

Proposal of Blackstone Gas Company

Blackstone Gas Company is the smallest gas utility in the Commonwealth currently serving a total customer base of 1,744 as of December 2014 consisting of 1,577 residential customers and 167 commercial customers. The total sales for calendar year 2013 were 173,941 MCF of which 112,903 were to residential customers and 61,038 were to commercial customers.

In the current three-year energy efficiency plan for 2013-2015 approved by the Department of Public Utilities in D.P.U. 12-100 through 12-111 the Department recognized the small size of and budget constraints regarding Blackstone's participation in the full Energy Efficiency Advisory Council ("Council") process, but directed Blackstone to develop all future three-year plans in conjunction with the Council and submit them as part of the statewide plans. D.P.U. 12-100 through 12-111 at 148. In addition, the Attorney General noted that due to Blackstone's size it is unable to offer its customers many of the statewide energy efficiency programs, and recommended that another gas Program Administrator take over the delivery of energy efficiency programs in Blackstone Gas' service territory. Id. at 155. In the Order the Department directed Blackstone to work with the Council and other gas Program Administrators to pursue an agreement with another Program Administrator to deliver energy efficiency services in its service territory.

Accordingly Blackstone has been in discussions with National Grid, which serves electricity and provides energy efficiency services to all its electric customers in the Blackstone service territory, to provide gas energy efficiency services to the Blackstone customers. National Grid and Blackstone have an understanding in principle, but the exact form of any final agreement depends on the approval of the Council and the Department of Public Utilities as to the proposed structure of the deal.

Generally Blackstone proposes that National Grid would provide gas energy efficiency services to all Blackstone customers under the same terms and conditions as approved in its three-year plan as it provides to its native load customers. Blackstone would bill its customers the National Grid energy efficiency charges as approved by the Department, excluding any reconciliation of over or under collections for periods before the commencement of the next three-year plan. Those funds would be turned over to National Grid. The key provision requested of the Council is that there would be no separate regulatory filings for energy

efficiency required by Blackstone or National Grid and no reconciliation required by National Grid as to the costs and revenues for energy efficiency to the Blackstone customers. The Blackstone energy efficiency revenues and costs for energy efficiency would be rolled into the National Grid regulatory filings. Blackstone and National Grid have had informal discussions with the Department on the foregoing basis and received positive feedback. In addition, there will be no requirement to report results uniquely for Blackstone in any reports provided to either the EEAC or the DPU or in any databases about energy efficiency efforts. Blackstone's results will be included as a part of National Grid's gas results.

The only additional cost for Blackstone would be the start-up costs to pay for National Grid's incremental costs to its tracking and reporting systems and any incremental costs for its various vendors to recognize the Blackstone customers. At this time those costs are not fully known as the type of vendor reporting requirements is not fully known. To negotiate a final agreement, Blackstone and National Grid need support in writing from the Council and the Department regarding this plan to provide statewide gas energy efficiency programs to the Blackstone customers.