2015 System Reliability Procurement Plan.
- (14) Currently Effective EE Charge includes System Reliability Factor and uncollectible recovery.

Table E-2
National Grid
2015 Electric Energy Efficiency Program Budget (\$000)

	Program Planning & Administration	Marketing	Rebates and Other Customer Incentives	Sales, Technical Assistance & Training	Evaluation & Market Research	Shareholder Incentive	Grand Total
Non-Income Eligible Residential							
Residential New Construction	\$137.4	\$31.0	\$323.2	\$468.2	\$2.2		\$962.0
ENERGY STAR® HVAC	\$81.7	\$237.9	\$773.7	\$220.9	\$31.4		\$1,345.6
EnergyWise	\$313.9	\$359.0	\$7,655.0	\$477.9	\$77.9		\$8,883.7
EnergyWise Multifamily	\$74.0	\$63.5	\$2,646.0	\$348.8	\$61.6		\$3,193.9
ENERGY STAR® Lighting	\$196.9	\$590.7	\$7,497.9	\$370.6	\$4.8		\$8,660.9
ENERGY STAR® Appliances	\$113.4	\$550.2	\$834.2	\$796.9	\$2.7		\$2,297.4
Home Energy Reports	\$67.7	\$41.1	\$2,370.4	\$38.3	\$76.7		\$2,594.2
Energy Efficiency Educational Programs	\$0.0	\$0.0	\$0.0	\$50.0	\$0.0		\$50.0
Residential Products Pilot	\$19.2	\$4.4	\$340.0	\$109.5	\$50.6		\$523.7
Community Based Initiatives - Residential	\$18.8	\$11.2	\$15.0	\$250.6	\$38.2		\$333.8
Comprehensive Marketing - Residential	\$50.7	\$581.5	\$0.0	\$1.7	\$1.8		\$635.7
Residential Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,474.0	\$1,474.0
Subtotal - Non-Income Eligible Residential	\$1,073.8	\$2,470.4	\$22,455.4	\$3,133.5	\$347.7	\$1,474.0	\$30,954.8
Income Eligible Residential							
Single Family - Income Eligible Services	\$291.0	\$35.5	\$5,715.9	\$1,764.2	\$13.6		\$7,820.2
Income Eligible Multifamily	\$77.9	\$15.0	\$1,740.0	\$465.4	\$1.9		\$2,300.1
Income Eligible Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$506.0	\$506.0
Subtotal - Income Eligible Residential	\$368.8	\$50.5	\$7,455.9	\$2,229.6	\$15.4	\$506.0	\$10,626.3
Commercial & Industrial							
Large Commercial New Construction	\$471.4	\$232.3	\$6,640.5	\$2,211.4	\$184.7		\$9,740.3
Large Commercial Retrofit	\$669.4	\$201.4	\$11,118.1	\$3,333.3	\$184.3		\$15,506.5
Small Business Direct Install	\$571.2	\$351.0	\$9,769.5	\$1,177.8	\$130.7		\$12,000.3
Community Based Initiatives - C&I	\$5.1	\$0.4	\$0.0	\$58.2	\$12.9		\$76.6
Commercial Pilots	\$11.1	\$3.5	\$147.5	\$46.9	\$21.4		\$230.3
Comprehensive Marketing - C&I	\$19.2	\$141.5	\$0.0	\$30.7	\$0.6		\$192.0
Finance Costs	\$0.0	\$0.0	\$4,000.0	\$0.0	\$0.0		\$4,000.0
Commercial & Industrial Shareholder Incentive	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,887.3	\$1,887.3
Subtotal - Commercial & Industrial	\$1,747.5	\$930.0	\$31,675.6	\$6,858.2	\$534.6	\$1,887.3	\$43,633.3
Regulatory							
OER	\$564.1	\$0.0	\$0.0	\$0.0	\$0.0		\$564.1
EERMC	\$846.1	\$0.0	\$0.0	\$0.0	\$0.0		\$846.1
Subtotal - Regulatory	\$1,410.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,410.1
Grand Total	\$4,600.3	\$3,450.9	\$61,586.9	\$12,221.3	\$897.7	\$3,867.4	\$86,624.5
Incremental System Reliability	\$50.0	\$75.0	\$133.4	\$104.8	\$150.0	\$0.0	\$513.2

Notes:

- (1) 2015 Commitments are anticipated to be \$0.
- (2) For more information on Finance Costs, please refer to the 2015 C&I Program Description, Attachment 2.
- (3) The Small Business Revolving loan fund supports the on-bill repayment of projects. The loan fund does not require additional funds for copays in 2015. Please see table E-10.
- (4) OER is 0.8% and EERMC is 1.2% of customers' EE Program Charge collected on Table E-1, minus 2%.
- (5) Incremental System Reliability funds are included for illustrative purposes. They are part of the 2015 System Reliability Procurement Report, filed as a separate docket.

Table E-3
National Grid
Derivation of the 2015 Spending and Implementation Budgets (\$000)

	Proposed 2015 Budget From E-2	Commitments, Copays and Finance Costs	Regulatory Costs	Shareholder Incentive	Evaluation Expenses	Eligible Sector Spending Budget for Shareholder Incentive on E-9	Implementation Expenses for Cost-Effectiveness on E-5
Non-Income Eligible Residential							
Residential New Construction	\$962.0				\$2.2		\$959.8
ENERGY STAR® HVAC	\$1,345.6				\$31.4		\$1,314.1
EnergyWise	\$8,883.7				\$77.9		\$8,805.8
EnergyWise Multifamily	\$3,193.9				\$61.6		\$3,132.4
ENERGY STAR® Lighting	\$8,660.9				\$4.8		\$8,656.1
ENERGY STAR® Appliances	\$2,297.4				\$2.7		\$2,294.7
Home Energy Reports	\$2,594.2				\$76.7		\$2,517.5
Energy Efficiency Educational Programs	\$50.0				\$0.0		\$50.0
Residential Products Pilot	\$523.7				\$50.6		\$473.2
Community Based Initiatives - Residential	\$333.8				\$38.2		\$295.6
Comprehensive Marketing - Residential	\$635.7				\$1.8		\$633.9
Residential Shareholder Incentive	\$1,474.0			\$1,474.0			\$0.0
Subtotal - Non-Income Eligible Residential	\$30,954.8	\$0.0	\$0.0	\$1,474.0	\$347.7	\$29,480.7	\$29,133.1
Income Eligible Residential							
Single Family - Income Eligible Services	\$7,820.2				\$13.6		\$7,806.7
Income Eligible Multifamily	\$2,300.1				\$1.9		\$2,298.2
Income Eligible Shareholder Incentive	\$506.0			\$506.0			\$0.0
Subtotal - Income Eligible Residential	\$10,626.3	\$0.0	\$0.0	\$506.0	\$15.4	\$10,120.3	\$10,104.9
Commercial & Industrial							
Large Commercial New Construction	\$9,740.3	\$0.0			\$184.7		\$9,555.6
Large Commercial Retrofit	\$15,506.5	\$0.0			\$184.3		\$15,322.2
Small Business Direct Install	\$12,000.3	\$0.0			\$130.7		\$11,869.6
Community Based Initiatives - C&I	\$76.6				\$12.9		\$63.7
Commercial Pilots	\$230.3				\$21.4		\$208.9
Comprehensive Marketing - C&I	\$192.0				\$0.6		\$191.4
Finance Costs	\$4,000.0	\$4,000.0					\$4,000.0
Commercial & Industrial Shareholder Incentive	\$1,887.3			\$1,887.3			\$0.0
Subtotal - Commercial & Industrial	\$43,633.3	\$4,000.0	\$0.0	\$1,887.3	\$534.6	\$37,746.0	\$41,211.4
Regulatory							
OER	\$564.1			\$564.1			\$564.1
EERMC	\$846.1			\$846.1			\$846.1
Subtotal - Regulatory	\$1,410.1	\$0.0	\$1,410.1	\$0.0	\$0.0	\$0.0	\$1,410.1
Grand Total	\$86,624.5	\$4,000.0	\$1,410.1	\$3,867.4	\$897.7	\$77,347.0	\$81,859.5

Notes:

- (1) Finance Costs are capital costs to secure outside financing funds. Like the historical treatment of copays, outside finance costs do not directly lead to savings, therefore they are excluded from the eligible spending budget and a shareholder incentive is not collected on these funds. They are counted as an implementation expense.
- (2) Spending budget = Total Budget from E-2 minus Commitments, Copays, Outside Finance Costs, Regulatory costs, and shareholder incentive.
- (3) Implementation Expenses = Total Budget from E-2 minus Commitments, Copays, Evaluation expenses, and shareholder incentive.
- (4) System Reliability Procurement funds represent additional funds not included in the calculation of shareholder incentive and are not included in this table. They are shown on Table E-2 and E-5

Table E-4
National Grid
Proposed 2015 Budget Compared to Approved 2014 Budget (\$000)

	Proposed Implementation Budget 2015	Approved Implementation Budget 2014	Difference
Non-Income Eligible Residential			
Residential New Construction	\$959.8	\$910.3	\$49.6
ENERGY STAR® HVAC	\$1,314.1	\$919.7	\$394.4
EnergyWise	\$8,805.8	\$6,448.4	\$2,357.4
EnergyWise Multifamily	\$3,132.4	\$2,419.8	\$712.5
ENERGY STAR® Lighting	\$8,656.1	\$7,389.7	\$1,266.4
ENERGY STAR® Appliances	\$2,294.7	\$2,426.0	-\$131.3
Home Energy Reports	\$2,517.5	\$2,445.2	\$72.3
Energy Efficiency Educational Programs	\$50.0	\$50.7	-\$0.7
Residential Products Pilot	\$473.2	\$248.8	\$224.3
Community Based Initiatives - Residential	\$295.6	\$226.4	\$69.2
Comprehensive Marketing - Residential	\$633.9	\$581.9	\$52.0
Subtotal - Non-Income Eligible Residential	\$29,133.1	\$24,066.9	\$5,066.1
Income Eligible Residential			
Single Family - Income Eligible Services	\$7,806.7	\$7,207.0	\$599.7
Income Eligible Multifamily	\$2,298.2	\$2,092.3	\$205.9
Subtotal - Income Eligible Residential	\$10,104.9	\$9,299.3	\$805.5
Commercial & Industrial			
Large Commercial New Construction	\$9,555.6	\$7,811.0	\$1,744.6
Large Commercial Retrofit	\$15,322.2	\$25,218.1	-\$9,895.9
Small Business Direct Install	\$11,869.6	\$12,645.5	-\$775.9
Community Based Initiatives - C&I	\$63.7	\$41.5	\$22.3
Commercial Pilots	\$208.9	\$364.1	-\$155.2
Comprehensive Marketing - C&I	\$191.4	\$150.2	\$41.2
Finance Costs	\$4,000.0	\$1,000.0	\$3,000.0
Subtotal Commercial & Industrial	\$41,211.4	\$47,230.3	-\$6,018.9
Regulatory			
EERMC	\$846.1	\$816.7	\$29.4
OER	\$564.1	\$565.6	-\$1.5
Subtotal Regulatory	\$1,410.1	\$1,382.3	\$27.8
TOTAL IMPLEMENTATION BUDGET	\$81,859.5	\$81,978.9	-\$119.4
OTHER EXPENSE ITEMS			
Commitments	\$0.0	\$0.0	\$0.0
Small Business Revolving Loan Fund	\$0.0	\$0.0	\$0.0
Company Incentive	\$3,867.4	\$4,031.8	-\$164.4
Evaluation	\$897.7	\$1,039.4	-\$141.7
Subtotal - Other Expense Items	\$4,765.0	\$5,071.2	-\$306.1
TOTAL BUDGET	\$86,624.5	\$87,050.1	-\$425.5

Notes:

- (1) Program Implementation Budget excludes Commitments, Company Incentive and Evaluation; derived on Table E-3
- (2) Total Budget includes Implementation, Commitments, Evaluation; illustrated on Table E-3

Table E-5
National Grid
Calculation of 2015 Program Year Cost-Effectiveness
All Dollar Values in (\$000)

	TRC Benefit/ Cost ¹	Total Benefit	Program Implementation Expenses ²	Customer Contribution	Evaluation Cost	Shareholder Incentive	¢/Lifetime kWh
Non-Income Eligible Residential							
Residential New Construction	1.90	\$ 1,831.9	\$ 959.8	\$ -	\$ 2.2	NA	13.8
ENERGY STAR® HVAC	1.34	\$ 2,176.9	\$ 1,314.1	\$ 277.9	\$ 31.4	NA	13.2
EnergyWise	2.95	\$ 30,224.6	\$ 8,805.8	\$ 1,363.0	\$ 77.9	NA	9.2
EnergyWise Multifamily	1.07	\$ 3,501.5	\$ 3,132.4	\$ 90.8	\$ 61.6	NA	9.3
Home Energy Reports	1.16	\$ 3,004.6	\$ 2,517.5	\$ -	\$ 76.7	NA	10.1
ENERGY STAR® Lighting	2.49	\$ 48,121.2	\$ 8,656.1	\$ 10,664.2	\$ 4.8	NA	4.9
ENERGY STAR® Products	3.51	\$ 10,325.6	\$ 2,294.7	\$ 644.7	\$ 2.7	NA	8.4
Energy Efficiency Education Programs		\$ -	\$ 50.0	\$ -	\$ -	NA	
Residential Products Pilot		\$ -	\$ 473.2	\$ -	\$ 50.6	NA	
Community Based Initiatives - Residential		\$ -	\$ 295.6	\$ -	\$ 38.2	NA	
Comprehensive Marketing - Residential		\$ -	\$ 633.9	\$ -	\$ 1.8	NA	
n-Income Eligible Residential SUBTOTAL	2.25	\$ 99,186.3	\$ 29,133.1	\$ 13,040.8	\$ 347.7	\$ 1,474.0	6.9
Income Eligible Residential							
Single Family - Income Eligible Services	1.99	\$ 15,600.1	\$ 7,806.7	\$ -	\$ 13.6	NA	21.1
Income Eligible Multifamily	1.34	\$ 3,073.9	\$ 2,298.2	\$ -	\$ 1.9	NA	7.8
Income Eligible Residential SUBTOTAL	1.76	\$ 18,674.0	\$ 10,104.9	\$ -	\$ 15.4	\$ 506.0	15.2
Commercial & Industrial							
Large Commercial New Construction	4.65	\$ 59,183.7	\$ 9,555.6	\$ 2,997.6	\$ 184.7	NA	2.9
Large Commercial Retrofit	2.75	\$ 69,529.6	\$ 15,322.2	\$ 9,788.8	\$ 184.3	NA	3.6
Small Business Direct Install	1.70	\$ 28,524.7	\$ 11,869.6	\$ 4,740.1	\$ 130.7	NA	7.8
Community Based Initiatives - C&I		\$ -	\$ 63.7	\$ -	\$ 12.9	NA	
Commercial Pilots		\$ -	\$ 208.9	\$ -	\$ 21.4	NA	
Comprehensive Marketing - C&I		\$ -	\$ 191.4	\$ -	\$ 0.6	NA	
Finance Costs		\$ -	\$ 4,000.0	\$ -	\$ -	NA	
C&I SUBTOTAL	2.57	\$ 157,238.0	\$ 41,211.4	\$ 17,526.5	\$ 534.6	\$ 1,887.3	4.4
Regulatory							
OER			\$ 564.1				
EERMC			\$ 846.1				
Regulatory SUBTOTAL			\$ 1,410.1				
TOTAL	2.35	\$ 275,098.3	\$ 81,859.5	\$ 30,567.3	\$ 897.7	\$ 3,867.4	5.6

Notes:

(1) TRC B/C Test = (Energy + Capacity + Resource Benefits) / (Program Implementation + Evaluation Costs + Customer Contribution + Shareholder Incentive)

Also includes effects of free-ridership and spillover.

(2) For Implementation Expenses derivation, see Table E-3.

(3) System Reliability may leverage some of the energy efficiency savings and benefits. Energy efficiency savings and benefits are attributed to the program in which they occur. The incremental costs and benefits of System Reliability appear below along with the resulting Total in order to illustrate that the existing Energy Efficiency programs are cost effective with the additional expenses. For more information please see the 2015 System Reliability Procurement Report.

System Reliability Procurement		\$ 723.1	\$ 363.2	\$ 1.1	\$ 150.0	\$ -	
Total with System Reliability	2.34	\$ 275,821.4	\$ 82,222.7	\$ 30,568.3	\$ 1,047.7	\$ 3,867.4	5.8

Table E-6
National Grid
Summary of 2015 Benefits and Savings by Program

	Benefits (000's)														Load Reduction in kW			MWh Saved		
	Total	Capacity					Energy						Non Electric			Summer	Winter	Lifetime	Maximum Annual	Lifetime
		Generation		Trans	MDC	DRIPE	Winter		Summer		DRIPE	Resource	Non Resource							
		Summer	Winter				Peak	Off Peak	Peak	Off Peak										
Non-Income Eligible Residential																				
Residential New Construction	\$1,832	\$387	\$0	\$129	\$552	\$13	\$152	\$186	\$79	\$81	\$51	\$177	\$25	169	121	3,324	559	6,983		
ENERGY STAR® HVAC	\$2,177	\$297	\$0	\$110	\$470	\$16	\$247	\$193	\$267	\$132	\$115	\$292	\$37	197	212	2,752	1,020	12,269		
EnergyWise	\$30,225	\$1,113	\$0	\$513	\$2,203	\$105	\$2,718	\$2,943	\$828	\$838	\$1,073	\$14,774	\$3,116	1,383	2,273	12,652	11,157	111,287		
EnergyWise Multifamily	\$3,501	\$134	\$0	\$63	\$272	\$13	\$900	\$794	\$306	\$286	\$377	\$37	\$319	178	271	1,560	3,898	35,388		
Home Energy Reports	\$3,005	\$103	\$0	\$175	\$749	\$0	\$626	\$501	\$234	\$196	\$421	\$0	\$0	4,161	5,700	4,161	25,634	25,634		
ENERGY STAR® Lighting	\$48,121	\$4,790	\$0	\$2,081	\$8,930	\$382	\$8,580	\$9,636	\$3,627	\$4,099	\$3,505	\$0	\$2,491	5,125	6,589	51,723	38,859	391,382		
ENERGY STAR® Products	\$10,326	\$379	\$0	\$203	\$873	\$47	\$674	\$778	\$338	\$359	\$426	\$70	\$6,179	652	607	4,976	4,605	35,125		
Non-Income Eligible Residential SUBTOTAL	\$99,186	\$7,204	\$0	\$3,274	\$14,049	\$576	\$13,898	\$15,031	\$5,679	\$5,991	\$5,968	\$15,350	\$12,168	11,865	15,774	81,149	85,733	618,068		
Income Eligible Residential																				
Single Family - Income Eligible Services	\$15,600	\$401	\$0	\$181	\$775	\$33	\$932	\$917	\$337	\$314	\$342	\$8,511	\$2,857	479	671	4,484	3,680	37,123		
Income Eligible Multifamily	\$3,074	\$99	\$0	\$45	\$193	\$9	\$739	\$680	\$259	\$251	\$292	\$15	\$492	120	168	1,111	2,907	29,529		
Income Eligible Residential SUBTOTAL	\$18,674	\$500	\$0	\$226	\$968	\$42	\$1,671	\$1,597	\$596	\$566	\$634	\$8,525	\$3,349	599	839	5,595	6,587	66,652		
Commercial & Industrial																				
Large Commercial New Construction	\$59,184	\$8,389	\$0	\$3,303	\$14,174	\$567	\$11,149	\$7,242	\$6,993	\$4,899	\$3,828	-\$1,360	\$0	6,846	8,464	82,300	33,702	436,278		
Large Commercial Retrofit	\$69,530	\$9,764	\$0	\$3,571	\$15,323	\$519	\$19,025	\$9,831	\$13,735	\$7,678	\$5,548	-\$20,778	\$5,314	6,262	6,319	90,003	48,041	696,378		
Small Business Direct Install	\$28,525	\$4,479	\$0	\$1,842	\$7,904	\$343	\$7,093	\$2,742	\$3,485	\$1,239	\$2,521	-\$3,125	\$0	4,143	2,963	45,574	19,539	214,929		
C&I SUBTOTAL	\$157,238	\$22,632	\$0	\$8,716	\$37,401	\$1,429	\$37,268	\$19,816	\$24,213	\$13,816	\$11,897	-\$25,264	\$5,314	17,252	17,746	217,876	101,282	1,347,584		
TOTAL	\$275,098	\$30,336	\$0	\$12,216	\$52,419	\$2,046	\$52,837	\$36,444	\$30,488	\$20,372	\$18,498	-\$1,388	\$20,831	29,715	34,359	304,621	193,602	2,032,304		

Table E-7
National Grid
Comparison of 2014 and 2015 Goals

	Proposed 2015			Approved 2014			Difference	
	Annual Demand Savings (kW)	Annual Energy Savings (MWh)	Participants	Annual Energy Savings (MWh)	Participants	Population Reached	Annual Energy Savings (MWh)	Participants
Non-Income Eligible Residential								
Residential New Construction	169	559	430	631	458	8%	-71	(28)
ENERGY STAR® HVAC	197	1,020	1,322	726	1,946	0%	294	(624)
EnergyWise	1,383	11,157	9,000	7,674	7,600	2%	3,482	1,400
EnergyWise Multifamily	178	3,898	5,000	2,888	4,500	1%	1,010	500
Home Energy Reports	4,161	25,634	268,733	25,028	227,600	58%	607	41,133
ENERGY STAR® Lighting	5,125	38,859	104,825	35,731	247,240	63%	3,128	(142,415)
ENERGY STAR® Products	652	4,605	13,438	3,639	13,285	3%	967	153
Non-Income Eligible Residential SUBTOTAL	11,865	85,733	402,748	76,317	502,629	129%	9,416	(99,881)
Income Eligible Residential								
Single Family - Income Eligible Services	479	3,680	2,500	3,972	2,450	6%	-292	50
Income Eligible Multifamily	120	2,907	8,000	2,113	3,520	8%	794	4,480
Income Eligible Residential SUBTOTAL	599	6,587	10,500	6,085	5,970	14%	502	4,530
Commercial & Industrial								
Large Commercial New Construction	6,846	33,702	3,698	27,472	2,192	26%	6,230	1,506
Large Commercial Retrofit	6,262	48,041	574	124,275	833	10%	-76,235	(258)
Small Business Direct Install	4,143	19,539	1,407	21,170	1,510	3%	-1,631	(103)
C&I SUBTOTAL	17,252	101,282	5,680	172,917	4,535	8%	-71,636	1,145
TOTAL	29,715	193,602	418,928	255,319	513,134	104%	-61,717	(94,206)

Notes:

- (1) There are additional Low Income participants in Residential New Construction.
- (2) Proposed 2015 Participants for Commercial & Industrial programs based on average savings per participant from 2014 actuals.
- (3) A customer can participate in more than one program, for example, ENERGY STAR® Lighting and Home Energy Reports, therefore the population reached can be more than 100%.
- (4) In 2012, the Company modified how it counts participants to better identify unique participants in an effort better estimate penetration rates. Please see the Main Text for a description.

Table E-8
National Grid
Avoided Costs Used in 2015 Benefit-Cost Model

	Rhode Island					DRIPE for Installations in 2014				
	Winter Peak Energy	Winter Off-Peak Energy	Summer Peak Energy	Summer Off-Peak Energy	Annual Market Capacity Value	Winter Peak Energy	Winter Off-Peak Energy	Summer Peak Energy	Summer Off-Peak Energy	Annual Market Capacity Value
Units:	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kW-yr	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kW-yr
Period:										
2015	0.065	0.058	0.056	0.048	21.38	0.023	0.007	0.019	0.006	0.00
2016	0.062	0.056	0.056	0.047	19.25	0.024	0.007	0.021	0.006	0.00
2017	0.059	0.052	0.061	0.049	21.38	0.023	0.007	0.024	0.006	18.575
2018	0.062	0.054	0.065	0.051	55.36	0.023	0.007	0.024	0.006	15.754
2019	0.067	0.058	0.070	0.054	61.17	0.020	0.006	0.021	0.005	12.790
2020	0.076	0.067	0.075	0.062	112.96	0.015	0.005	0.015	0.004	9.733
2021	0.076	0.068	0.078	0.063	137.51	0.011	0.003	0.011	0.003	6.583
2022	0.079	0.071	0.078	0.066	137.51	0.007	0.002	0.007	0.002	5.013
2023	0.081	0.073	0.083	0.068	137.51	0.004	0.001	0.004	0.001	3.393
2024	0.084	0.075	0.086	0.070	137.51	0.000	0.000	0.000	0.000	1.722
2025	0.089	0.080	0.092	0.074	137.51					
2026	0.091	0.082	0.095	0.077	137.51					
2027	0.095	0.084	0.098	0.079	137.51					
2028	0.098	0.086	0.100	0.080	137.51					
2029	0.101	0.088	0.103	0.083	137.51					
2030	0.105	0.090	0.106	0.085	137.51					
2031	0.108	0.093	0.110	0.087	137.51					
2032	0.112	0.095	0.114	0.090	137.51					
2033	0.116	0.098	0.118	0.092	137.51					
2034	0.120	0.100	0.121	0.095	137.51					
2035	0.124	0.103	0.126	0.098	137.51					
2036	0.128	0.106	0.130	0.101	137.51					
2037	0.132	0.109	0.134	0.103	137.51					
2038	0.137	0.112	0.139	0.106	137.51					
2039	0.141	0.115	0.143	0.109	137.51					
2040	0.146	0.118	0.148	0.112	137.51					
2041	0.151	0.121	0.153	0.116	137.51					
2042	0.156	0.125	0.159	0.119	137.51					
2043	0.162	0.128	0.164	0.122	137.51					

From 2013 Avoided Cost Study
Appendix B

Table E-9
National Grid
2015 Targeted Shareholder Incentive

Energy Incentive Rate: 3.50%

Sector	(1) Spending Budget \$(000)	(2) Target Incentive \$(000)	(3) Annual kWh Savings Goal	(4) Threshold kWh Savings	(5) Target Incentive Per kWh
Income Eligible Residential	\$10,120	\$354	6,587,214	4,940,410	\$0.054
Non-Income Eligible Residential	\$29,481	\$1,032	85,733,018	64,299,763	\$0.012
Commercial & Industrial	\$37,746	\$1,321	101,281,773	75,961,330	\$0.013
Total	\$77,347	\$2,707	193,602,004	145,201,503	\$0.014

Demand Incentive Rate: 1.50%

Sector	(6) Spending Budget \$(000)	(7) Target Incentive \$(000)	(8) Annual kW Savings Goal	(9) Threshold kW Savings	(10) Target Incentive Per kW
Income Eligible Residential	\$10,120	\$152	599	449	\$253.473
Non-Income Eligible Residential	\$29,481	\$442	11,865	8,899	\$37.271
Commercial & Industrial	\$37,746	\$566	17,252	12,939	\$32.820
Total	\$77,347	\$1,160	29,715	22,287	\$39.044

Notes:

(1) and (6) Eligible Spending Budget excludes EERMC, OER, Finance Costs, and Shareholder Incentive. See Table E-3 for details.

(2) Equal to the incentive rate (3.5%) x Column (1).

(3) and (8) See Table E-7

(4) and (9) 75% of Column (3). No incentive is earned on annual kWh savings in the sector unless the Company achieves at least this threshold level of performance.

(5) Column (2)*1000/Column (3). This illustration is for achieved savings equal to the savings target. The incentive earned per kWh will vary with the percent of the savings target achieved

(7) Equal to the incentive rate (1.5%) x Column (1).

(10) Column (7)*1000/Column (8). This illustration is for achieved savings equal to the savings target. The incentive earned per kW will vary with the percent of the savings target achieved

The shareholder incentive will be calculated as follow, where SB is the Spending Budget in the sector:

- From 75% of savings to 100% of savings: Shareholder Incentive = SB x (0.15 x % of savings achieved – 0.10)
- x 0.7 for electric energy savings
- x 0.3 for electric demand savings
- x 1.0 for natural gas savings
- From 100% of savings to 125% of savings: Shareholder Incentive = SB x (0.05 x % of savings achieved)

Table E- 10
National Grid
Revolving Loan Fund Projections

Large C&I Revolving Loan Fund		Small Business Revolving Loan Fund	
(1) Total Loan Fund Deposits Through 2014	\$ 9,979,678	(1) Total Loan Fund Deposits Through 2014	\$ 4,158,971
(2) Current Loan Fund Balance	\$ 6,589,633	(2) Current Loan Fund Balance	\$ 2,706,972
(3) Projected Loans by Year End	\$ 2,857,696	(3) Projected Loans by Year End	\$ 2,079,995
(4) <u>Projected Repayments by Year End</u>	<u>\$ 1,325,791</u>	(4) <u>Projected Repayments by Year End</u>	<u>\$ 1,075,073</u>
(5) Projected Year End Loan Fund Balance	\$ 5,057,728	(5) Projected Year End Loan Fund Balance	\$ 1,702,050
(6) <u>Fund Injection</u>	<u>\$ 4,000,000</u>	(6) <u>Fund Injection</u>	<u>\$ -</u>
(7) Projected Loan Fund Balance, January 2015	\$ 9,057,728	(7) Projected Loan Fund Balance, January 2015	\$ 1,702,050
(8) Projected Repayments throughout 2015	\$ 2,091,744	(8) Projected Repayments throughout 2015	\$ 1,577,534

Notes

- 2 Current Loan Fund Balance is through July 2014
- 3 Projected Loans by Year End 2014 is estimated based on current commitments
- 4 Projected Repayments by Year End 2014 is estimated based on the monthly average amount of repayments in 2014
- 5 Equal to (2) - (3) + (4)
- 6 Fund Injection, as budgeted on E-2 Finance Costs; no fund injection projected for Small Business in 2015
- 7 Equal to (5) + (6)
- 8 Assumption equal to ((3) + (4))/2; repayments accumulate over time and may vary widely.