



Overview

While programs are off to a strong start, First Quarter 2011 was marked by a lack of gas funding for energy efficiency programs. National Grid cannot serve the high demand for gas efficiency or integrate gas and electric comprehensive projects without additional funds. Without these funds, the gas programs will be forced to shut down. The Commercial & Industrial (C&I) Retrofit and New Construction programs have already committed to so many customer projects for 2011 and 2012 that programs will shut down in September. The EnergyWise weatherization program has also committed to so many customer projects that the program will shut down on June 1st without additional funding.

There are numerous devastating effects of program shutdowns. Rhode Island contractors and distributors will lose jobs. Comprehensive jobs will be postponed without gas incentives, making electric goals harder to reach. There will be confusion in the marketplace; especially as an EnergyWise home energy assessment is the centerpiece of the new comprehensive marketing campaign to increase participation but the program would no longer offer weatherization.

Finally, shutting down programs hurts long-term growth in energy efficiency. Distributors, contractors, vendors, and customers lose trust in energy efficiency programs and the gains made in transforming the market suffer. It takes a long time after a shutdown for partners and customers to regain trust that there is secure program funding. Program shutdowns make it impossible to achieve higher amounts of energy savings now, but also make it tougher to meet targets in the future.

To avoid or mitigate these impacts, National Grid is working with partners to encourage a correction in the law. Once established, National Grid will pursue an expedited PUC hearing in order to continue serving customers, offer comprehensive projects, and achieve a higher level of gas savings in the state.

Commercial and Industrial Programs

National Grid C&I Programs are building momentum in the first quarter of 2011. With the limited gas budget committed and our reduced gas savings goals secured, the focus has shifted to long-term growth strategies and investments, and achieving the electric goal.

We are working with the Rhode Island Economic Development Corporation (EDC) to create a revolving loan funding large C&I electric projects. We have implemented enhanced lighting incentives and are investigating how to best provide upstream incentives to further transform this market segment. An important focus for 2011 is increasing participation in our programs. Therefore, we are developing a comprehensive marketing plan to raise energy awareness. This plan coincides with partnerships, focused outreach, and marketing to business segments, like wastewater treatment and the hospitality industry, with solutions tailored to their applications.

We have also continued pursuing a simpler, more integrated set of program offerings. We have reduced and consolidated application forms, which makes accessing prescriptive programs easier for customers. We altered our gas steam trap program to resemble the electric compressed air program. This allows vendors and customer to better understand and access programs. Similarly, we have integrated our Advanced Buildings Program to include gas and electric offering, again simplifying and furthering comprehensiveness.

The State of Rhode Island and National Grid are working collaboratively to improve the compliance of current energy codes and the advance future codes. Currently, there are monthly strategic planning meetings that include Northeast Energy Efficiency Partners (NEEP). These meetings led to successful Energy Code Trainings and National Grid co-funding the ongoing Baseline Code Compliance Study with the Building Code Commission.

Overall, the C&I Programs are on their way to achieving the goals set for this year, while being mindful of future growth. We are focused on laying a foundation for future years while delivering current expectations.

Residential Programs

Great strides continue to be made through the first quarter in the residential sector. With an increased emphasis on coordination and collaboration within National Grid and with our stakeholders, several 2011 initiatives are preparing to launch soon. For example, we are partnering with local banks to launch the Heat Loan program so customers can receive zero percent interest loans from local banks through this interest buy-down program. We worked with partners on successful residential code training. National Grid also met with the Green and Health Homes Initiative (GHHI) to discuss Low Income Appliance Management program design with background checks and policies for engaging potential auditors.

nationalgrid

The power of action.™

EnergyWise continued to deliver the state's American Recovery and Reinvestment Act (ARRA) Deliverable Fuels program to oil and propane heated homes. Since August, the program has distributed more than \$1.3 million in incentives for weatherization and heating system replacement. The program is expected to reach its goals and end this summer. Demand for EnergyWise gas weatherization was also high and the program may have to shutdown in June without additional funding. Additionally, we worked in an EnergyWise subcommittee comprised of consultants and EERMC representatives focused on opening up an independent contractor market to keep pace with anticipated demand.

The ENERGYSTAR® Lighting program had an incredible first quarter. This is a result of a recent agreement between National Grid and Home Depot and an encouraging uptake in the number of LED's being sold across the state.

2011 Initiatives & Updates

Hard-To-Reach

- ◆ Small Business Direct Install: Developing marketing to reach non-English speaking small business owners.
- ◆ Residential Lighting: Identifying after-school groups interested in participating in Lights for Learning.

Customer Finance

- ◆ C&I Loan Programs: C&I Revolving Loan fund with RI EDC targeted for spring launch; municipal loan program is under consideration for 2011.
- ◆ HEAT Loan: Local banks identified to support the HEAT Loan.
- ◆ Small Business Revolving Loan Fund: Began in January using Innovative RGGI funding.

Comprehensive Marketing

- ◆ Initial campaign tactics will launch in Spring 2011.
- ◆ Benchmark survey to measure pre-campaign customer attitudes and awareness of EE programs will launch in April 2011.
- ◆ EERMC will see market campaign presentation in May 2011.

Innovation

- ◆ Homes Version III RGGI Pilot: Identified six potential candidates.
- ◆ Deep Energy Retrofit RGGI Pilot: Began in January, 3 contractors are qualified, North Kingston project began.
- ◆ Residential Products Pilot: Will offer ECM boiler circulator pump installation beginning in April.
- ◆ Residential Behavior Pilot: Expected to launch in Summer 2011.

nationalgrid

The power of action.™

Building Codes

- ◆ Future Codes Initiative: Collaborating with RI Building Code Commission and NEEP; developing scope for a new code compliance study to be co-funded with State of RI.
- ◆ New Construction Code Trainings: Successful code trainings were held for Residential code on February 24 with 165 attendees and for C&I code on March 11 with 150 attendees. Additional code trainings are being planned.
- ◆ EERMC presentation on Codes initiative in May 2011.

Community and Initiatives

- ◆ Finalizing program goals and incentives structure. Completing market research on appropriate target communities.
- ◆ Developing baseline structure for increased participation.
- ◆ EERMC presentation on the success of Energy Action: Aquidneck and Jamestown in April 2011.

Residential Program Updates

- ◆ High Efficiency Heating (HEHE): Creating a rebate reservation system to effectively allocate funding necessary to reopen the program.
- ◆ EnergyWise: RFP on schedule to distribute in third quarter; 15 independent contractors now listed on Powerofaction.com; Gas weatherization nearing 100% of budget, will shutdown in June without additional funding.
- ◆ ENERGYSTAR® Appliances: Met with Providence Mayor's office of Arts, Culture and Tourism about displaying local artists painted refrigerators throughout Providence; joined Utility Partnership Agreement with EPA's Responsible Appliance Disposal Program (RAD).
- ◆ Low Income Services: met with Green Health Homes Initiative twice to discuss program design enhancements.

C&I Program Updates

- ◆ Enhanced Prescriptive Lighting Incentives offered for 2011.
- ◆ Reviewing LED Upstream lighting incentive model.
- ◆ Supporting the Providence Department of Planning and Development on issuing an RFP for Retro-Commissioning Services.
- ◆ Advanced Building offering comprehensive incentive for gas and electric integration.
- ◆ Collaborating with RI Hospitality Association to target market programs to commercial kitchens, restaurants and hotels.
- ◆ Custom projects are targeting comprehensive steam trap survey initiative and compressed air system improvements in small to mid-sized industrial customers.

nationalgrid

The power of action.™

Evaluation

- ◆ 2010 Refrigerator recycling impact evaluation completed.
- ◆ Custom Gas impact evaluation completed twelve site visits. Results expected in Summer 2011.
- ◆ Energy Action: Aquidneck and Jamestown impact and process evaluation expected in May 2011.

Upcoming Events

- ◆ April 2011 – Earth Day Events for Whole Building Assessment Customers.
- ◆ April 21, 2011 – MetLife Earth Day Event –National Grid will have an exhibit.
- ◆ April 26, 2011 – C&I Fuel Gas codes training, Crowne Plaza in Warwick.
- ◆ May 2-3, 2011 – Greater Providence Chamber of Commerce Business to Business Expo.
- ◆ May 7, 2011 – University of Rhode Island (URI) East Farm Spring Festival.
- ◆ May 10, 2011 – RI Hospitality Association training, Crowne Plaza in Warwick.
- ◆ May 16-19, 2011 – Institute of Electrical and Electronics Engineers (IEEE) 12th Annual International Conference on Transmission and Distribution Construction, Operation and Live-Line.
- ◆ May 19, 2011 – New England Energy Efficiency Conference & Expo, Gillette Stadium, Foxborough, MA.
- ◆ June 7-8, 2011 - NEEP Summit, Crowne Plaza in Warwick.

nationalgrid

The power of action.™