

The Brooklyn Union Gas Company d/b/a National Grid NY

And

KeySpan Gas East Corporation d/b/a National Grid

Case 09-G-0363

Updated Gas Energy Efficiency Proposals

For

Commercial, Industrial and Multi Family Energy Efficiency

Program

June 5, 2009

nationalgrid

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I. Introduction

The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid (collectively, “National Grid” or the “Companies”) are updating the energy efficiency program descriptions that were included in the Companies’ 90-day filings dated September 22, 2008 in response to a request from the Department of Public Service Staff (“DPS Staff”).¹ DPS Staff requested the Companies to update the Commercial, Industrial and Multi Family Energy Efficiency Program descriptions to focus initially on energy efficiency program services for large industrial and multifamily facilities. The proposed Commercial, Industrial and Multi Family Energy Efficiency Programs do serve multifamily customers, but separate goals, participants and budgets for this customer segment were not included in the Companies’ original proposals. Separate savings goals, projected participants and budgets for the multifamily component of the proposed Commercial, Industrial and Multi Family Energy Efficiency Programs are addressed in this updated proposal.

¹ Additionally, parties that filed gas energy efficiency programs within the 90-day filings were provided the opportunity to supplement such proposals with respect to multifamily and large industrial customer segments on or before June 5, 2009. See Case 07-M-0548, *Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard*, Notice Requesting Proposals (issued April 20, 2009) at 2. National Grid had previously updated the gas energy efficiency components of its *EnergyWise* and *Energy Initiative* Programs for the Niagara Mohawk Power Corporation service territory to comply with DPS Staff’s near-term focus on energy efficiency program services for certain multifamily and large industrial customer segments in a filing made on May 28, 2009.

While National Grid is responding to this request from DPS Staff, the Companies note that the Commercial, Industrial and Multi Family Energy Efficiency Programs as originally proposed had been designed to meet the needs of all non-residential customers. The Companies recognize that these customers, like the large industrial customers which are the initial focus of DPS Staff's review, will be funding energy efficiency program efforts and will benefit from proposed program services. The Companies hope that the Commission will extend its review to this broader customer base expeditiously so that Commercial, Industrial and Multi Family Energy Efficiency Program services can be offered to all of the customers who might derive benefits from this program.

The proposed Commercial, Industrial and Multi Family Energy Efficiency Programs are intended to contribute to New York's goal to reduce natural gas use by 14.7% by 2020, independent of any usage fluctuations caused by fuel switching or other economic factors.²

The Companies' dedicated staff and strong infrastructure of vendors and service providers deliver these programs by closely working with industrial customers and owners of multifamily properties. This unique customer and property owner's relationship has positioned National Grid to directly help customers cope with rising energy costs and address policy makers' desires to have energy efficiency be a part of the solution to energy price volatility and climate change.

The Companies strongly believe that they have a responsibility to customers, communities, and the areas where they operate to actively support energy efficiency programs that provide long-term economic and environmental benefits while mitigating climate change, ultimately helping to improve the quality of life for the region as a whole. National Grid looks forward to bringing these services and its affiliates' experiences to New York.

² Case 07-M-0548, *Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard*, Order Establishing Targets and Standards for Natural Gas Efficiency Programs (issued and effective May 19, 2009).

For the purpose of this updated proposal, National Grid assumes that the proposed Commercial, Industrial and Multi Family Energy Efficiency Programs as modified will begin on July 1, 2009. National Grid notes that it is hopeful that the Commission will approve all of the proposed programs in the Companies' 90-day filings as soon as possible to increase the likelihood that the state's aggressive energy savings goals can be accomplished. The Companies cannot presume to predict when the Commission will complete its review of the proposed programs. However, National Grid is able to initiate program implementation efforts within 30-days of receipt of an order from the Commission authorizing the Companies to proceed.

Additionally for the purpose of this updated proposal, National Grid assumes that the period of July 1, 2009 through December 31, 2010 will be combined when reporting achievement of savings targets, spending and other metrics, and for the purpose of assessing the Companies' performance under the proposed shareholder incentive mechanism.

II. Collaboration

The Companies have and will continue to collaborate with the other New York State electric and natural gas utilities, the New York State Energy Research and Development Authority ("NYSERDA"), DPS Staff, and other interested stakeholders about planned energy efficiency efforts, including, but not limited to discussions about the proposed program designs, evaluation planning, and coordination of program services. These collaborative efforts to date have taken the form of numerous teleconferences and in-person meetings, as well as a webinar with interested stakeholders. The table below provides further details on these collaborative activities since the September 22, 2008 filing.

Downstate New York

Collaborative Activities, October 2008 – May 2009

Dates	Attendees	Topics of Discussion
February 11, 2009 In-person meeting in Brooklyn, NY @ National Grid Offices	All NY State Utilities	<p>JU in-person meeting (discussed various operations and regulatory-related topics)</p> <ul style="list-style-type: none"> ◆ Established a NY Joint Utilities Committee; National Grid’s Bruce Johnson – Chair, NYSEG / RGE’s Joni Fish-Gertz - Vice-Chair. <p>Decided on weekly teleconferences and monthly in-person meetings.</p>
NY State Utilities Weekly Teleconferences (Facilitated by National Grid)	All NY State Utilities	<p>Weekly 30-minute calls include topics of most importance to utilities at the time of the call; those have mostly been focused on the regulatory clarifications / discussions and operations.</p>
March 12, 2009 In-person meeting in Syracuse, NY @ National Grid Offices	All NY State Utilities	<p>JU in-person meeting (discussed various operations and regulatory-related topics)</p> <ul style="list-style-type: none"> ◆ Evaluation ◆ Reporting ◆ Interface with NYSERDA ◆ Vendor selection, etc.

Dates	Attendees	Topics of Discussion
<p>April 9, 2009 In-person meeting in Albany, NY @ NYSERDA's office</p>	<p>NYSERDA/NYS Utility EEPS Collaboration</p>	<p>A collaborative meeting with NYSERDA and NYS Utilities to establish working groups / communities to start addressing various issues. The outcome was as follows:</p> <ul style="list-style-type: none"> • By 5/1: Nominate leaders for communities & working groups; Identify participants in communities & working groups; and Identify individuals to receive notes & materials from communities & working groups • By 5/8: Provide input into 5/14 agenda; Current agenda topics: 1 - Governance structure; and 2 - Participation of other program administrators (NYPA, LIPA)
<p>April 23rd, 2009 In-person meeting in Buffalo, NY @ National Fuel HQ Offices</p>	<p>All NY State Utilities</p>	<p>JU in-person meeting (discussed various operations and regulatory-related topics)</p> <ul style="list-style-type: none"> ◆ 90-day electric programs ◆ Revised 60-day gas programs ◆ Program coordination among overlapping territories ◆ Update on 60-day electric program launch
<p>May 14, 2009 In-person meeting in Albany @ National Grid & NYSERDA</p>	<p>All NY State Utilities – morning NYSERDA/NYS Utility EEPS Collaboration - afternoon</p>	<p>Focus on the JU meeting was on preparation for the NYSERDA meeting and NYSERDA's meeting focus was on establishing clear governance structure and finalizing the leads, participants of working groups / communities and lay out of the implementation plans.</p>

III. Budget and Goals

Updated budgets³ for the Commercial, Industrial and Multi Family Energy Efficiency Programs reflect program services for the more limited market defined by DPS Staff and are provided below by year and for the period 2009 through 2011.

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2009

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009	Industrial Component	\$155,746	\$118,370	\$1,035,000	\$444,000	\$82,208	\$125,815	\$1,961,138
	Multi family Component	\$50,000	\$75,000	\$360,000	\$62,000	\$27,350	\$43,762	\$618,112
2009	Total	\$205,746	\$193,370	\$1,395,000	\$506,000	\$109,558	\$169,576	\$2,579,250

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2010

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2010	Industrial Component	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$232,326	\$355,563	\$5,564,712
	Multi family Component	\$163,000	\$241,000	\$1,350,000	\$200,000	\$97,700	\$164,106	\$2,215,806
2010	Total	\$616,115	\$568,882	\$4,275,000	\$1,470,826	\$330,026	\$519,669	\$7,780,518

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2011

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2011	Industrial Component	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$224,900	\$355,563	\$5,557,286
	Multi family Component	\$163,000	\$241,000	\$1,350,000	\$200,000	\$97,700	\$164,106	\$2,215,806
2011	Total	\$616,115	\$568,882	\$4,275,000	\$1,470,826	\$322,600	\$519,669	\$7,773,092

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2009 - 2011

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009-2011	Industrial Component	\$1,061,976	\$774,134	\$6,885,000	\$2,985,652	\$539,433	\$836,941	\$13,083,136
	Multi family Component	\$376,000	\$557,000	\$3,060,000	\$462,000	\$222,750	\$371,974	\$5,049,724
2009 - 2011	Total	\$1,437,976	\$1,331,134	\$9,945,000	\$3,447,652	\$762,183	\$1,208,914	\$18,132,860

³ Descriptions of the costs included in the budget categories shown below are provided in attached Appendix A.

**Projected KeySpan Gas East Corporation d/b/a National Grid Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2009**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009	Industrial Component	\$146,100	\$107,483	\$1,035,000	\$299,508	\$86,338	\$125,815	\$1,800,244
	Multi family Component	\$11,000	\$16,000	\$84,375	\$13,000	\$6,219	\$10,257	\$140,850
2009	Total	\$157,100	\$123,483	\$1,119,375	\$312,508	\$92,557	\$136,071	\$1,941,094

**Projected KeySpan Gas East Corporation d/b/a National Grid Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2010**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2010	Industrial Component	\$420,141	\$305,474	\$1,800,000	\$882,769	\$150,153	\$218,808	\$3,777,345
	Multi family Component	\$37,000	\$56,000	\$281,250	\$45,000	\$20,963	\$34,189	\$474,401
2010	Total	\$457,141	\$361,474	\$2,081,250	\$927,769	\$171,116	\$252,997	\$4,251,746

**Projected KeySpan Gas East Corporation d/b/a National Grid Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2011**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2011	Industrial Component	\$420,141	\$305,474	\$1,800,000	\$882,769	\$140,629	\$218,808	\$3,767,821
	Multi family Component	\$37,000	\$56,000	\$281,250	\$45,000	\$20,963	\$34,189	\$474,401
2011	Total	\$457,141	\$361,474	\$2,081,250	\$927,769	\$161,592	\$252,997	\$4,242,222

**Projected KeySpan Gas East Corporation d/b/a National Grid Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2009 - 2011**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009-2011	Industrial Component	\$986,382	\$718,431	\$4,635,000	\$2,065,046	\$377,120	\$563,431	\$9,345,410
	Multi family Component	\$85,000	\$128,000	\$646,875	\$103,000	\$48,144	\$78,634	\$1,089,653
2009 - 2011	Total	\$1,071,382	\$846,431	\$5,281,875	\$2,168,046	\$425,264	\$642,065	\$10,435,063

The budget for the broader Commercial, Industrial and Multi Family Energy Efficiency Programs is provided below by year and for the period 2009 through 2011.

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Broader Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2009

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009	Commercial, Industrial and Multi Family Energy Efficiency Program	\$155,746	\$118,370	\$1,035,000	\$444,000	\$82,208	\$125,815	\$1,961,138
2009	Total	\$155,746	\$118,370	\$1,035,000	\$444,000	\$82,208	\$125,815	\$1,961,138

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Broader Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2010

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2010	Commercial, Industrial and Multi Family Energy Efficiency Program	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$232,326	\$355,563	\$5,564,712
2010	Total	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$232,326	\$355,563	\$5,564,712

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Broader Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2011

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2011	Commercial, Industrial and Multi Family Energy Efficiency Program	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$224,900	\$355,563	\$5,557,286
2011	Total	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$224,900	\$355,563	\$5,557,286

Projected the Brooklyn Union Gas Company d/b/a National Grid NY Broader Commercial, Industrial and Multi Family Energy Efficiency Program Costs in 2009 - 2011

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009-2011	Commercial, Industrial and Multi Family Energy Efficiency Program	\$1,061,976	\$774,134	\$6,885,000	\$2,985,652	\$539,433	\$836,941	\$13,083,136
2009 - 2011	Total	\$1,061,976	\$774,134	\$6,885,000	\$2,985,652	\$539,433	\$836,941	\$13,083,136

**Projected KeySpan Gas East Corporation d/b/a National Grid Broader Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2009**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009	Commercial, Industrial and Multi Family Energy Efficiency Program	\$146,100	\$107,483	\$1,035,000	\$299,508	\$86,338	\$125,815	\$1,800,244
2009	Total	\$146,100	\$107,483	\$1,035,000	\$299,508	\$86,338	\$125,815	\$1,800,244

**Projected KeySpan Gas East Corporation d/b/a National Grid Broader Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2010**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2010	Commercial, Industrial and Multi Family Energy Efficiency Program	\$420,141	\$305,474	\$1,800,000	\$882,769	\$150,153	\$218,808	\$3,777,345
2010	Total	\$420,141	\$305,474	\$1,800,000	\$882,769	\$150,153	\$218,808	\$3,777,345

**Projected KeySpan Gas East Corporation d/b/a National Grid Broader Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2011**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2011	Commercial, Industrial and Multi Family Energy Efficiency Program	\$420,141	\$305,474	\$1,800,000	\$882,769	\$140,629	\$218,808	\$3,767,821
2011	Total	\$420,141	\$305,474	\$1,800,000	\$882,769	\$140,629	\$218,808	\$3,767,821

**Projected KeySpan Gas East Corporation d/b/a National Grid Broader Commercial,
Industrial and Multi Family Energy Efficiency Program Costs in 2009 - 2011**

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost
2009-2011	Commercial, Industrial and Multi Family Energy Efficiency Program	\$986,382	\$718,431	\$4,635,000	\$2,065,046	\$377,120	\$563,431	\$9,345,410
2009 - 2011	Total	\$986,382	\$718,431	\$4,635,000	\$2,065,046	\$377,120	\$563,431	\$9,345,410

Projected participation and savings in the proposed Commercial, Industrial and Multi Family Energy Efficiency Programs as modified are provided in the following tables:

The Brooklyn Union Gas Company d/b/a National Grid NY

Gas Programs	2009			2010		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Industrial Component	23	41,400	579,600	65	117,000	1,638,000
Multi family Component	40	14,400	216,000	150	54,000	810,000

Gas Programs	2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Annualized MMBtu Savings
Industrial Component	65	117,000	1,638,000	153	275,400	3,855,600
Multi family Component	150	54,000	810,000	340	122,400	1,836,000

KeySpan Gas East Corporation d/b/a National Grid

Gas Programs	2009			2010		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Industrial Component	23	41,400	579,600	40	72,000	1,008,000
Multi family Component	15	3,375	50,625	50	11,250	168,750

Gas Programs	2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Annualized MMBtu Savings
Industrial Component	40	72,000	1,008,000	103	185,400	2,595,600
Multi family Component	50	11,250	168,750	115	25,875	388,125

Proposed participation and savings for the broader Commercial, Industrial and Multi Family Energy Efficiency Programs are provided below by year and for the period 2009 through 2011.

The Brooklyn Union Gas Company d/b/a National Grid NY

	2009			2010		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Gas Program						
Commercial, Industrial and Multi Family Energy Efficiency Program	63	55,800	781,200	532	246,706	3,453,886

	2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Annualized MMBtu Savings
Gas Program						
Commercial, Industrial and Multi Family Energy Efficiency Program	532	246,706	3,453,886	1,127	549,212	7,688,971

KeySpan Gas East Corporation d/b/a National Grid

	2009			2010		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Gas Program						
Commercial, Industrial and Multifamily Energy Efficiency Program	38	44,775	626,850	252	111,171	1,556,390

	2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Annualized MMBtu Savings
Gas Program						
Commercial, Industrial and Multifamily Energy Efficiency Program	251	109,894	1,538,514	541	265,840	3,721,754

Although this updated proposal is focused only on the large industrial and multifamily facilities that can be served through the proposed Commercial, Industrial and Multi Family Energy Efficiency Programs, the Companies are still supporting all of the proposed programs in their 90-day filings.

IV. Program Cost-Effectiveness

1. Plan Results

The following tables summarize the expected benefits, costs, and the benefit/cost ratios for the Commercial, Industrial and Multi Family Energy Efficiency Programs as modified that the Companies propose to implement in 2009 - 2011. For more detailed information about the benefits and costs associated with the individual programs, including expected annual and lifetime savings, see Appendix B attached hereto. The input assumptions used in this analysis can be found in attached Appendix C.

The Brooklyn Union Gas Company d/b/a National Grid NY

Summary of Benefits, Costs (2009 \$s)

Total Resource Cost Test

Gas Programs	2009			2010			2011			2009 - 2011		
	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)
Industrial Component	1.86	\$5,180	\$ 2,789	2.00	\$15,018	\$ 7,493	2.18	\$15,433	\$ 7,095	2.05	\$35,631	\$17,377
Multi family Component	2.37	\$2,146	\$ 906	2.64	\$8,259	\$ 3,124	2.87	\$8,491	\$ 2,961	2.70	\$18,896	\$6,991
Total	1.98	\$7,325	\$3,695	2.19	\$23,277	\$10,617	2.38	\$23,924	\$10,056	2.24	\$54,526	\$24,368

KeySpan Gas East Corporation d/b/a National Grid

Summary of Benefits, Costs (2009 \$s)

Total Resource Cost Test

Gas Programs	2009			2010			2011			2009 - 2011		
	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)
Industrial Component	1.97	\$5,180	\$ 2,628	1.87	\$9,242	\$ 4,945	2.03	\$9,497	\$ 4,679	1.95	\$23,919	\$12,253
Multi family Component	2.41	\$503	\$ 208	2.60	\$1,721	\$ 663	2.82	\$1,769	\$ 628	2.66	\$3,992	\$1,500
Total	2.00	\$5,683	\$2,837	1.95	\$10,962	\$5,608	2.12	\$11,266	\$5,307	2.03	\$27,911	\$13,752

2. Avoided Costs and Description of Program Benefits

The TRC Test compares the present value of future electric system, natural gas, and other customer savings to the total of the expenditures and customer costs necessary to implement the programs. The benefit of a measure is the net present value of the avoided costs (i.e., value of the savings) associated with the net savings of a measure over the life of that measure. The measure life is based on the technical life of the measure modified to reflect expected measure persistence.

The avoided costs used to determine program cost-effectiveness for the gas energy efficiency programs are from Appendix 2, Table 2 of the April 9, 2009 order approving Energy Efficiency Portfolio Standard (“EEPS”) “Fast Track” utility-administered gas energy efficiency programs with modifications (the “Order”).⁴ The Order directed the utilities to use the estimates of Long Run Avoided Costs (“LRACs”) provided in the Order to evaluate all energy efficiency proposals currently pending before the Commission.

To escalate the avoided costs into 2009 constant dollars, an inflation rate of 2.98% was applied.

The dollar value of the program’s benefits is calculated by multiplying the expected savings by the appropriate avoided value component. The avoided value component for each benefit (e.g., electric energy, capacity, natural gas) is the cumulative net present value (2009 dollars) of lifetime avoided costs for each year of the planning horizon from the base year. For example, the avoided value component in Year 10 for any given benefit is the sum of the net present value of the annual avoided costs for the resource for Year 1, Year 2, Year 3, etc., through Year 10, in 2009 dollars. This value is applied to the annual savings for a measure with a 10-year life to generate the lifetime avoided benefit for that measure. Since all of the future year values are in constant 2009 dollars, lifetime benefits

⁴ Case 08-G-1015, *et al.*, *Niagara Mohawk Power Corporation, et al.*, Order Approving “Fast Track” Utility-Administered Gas Energy Efficiency Programs with Modifications (issued and effective April 9, 2009).

thus calculated are discounted back to 2009 using a real discount rate equal to $[(1 + \text{Nominal Discount Rate}) / (1 + \text{Inflation})] - 1$. The nominal discount rate used for this three-year plan is 8.6% which results in a real discount rate of 5.5%; this is the discount rate recommended for use by DPS Staff.

V. Program Description

In response to a request from DPS Staff, National Grid has updated the descriptions of its proposed Commercial, Industrial and Multi Family Energy Efficiency Programs. The updated program description follows.

Commercial, Industrial and Multi Family Energy Efficiency Program

Purpose

As modified at the request of DPS Staff, the proposed Commercial, Industrial and Multi Family Energy Efficiency Programs will initially focus on energy efficiency opportunities associated with existing natural gas applications in facilities with gas usage greater than 12,000 dth. However, the programs are designed to serve the needs of all existing non-residential customers and are currently active under the Companies' gas interim efficiency programs. As modified at the request of DPS Staff, the Multi Family Energy Efficiency Program component will focus on energy efficiency opportunities associated with existing natural gas applications in 5 – 50 unit multifamily segments. However, the programs are designed to serve the needs of all existing market rate multifamily customers and are currently active under the Companies' interim gas efficiency program.

The programs offer financial incentives and technical assistance to help customers analyze their operations in order to assess outdated and/or energy-inefficient systems and recommend opportunities for replacement equipment and systems. The Programs will address prescriptive and custom measure offerings. These will include stand-alone measures (e.g., space and water heating equipment, insulation, steam traps and controls), associated with industrial processes or custom applications. The custom components of

the programs address the needs of all non-residential customers. All existing, emerging and new natural gas technologies that offer an efficient alternative will be considered.

Coordination:

The Companies propose to work with NYSERDA to ensure that effective coordination can take place with the existing services offered to customers through programs to be administered by NYSERDA. The sharing of the technical delivery knowledge and information, especially as it relates to efficiency potential, will contribute to rapid adoption of these better practices. The Companies are also proposing further coordination with NYSERDA and other program administrators as described below in the Section titled “Coordination with NYSERDA and Other Program Administrators.”

Program Administration and Delivery

These programs will be delivered and administered by the Companies through their in-house technical and account management staff, supplemented by outside contractors, and will provide participants with financial incentives, technical assistance, training, and commissioning. National Grid is uniquely poised to effectively deliver these services since the Companies’ Account Executives have established strong business relationships with customers at decision-making levels within their respective organizations. It is this connection with these customers that makes it possible to leverage the financial and technical solutions provided by the Companies to aid customers in energy cost reduction and mitigation strategies. Moreover, the Companies’ Account Executives have achieved high levels of customer satisfaction and it is this attribute that makes it possible to add energy efficiency services to their duties and responsibilities and build on the established trust of customers. The combination of these services and close association with customers will increase the level of participation in energy efficiency efforts. The primary services to be offered include:

- **Financial Incentives:** Reduce the cost barrier to investing in energy efficiency. Incentives will be offered for a diverse group of applications applicable to the markets targeted in these programs. The programs are designed to capture natural gas savings addressing traditional technologies found in large industrial and multifamily facilities,

along with emerging technologies focused on combustion-related applications, intelligent control technologies, combined heat and power systems, automation technologies, and other new and emerging efficient technologies. In addition, the Companies will address applications where there is a strong potential for energy savings based on significant heating and cooling loads within the processes, and/or long hours of operation. Also, in addition to energy savings, it is likely that several of the projects will enhance product/process quality, and increase profitability for the customer.

- Technical Assistance: Provides information and education to participants about the use of energy efficiency engineering practices to advance better design and construction practices in buildings. Technical assistance also provides the customer with criteria related to energy efficiency options that can be used when the customer specifies new equipment or is evaluating an application focused on an emerging technology.

The Companies' Account Executives provide project administration functions for the programs. Their regular contact with customers and familiarity with customers' operations position them to assist customers with pro-actively identifying energy efficiency opportunities. Additionally, the Account Executives have the authority to commit incentive dollars to cost-effective projects and therefore, customers are assured of the Companies' contribution to the energy efficiency projects and that the incentive dollars will be available when the projects are installed and operating.

The Companies will hire outside contractors in addition to utilizing their own in-house engineering staff for technical review and assistance of comprehensive projects, post-installation inspections, and commissioning services. It is expected with the large industrial customers that technical services, particularly for process-related systems, will be critical to identifying cost-effective energy savings. In addition, outside contractors are also selected through a competitive bid process, ensuring that the Companies are obtaining these services at a competitive rate. Ultimately, it is the Companies' belief that this approach will help to build an energy efficiency industry in New York State.

Coordination:

The Companies propose working with NYSERDA and the Long Island Power Authority (“LIPA”) for the KeySpan Gas East program to ensure that effective coordination can take place with the existing services offered to industrial customers. The sharing of the technical delivery knowledge and information, especially as it relates to efficiency potential in the industrial sector, will contribute to rapid adoption of these better practices within industrial systems and operations. The Companies are also proposing further coordination with NYSERDA and other program administrators as described below in the Section titled “Coordination with NYSERDA and Other Program Administrators.”

Fuel Integration:

Due to the high penetration of process equipment in facilities of this size, the Companies will ensure that both natural gas and electric applications are equally addressed by Account Management staff or other technical assistance partners involved with this class of customers. Customers will be provided with technical assistance to better integrate natural gas and electric technologies in their facilities.

Target Market and Marketing Approach

The programs will be available to industrial customers that use over 12,000 dth of natural gas annually and to multifamily facilities. The Companies will market the programs to customers and trade allies through a number of different channels as follows:

- **Customers:** The Companies will market the programs to customers through extensive personal communication by the Companies’ Account Executives and energy efficiency staff. This includes, but is not limited to, on-site customer meetings, seminars, training sessions, and direct marketing approaches.
- **Trade Allies:** The Companies will reach out to trade allies such as equipment engineers, architects, vendors and mechanical contractors to educate and encourage

adoption of new high performance design features and equipment selection in order to promote efficient energy usage in commercial, government, institutional, agriculture, and industrial buildings.

Through the programs, the Companies will also actively support regional and national market transformation initiatives. One such initiative is Building Operator Certification that trains and certifies facility personnel in energy and resource efficient operation of building systems at two levels: (1) Level 1 - Building Systems and Maintenance; and (2) Level II - Equipment Troubleshooting and Maintenance.

Target End Uses, Recommended Technologies, and Financial Incentives

Targeted end uses will include, combustion controls, combined heat and power, industrial process, energy management systems and any other high performance mechanical and natural gas technologies.

In general, incentives are designed to cover approximately 50% of the total installed costs, including labor and equipment, or gas customers will receive \$2.25 per therm saved, whichever is less to the Companies. Customers select from a prescriptive or custom track depending on the complexity of their facility and the unique opportunity to gain significant energy savings through more customized examination of their energy usage.

Evaluation Plan

Year One Evaluation

In 2009, evaluation efforts will focus on identifying how the program is operating during the start-up phase, with the objective of identifying improvements that can be made to program implementation efforts. National Grid plans to initiate a process evaluation in support of these efforts. The plan is to hire an independent evaluation expert through a competitive solicitation to complete this work. This RFP will be issued shortly after the

Commission authorizes the Companies to implement this program. The Companies will request interim reports from the selected contractor so that modifications to the implementation effort can be adopted quickly where it appears that a change is likely to lead to improved results in the program. A final report summarizing results from the process evaluation will likely be completed by year-end 2009 or early in 2010.

Process Evaluation

The first year process evaluation will document program processes during start-up and will gather the following information:

- Level of customer satisfaction.
- Effectiveness of the program delivery mechanism from the position of the program delivery contractors, program customers, trade allies and other key stakeholders. Did the delivery mechanism differ from the program plan? If yes, how and why?
- Effectiveness of program promotion.
- Remaining barriers to program participation including an assessment of why some customers choose to not participate in the program.
- Identification of lessons learned and specific actionable recommendations for program improvement.
- A review of program tracking databases to ensure that data that will likely be required to support future program evaluation efforts is being collected.

As part of the process evaluation plan, National Grid will survey participating and non-participating customers as well as trade allies who have and have not promoted the program.

Year Two Evaluation

Impact Evaluation

The Impact Evaluation will quantify the savings attributable to program efforts based on how the equipment installed through this program is actually operating. National Grid anticipates completing an impact evaluation of this program late in 2010 or early in 2011 using industry-accepted methods of analysis.

National Grid will explore conducting this evaluation with the other utilities implementing a similar program so that consistent approaches are used to arrive at evaluated program savings. However, at this point in time, while awaiting guidance from the Evaluation Advisory Group, National Grid proposes the following for consideration as part of its program evaluation plan.

- **Impact Evaluation Methodology.** An independent evaluation consultant will be hired through a competitive solicitation. Firms proposing to complete the work will be required to recommend an impact evaluation approach appropriate for this type of program that will produce results that meet the precision requirements set forth in the guidelines issued through the Evaluation Advisory Group. Possible evaluation approaches may include a billing data analysis, an engineering simulation model, metering, or some other approach. This analysis may include surveys with program participants and with trade allies in an effort to arrive at net savings attributable to program efforts. The results of the impact evaluation will be used to refine expectations about future program savings, and may be used to modify future programs. Results from this study are anticipated late in 2010 or early in 2011.
- **Net-to-Gross Analysis.** The assumptions used to develop goals for this program are provided in Appendix C attached hereto. These assumptions reflect National Grid affiliates' experience in delivering a similar program in New England,

including relevant program evaluation findings. These assumptions will be updated in the future based on evaluation findings, including updated information about free-rider ship and spillover, or net-to-gross ratios as discussed above.

- **Benefit Cost Analysis.** Benefit cost analysis is performed at the measure and program level. National Grid has conducted a benefit cost analysis for this program using available information. Future assessments of cost-effectiveness will take into account findings from program evaluation efforts.
- **Budget.** Consistent with the June 23, 2008 Order, the Companies have budgeted 5% of program implementation costs to fund evaluation efforts. Actual evaluation expenses for this program may be higher or lower than this amount.
- **Sampling Strategies and Design and Data Reliability Standards.** Consistent with the Evaluation Plan Guideline for EEPS Program Administrators and as recommended by Working Group III,⁵ National Grid's goal for estimating gross savings at the program level is at the 90% confidence interval, within +/- 10% precision. National Grid will develop sampling protocols for all of its evaluations based on this standard. However, actual evaluation results may deviate from this standard.
- **Steps to Identify and Mitigate Threats to Data Reliability.** The Companies will review the evaluation plan submitted by the selected evaluation contractor for consistency with the Evaluation Advisory Group guidelines, the requirement to maintain a 90% confidence interval with +/- 10 % precision and the overall need to identify and mitigate threats to reliability of the results. The evaluation contractor will be required to insure data reliability to the greatest practical extent, including methods for minimizing systematic and random error and techniques for reducing uncertainty introduced by necessary assumptions and adjustments to the data. The

⁵ See Working Group III Final Report, dated December 5, 2007, at p. 37.

selected evaluation contractor will be asked to include a discussion about threats to data reliability in their reports.

- **Data Collection and Management Process.** Program data will be collected from customer application forms, site visits and surveys of participants and non-participants. National Grid's tracking system supplemented by data that the Companies require of its implementation vendors to track supports program evaluation through the collection of all relevant data pertaining to customer rebates and installed equipment. Customer name, account, premise level and other non-program specific data is captured in the system. Measure-specific data as appropriate will also be captured. Examples of measure-specific data that will be collected can include⁶:

- Date of contract/agreement to install measure(s)
- Date of beginning of installation process
- Installation completion date
- Installation contractor
- Installation location
- Project or work order number
- Type of measure
- Annualized energy savings
- Measure life
- Total measure installed cost
- Incremental measure cost
- Incentive payment amount
- Project completion date
- Evaluation inspection/commissioning date
- Date of evaluation of measure or program
- Types of evaluation conducted
- Result of evaluation

⁶ Please note that not of all the measure-specific data listed here are going to be captured for this program.

- **Schedule and Deliverable Dates.** National Grid anticipates initiating a process evaluation in 2009 and an impact evaluation in the fall of 2010. Final results of the process evaluation are anticipated by year-end 2009 or early in 2010. Final results for the impact evaluation are anticipated by year-end 2010 or early 2011.
- **Data Collection.** Data to be collected about this program is discussed above. Reporting is discussed below in Chapter VII. Evaluation and Reporting.

Consistent with the June 23, 2008 Order, the Companies have budgeted 5% of program implementation costs to support program evaluation efforts. Detailed evaluation plans for each proposed program have been provided along with the description of each proposed program. In general, in the first year, the Companies anticipate focusing on process evaluation efforts that will assist the Companies in making timely adjustments to program implementation efforts to improve overall effectiveness. In later years, the Companies anticipate focusing on impact evaluation efforts so that actual savings from program efforts can be estimated more accurately.

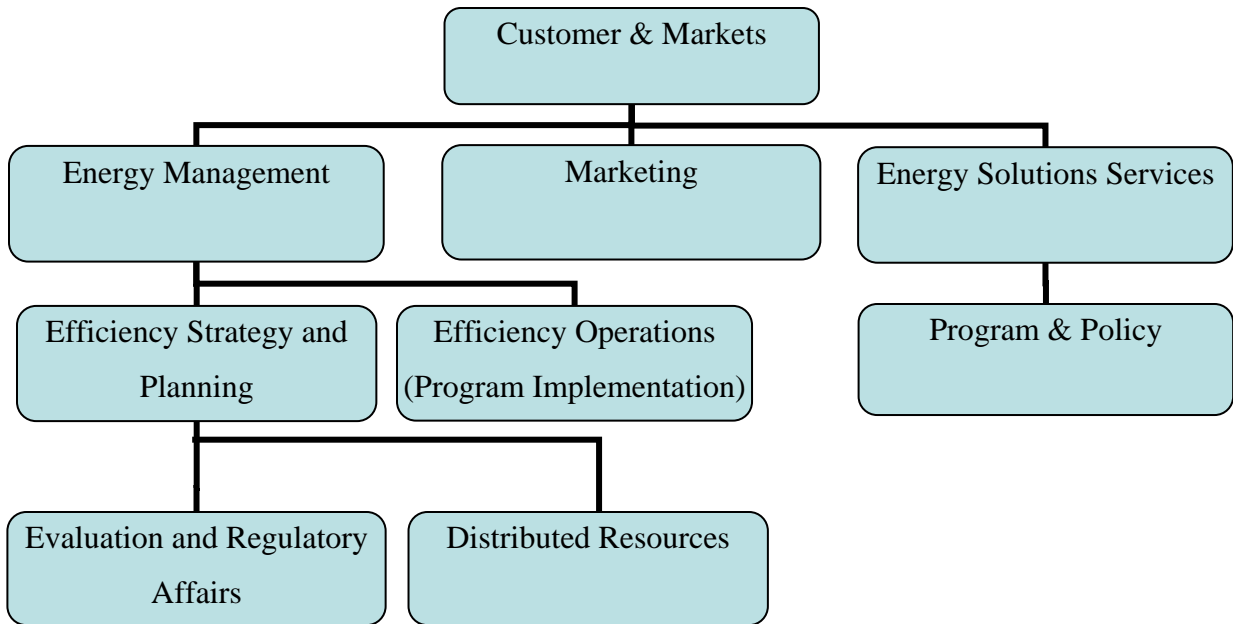
In planning evaluation activities, the Companies considers several factors including the length of time since a program or end-use was evaluated, the maturity of the program (particularly for process evaluation issues), the significance of expected savings for the end use or project in the recently completed program year, the stability of prior evaluation results for the program aspect under consideration, and expected opportunities to participate in joint studies, including market assessments, in the coming year. National Grid plans to oversee the efforts of independent evaluation consultants who will be selected through a competitive bidding process to complete the Companies' evaluation studies.

National Grid has representation on the Evaluation Advisory Group ("Advisory Group") convened by the Director of the Office of Energy Efficiency and Environment, Department of Public Services. A portion of the Companies' evaluation budget is anticipated to be directed to the Advisory Group's efforts to fund the efforts of an evaluation expert who

will advise DPS Staff and the Advisory Group as well as to fund evaluation studies that will be conducted across New York State. These studies are anticipated to include, but not be limited to, baseline practices studies and efforts to identify common approaches for assessing free-ridership and spillover.

National Grid's Evaluation Team

Employees in the Energy Efficiency Evaluation & Regulatory Affairs Department at National Grid have no program implementation responsibilities. These National Grid employees, located in Waltham, Massachusetts, are responsible for defining the scope of program evaluation study efforts, developing Requests for Proposals (“RFPs”) to hire independent evaluation consultants to conduct studies, reviewing bidders’ responses to RFPs and selecting vendors, managing the efforts of vendors under contract, and communicating results with program implementation team members and other key stakeholders. These employees provide copies of completed evaluation studies to program implementation personnel and often include program implementation personnel in the presentation of final evaluation study results. Employees in the Energy Efficiency Evaluation & Regulatory Affairs area also routinely attend program implementation staff meetings to stay current on issues that are affecting the efficiency programs. Program evaluation staff report to the Director of Energy Efficiency Evaluation & Regulatory Affairs. Program implementation staff report to the Director of Energy Efficiency Implementation.



VI. Performance-Based Shareholder Incentives

The Commission has previously recognized the importance of providing utilities with a financial incentive to achieve savings in its electric energy efficiency programs.⁷ The Commission has recently authorized an incentive mechanism applicable to gas energy efficiency efforts that similarly includes both rewards for acceptable performance and penalties applicable to efforts that are deemed to be deficient.⁸

The Companies will be able to earn an incentive on achieved annual energy savings if achieving greater than 80% of the approved annual energy savings goal for the program year. The incentive will be equal to the achieved annual energy savings multiplied by \$3.00 per MCF saved. The incentive will not exceed the approved annual energy savings goal for the year multiplied by \$3.00.

⁷ Case 07-M-0548 - *Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard*, Order Concerning Utility Financial Incentives (issued and effective August 22, 2008).

⁸ Case 07-M-0548, *Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard*, Order Establishing Targets and Standards for Natural Gas Efficiency Programs (issued and effective May 19, 2009).

If results are greater than 70% but at or below 80% of the annual goal, no incentive will be earned and no penalty will apply.

If annual energy savings achieved through program efforts are less than 70% of the approved goal for annual energy savings in the year, the Companies will be subject to a penalty equal to the shortfall multiplied by \$3.00 per Miff. The penalty will not exceed the amount calculated for achieving only 50% of the annual goal.

Additionally for the purpose of this updated proposal, National Grid assumes that for gas efficiency programs initiated in calendar year 2009, shareholder incentive determinations will be made based on an accounting of measures installed or performed cumulatively in calendar years 2009 and 2010 applied against a cumulative target through 2010 consistent with Ordering Clause No. 1 in the Commission's February 13, 2009 order in the EEPS proceeding.⁹

⁹ See Case 07-M-0548 – *Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard*, Order on Rehearing Denying in Part and Granting in Part Petition for Reconsideration (issued and effective February 13, 2009) at 8.

Appendix A

Explanation of Budget Categories

Program Planning and Administration

Costs to administer energy efficiency programs that include but are not limited to; staff salaries (management personnel, program managers, accounting personnel, evaluation staff, regulatory staff, and administrative support staff), and company overhead (i.e., office space, supplies, computer and communication equipment, staff training, industry related sponsorships and memberships).

Program Marketing and Trade Ally

Promotion of energy efficiency programs which includes but is not limited to; production of all energy efficiency program literature, advertising, promotion, displays, events, promotional items, bill inserts, internal and external communications. Advertising encompasses all forms of media such as direct mail, print, radio, television, and internet.

Trade Ally includes all activity associated with energy efficiency training/education of the trade ally community which includes but is not limited to; heating contractors, weatherization contractors, efficiency equipment/products installers, residential and C&I auditors, residential and C&I builders and developers.

Customer Incentives or Services

Costs associated with rebates paid to customers for implementing energy efficiency. Additionally, this includes services provided to customers such as energy audits, technical assessments, engineering studies, plans reviews, blower door tests and infrared scans.

Program Implementation

Costs associated with vendors and contractors administering programs on the Company's behalf. Tasks associated with this budget category include but are not limited to; lead intake, customer service, rebate application processing, rebate application problem resolution, equipment installation inspections, rebate processing and individual program reporting.

Evaluation and Market Research

All activities associated with the evaluation of current and potential energy efficiency programs. These activities include but are not be limited to; benefit cost ratio analysis, program logic models, cost per therm analysis, efficiency product saturation analysis, customer research and all ad hoc analyses that are necessary for program evaluation. In addition any activities that pertain to regulatory compliance or reporting conducted by energy efficiency group personnel or contractors would fall under this category. Expenses associated with evaluation include all internal and external costs (i.e., consultant contracts).

The Brooklyn Union Gas Company d/b/a National Grid NY
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Participation and Savings Goals - Gas Programs

Gas Programs	2009			2010			2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Industrial Component	23	41,400	579,600	65	117,000	1,638,000	65	117,000	1,638,000	153	275,400	3,855,600
Multi family Component	40	14,400	216,000	150	54,000	810,000	150	54,000	810,000	340	122,400	1,836,000

KeySpan Gas East Corporation d/b/a National Grid
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Participation and Savings Goals - Gas Programs

Gas Programs	2009			2010			2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Industrial Component	23	41,400	579,600	40	72,000	1,008,000	40	72,000	1,008,000	103	185,400	2,595,600
Multi family Component	15	3,375	50,625	50	11,250	168,750	50	11,250	168,750	115	25,875	388,125

The Brooklyn Union Gas Company d/b/a National Grid NY
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Participation and Savings Goals - Gas Programs

Gas Program	2009			2010			2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Commercial, Industrial and Multifamily Energy Efficiency Program	63	55,800	781,200	532	246,706	3,453,886	532	246,706	3,453,886	1,127	549,212	7,688,971

KeySpan Gas East Corporation d/b/a National Grid
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Participation and Savings Goals - Gas Programs

Gas Program	2009			2010			2011			2009 - 2011		
	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings	Participants	Annualized MMBtu Savings	Lifetime MMBtu Savings
Commercial, Industrial and Multifamily Energy Efficiency Program	38	44,775	626,850	252	111,171	1,556,390	251	109,894	1,538,514	541	265,840	3,721,754

The Brooklyn Union Gas Company d/b/a National Grid NY
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Summary of Benefits, Costs (2009 \$s)
Total Resource Cost Test

Gas Programs	2009			2010			2011			2009 - 2011		
	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)
Industrial Component	1.86	\$5,180	\$ 2,789	2.00	\$15,018	\$ 7,493	2.18	\$15,433	\$ 7,095	2.05	\$35,631	\$17,377
Multi family Component	2.37	\$2,146	\$ 906	2.64	\$8,259	\$ 3,124	2.87	\$8,491	\$ 2,961	2.70	\$18,896	\$6,991
Total	1.98	\$7,325	\$3,695	2.19	\$23,277	\$10,617	2.38	\$23,924	\$10,056	2.24	\$54,526	\$24,368

KeySpan Gas East Corporation d/b/a National Grid
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Summary of Benefits, Costs (2009 \$s)
Total Resource Cost Test

Gas Programs	2009			2010			2011			2009 - 2011		
	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)	TRC Benefit/ Cost	Total NPV Benefits (\$000)	Total NPV Costs (\$000)
Industrial Component	1.97	\$5,180	\$ 2,628	1.87	\$9,242	\$ 4,945	2.03	\$9,497	\$ 4,679	1.95	\$23,919	\$12,253
Multi family Component	2.41	\$503	\$ 208	2.60	\$1,721	\$ 663	2.82	\$1,769	\$ 628	2.66	\$3,992	\$1,500
Total	2.00	\$5,683	\$2,837	1.95	\$10,962	\$5,608	2.12	\$11,266	\$5,307	2.03	\$27,911	\$13,752

The Brooklyn Union Gas Company d/b/a National Grid NY
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Year	Gas Programs	Total Benefits		MMBTU Saved	
		Total Benefits	Natural Gas	Annual	Lifetime
2009	Industrial Component	\$5,179,852	\$5,179,852	41,400	579,600
	Multi family Component	\$2,145,594	\$2,145,594	14,400	216,000
Grand Total - 2009		\$7,325,446	\$7,325,446	55,800	795,600
2010	Industrial Component	\$15,017,700	\$15,017,700	117,000	1,638,000
	Multi family Component	\$8,259,325	\$8,259,325	54,000	810,000
Grand Total - 2010		\$23,277,025	\$23,277,025	171,000	2,448,000
2011	Industrial Component	\$15,433,218	\$15,433,218	117,000	1,638,000
	Multi family Component	\$8,490,680	\$8,490,680	54,000	810,000
Grand Total - 2011		\$23,923,898	\$23,923,898	171,000	2,448,000
2009 - 2011	Industrial Component	\$35,630,770	\$35,630,770	275,400	3,855,600
	Multi family Component	\$18,895,599	\$18,895,599	122,400	1,836,000
Grand Total - 2009 - 2011		\$54,526,369	\$54,526,369	397,800	5,691,600

KeySpan Gas East Corporation d/b/a National Grid
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Year	Gas Programs	Total Benefits		MMBTU Saved	
		Total Benefits	Natural Gas	Annual	Lifetime
2009	Industrial Component	\$5,179,852	\$5,179,852	41,400	579,600
	Multi family Component	\$502,874	\$502,874	3,375	50,625
Grand Total - 2009		\$5,682,725	\$5,682,725	44,775	630,225
2010	Industrial Component	\$9,241,661	\$9,241,661	72,000	1,008,000
	Multi family Component	\$1,720,693	\$1,720,693	11,250	168,750
Grand Total - 2010		\$10,962,354	\$10,962,354	83,250	1,176,750
2011	Industrial Component	\$9,497,365	\$9,497,365	72,000	1,008,000
	Multi family Component	\$1,768,892	\$1,768,892	11,250	168,750
Grand Total - 2011		\$11,266,257	\$11,266,257	83,250	1,176,750
2009 - 2011	Industrial Component	\$23,918,878	\$23,918,878	185,400	2,595,600
	Multi family Component	\$3,992,458	\$3,992,458	25,875	388,125
Grand Total - 2009 - 2011		\$27,911,336	\$27,911,336	211,275	2,983,725

The Brooklyn Union Gas Company d/b/a National Grid NY
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009	Industrial Component	\$155,746	\$118,370	\$1,035,000	\$444,000	\$82,208	\$125,815	\$1,961,138	\$828,000	\$2,789,138
	Multi family Component	\$50,000	\$75,000	\$360,000	\$62,000	\$27,350	\$43,762	\$618,112	\$288,000	\$906,112
2009	Total	\$205,746	\$193,370	\$1,395,000	\$506,000	\$109,558	\$169,576	\$2,579,250	\$1,116,000	\$3,695,250
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2010	Industrial Component	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$232,326	\$355,563	\$5,564,712	\$2,340,000	\$7,904,712
	Multi family Component	\$163,000	\$241,000	\$1,350,000	\$200,000	\$97,700	\$164,106	\$2,215,806	\$1,080,000	\$3,295,806
2010	Total	\$616,115	\$568,882	\$4,275,000	\$1,470,826	\$330,026	\$519,669	\$7,780,518	\$3,420,000	\$11,200,518
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2011	Industrial Component	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$224,900	\$355,563	\$5,557,286	\$2,340,000	\$7,897,286
	Multi family Component	\$163,000	\$241,000	\$1,350,000	\$200,000	\$97,700	\$164,106	\$2,215,806	\$1,080,000	\$3,295,806
2011	Total	\$616,115	\$568,882	\$4,275,000	\$1,470,826	\$322,600	\$519,669	\$7,773,092	\$3,420,000	\$11,193,092
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009-2011	Industrial Component	\$1,061,976	\$774,134	\$6,885,000	\$2,985,652	\$539,433	\$836,941	\$13,083,136	\$5,508,000	\$18,591,136
	Multi family Component	\$376,000	\$557,000	\$3,060,000	\$462,000	\$222,750	\$371,974	\$5,049,724	\$2,448,000	\$7,497,724
2009 - 2011	Total	\$1,437,976	\$1,331,134	\$9,945,000	\$3,447,652	\$762,183	\$1,208,914	\$18,132,860	\$7,956,000	\$26,088,860

KeySpan Gas East Corporation d/b/a National Grid
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009	Industrial Component	\$146,100	\$107,483	\$1,035,000	\$299,508	\$86,338	\$125,815	\$1,800,244	\$828,000	\$2,628,244
	Multi family Component	\$11,000	\$16,000	\$84,375	\$13,000	\$6,219	\$10,257	\$140,850	\$67,500	\$208,350
2009	Total	\$157,100	\$123,483	\$1,119,375	\$312,508	\$92,557	\$136,071	\$1,941,094	\$895,500	\$2,836,594
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2010	Industrial Component	\$420,141	\$305,474	\$1,800,000	\$882,769	\$150,153	\$218,808	\$3,777,345	\$1,440,000	\$5,217,345
	Multi family Component	\$37,000	\$56,000	\$281,250	\$45,000	\$20,963	\$34,189	\$474,401	\$225,000	\$699,401
2010	Total	\$457,141	\$361,474	\$2,081,250	\$927,769	\$171,116	\$252,997	\$4,251,746	\$1,665,000	\$5,916,746
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2011	Industrial Component	\$420,141	\$305,474	\$1,800,000	\$882,769	\$140,629	\$218,808	\$3,767,821	\$1,440,000	\$5,207,821
	Multi family Component	\$37,000	\$56,000	\$281,250	\$45,000	\$20,963	\$34,189	\$474,401	\$225,000	\$699,401
2011	Total	\$457,141	\$361,474	\$2,081,250	\$927,769	\$161,592	\$252,997	\$4,242,222	\$1,665,000	\$5,907,222
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009-2011	Industrial Component	\$986,382	\$718,431	\$4,635,000	\$2,065,046	\$377,120	\$563,431	\$9,345,410	\$3,708,000	\$13,053,410
	Multi family Component	\$85,000	\$128,000	\$646,875	\$103,000	\$48,144	\$78,634	\$1,089,653	\$517,500	\$1,607,153
2009 - 2011	Total	\$1,071,382	\$846,431	\$5,281,875	\$2,168,046	\$425,264	\$642,065	\$10,435,063	\$4,225,500	\$14,660,563

The Brooklyn Union Gas Company d/b/a National Grid NY
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009	Commercial, Industrial and Multifamily Energy Efficiency Program	\$155,746	\$118,370	\$1,035,000	\$444,000	\$82,208	\$125,815	\$1,961,138	\$828,000	\$2,789,138
2009	Total	\$155,746	\$118,370	\$1,035,000	\$444,000	\$82,208	\$125,815	\$1,961,138	\$828,000	\$2,789,138
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2010	Commercial, Industrial and Multifamily Energy Efficiency Program	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$232,326	\$355,563	\$5,564,712	\$2,340,000	\$7,904,712
2010	Total	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$232,326	\$355,563	\$5,564,712	\$2,340,000	\$7,904,712
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2011	Commercial, Industrial and Multifamily Energy Efficiency Program	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$224,900	\$355,563	\$5,557,286	\$2,340,000	\$7,897,286
2011	Total	\$453,115	\$327,882	\$2,925,000	\$1,270,826	\$224,900	\$355,563	\$5,557,286	\$2,340,000	\$7,897,286
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009-2011	Commercial, Industrial and Multifamily Energy Efficiency Program	\$1,061,976	\$774,134	\$6,885,000	\$2,985,652	\$539,433	\$836,941	\$13,083,136	\$5,508,000	\$18,591,136
2009 - 2011	Total	\$1,061,976	\$774,134	\$6,885,000	\$2,985,652	\$539,433	\$836,941	\$13,083,136	\$5,508,000	\$18,591,136

KeySpan Gas East Corporation d/b/a National Grid
ENERGY EFFICIENCY PROGRAMS
2009 - 2011 TRC BENEFIT COST TEST

Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009	Commercial, Industrial and Multifamily Energy Efficiency Program	\$146,100	\$107,483	\$1,035,000	\$299,508	\$86,338	\$125,815	\$1,800,244	\$828,000	\$2,628,244
2009	Total	\$146,100	\$107,483	\$1,035,000	\$299,508	\$86,338	\$125,815	\$1,800,244	\$828,000	\$2,628,244
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2010	Commercial, Industrial and Multifamily Energy Efficiency Program	\$420,141	\$305,474	\$1,800,000	\$882,769	\$150,153	\$218,808	\$3,777,345	\$1,440,000	\$5,217,345
2010	Total	\$420,141	\$305,474	\$1,800,000	\$882,769	\$150,153	\$218,808	\$3,777,345	\$1,440,000	\$5,217,345
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2011	Commercial, Industrial and Multifamily Energy Efficiency Program	\$420,141	\$305,474	\$1,800,000	\$882,769	\$140,629	\$218,808	\$3,767,821	\$1,440,000	\$5,207,821
2011	Total	\$420,141	\$305,474	\$1,800,000	\$882,769	\$140,629	\$218,808	\$3,767,821	\$1,440,000	\$5,207,821
Year	Programs	Program Planning and Administration	Program Marketing & Trade Ally	Customer Incentives or Services	Program Implementation	Evaluation & Market Research	Performance Incentive	Total Utility Cost	Participant Cost	Total Cost
2009-2011	Commercial, Industrial and Multifamily Energy Efficiency Program	\$986,382	\$718,431	\$4,635,000	\$2,065,046	\$377,120	\$563,431	\$9,345,410	\$3,708,000	\$13,053,410
2009 - 2011	Total	\$986,382	\$718,431	\$4,635,000	\$2,065,046	\$377,120	\$563,431	\$9,345,410	\$3,708,000	\$13,053,410

MASTER WORKSHEET WITH ALL PROGRAM INPUT ASSUMPTIONS
Input Assumptions Energy Efficiency Programs - The Brooklyn Union Gas Company d/b/a National Grid NY
June 5, 2009

Gas Programs	Measure Name	Measure Life	Source of Measure Life	Incremental Cost	Source of Incremental Cost	Annual Savings Per Participant or Per Unit of Installation	Source of Annual Savings	Net to Gross Impact Factors	Source of Net to Gross
Commercial, Industrial and Multi Family Energy Efficiency Program	Industrial Component	15	Measure life of projects completed in NY service territory.	\$90,000	The average rebate will be approximately \$45,000 which is based on \$2.25 per therm saved. This will represent 50% of the total cost of each project. Thus the average cost of each project is \$90,000.	2,000	Estimate savings at 2% of annual consumption for large industrial customers.	10% Net Free Ridership Rate	Net free ridership is a DPS staff estimate.
Commercial, Industrial and Multi Family Energy Efficiency Program	Multi family Component	20	Data from KeySpan's updated "Performance Report" report for Massachusetts programs" for Program Year 3 (this is for the period May 1, 2004 to April 30, 2005)	\$18,000	The average rebate will be approximately \$9,000. This will represent 50% of the total cost of each project. Thus the average cost of each project is \$18,000.	400	Average of projects completed in NY service territory from RISE Engineering.	10% Net Free Ridership Rate	Net free ridership is a DPS staff estimate.

MASTER WORKSHEET WITH ALL PROGRAM INPUT ASSUMPTIONS
Input Assumptions Energy Efficiency Programs - KeySpan Gas East Corporation d/b/a National Grid
June 5, 2009

Gas Programs	Measure Name	Measure Life	Source of Measure Life	Incremental Cost	Source of Incremental Cost	Annual Savings Per Participant or Per Unit of Installation	Source of Annual Savings	Net to Gross Impact Factors	Source of Net to Gross
Commercial, Industrial and Multi Family Energy Efficiency Program	Industrial Component	15	Measure life of projects completed in NY service territory.	\$90,000	The average rebate will be approximately \$45,000 which is based on \$2.25 per therm saved. This will represent 50% of the total cost of each project. Thus the average cost of each project is \$90,000.	2,000	Estimate savings at 2% of annual consumption for large industrial customers.	10% Net Free Ridership Rate	Net free ridership is a DPS staff estimate.
Commercial, Industrial and Multi Family Energy Efficiency Program	Multi family Component	20	Data from KeySpan's updated "Performance Report" report for Massachusetts programs" for Program Year 3 (this is for the period May 1, 2004 to April 30, 2005)	\$18,000	The average rebate will be approximately \$9,000. This will represent 50% of the total cost of each project. Thus the average cost of each project is \$18,000.	400	Average of projects completed in NY service territory from RISE Engineering.	10% Net Free Ridership Rate	Net free ridership is a DPS staff estimate.