

October 24, 2007

VIA OVERNIGHT & ELECTRONIC MAIL

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429



Re: DE 06-061; Closing Statement of Granite State Electric Company d/b/a National Grid

Dear Ms. Howland:

At the October 10, 2007 hearing in the above-captioned proceeding, the Commission provided for closing statements to be filed no later than October 26, 2007. I am now submitting for the Commission's consideration the closing statement of Granite State Electric Company d/b/a National Grid ("National Grid" or "Company").

National Grid appreciates the opportunity to assist the Commission with its investigation of the Energy Policy Act standard regarding time-based metering and communications set forth in Section 1252 of the Energy Policy Act of 2005. The Company recognizes the Commission's policy objective to move toward time-differentiated commodity pricing for all customer classes for a variety of reasons. However, we urge the Commission to adopt a flexible, phased approach to implementing time-differentiated commodity pricing that allows utilities to first gain valuable information about large customer behavior and cost savings, before mandating a particular time-differentiated pricing option for all other customer classes. The costs of implementing time-differentiated commodity pricing will ultimately be borne by customers, therefore, the decision to implement time-differentiated commodity pricing should be based upon a reasonable expectation that customers will benefit and that the Commission's policy objectives will actually be achieved. National Grid believes it is evident from the record in this proceeding that there is not enough information about the impact to New Hampshire customers, particularly residential customers, resulting from establishing mandatory time-of-use rates for all customer classes. In particular, it is unclear whether mandatory time-of-use rates will actually achieve the demand response and customer cost savings objectives that the Staff and the Commission might expect.

National Grid agrees with the conclusions of many of the excerpted articles that were read into the record at the hearing that some customers are willing to alter their electric usage when provided with time-of-use rates. However, National Grid cautions the Commission that residential customer time-of-use pilots in California and Illinois have solicited customers to volunteer for those programs. Those customers who volunteered for time-of-use pilots have typically already accepted the premise for time-of-use rates and are willing to alter their usage away from higher priced periods of the day. Given that the customers in these pilots were volunteers, it is appropriate to use the results of these pilots to show that certain customers will respond to time-of-use price

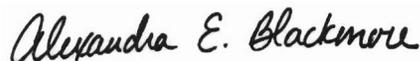
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differences. However, it would be inappropriate to extrapolate the results from those pilots to the residential customer population as a whole, since the participants were not selected at random, but were allowed to self-select into the program.

National Grid respectfully requests that the Commission approve the Company's proposal to implement a day-ahead hourly pricing program for all of its G-1 rate class customers to allow the Company to gain valuable information about customer behavior in response to time-differentiated commodity pricing. The results of an interim two or three year program for National Grid's New Hampshire G-1 rate class customers would be very helpful to confirm the results from our New York hourly price analyses to see whether similar results are found in New Hampshire. It is important to note that the results of hourly pricing in New York may be different for New Hampshire customers, because we have a very different mix of customers in upstate New York and these customers are significantly larger (2000 kW and above) than G-1 customers in New Hampshire. In addition, New York has a very different regulatory environment than New Hampshire, which could induce some actions by customers in New York that cannot be replicated in New Hampshire. Thus, National Grid views this interim proposal as an important first step in achieving the Commission's policy objective to promote time-differentiated commodity pricing.

National Grid is concerned about Wal-Mart's position on the issue of meter ownership by customers. There are a number of serious revenue and operational implications to the electric utilities that could result from allowing customers to own and have access to their own meters. If the Commission desires to consider Wal-Mart's proposal regarding customer ownership of meters, that should be the subject of a separate docket, as that subject was clearly not within the scope of the Commission's order of notice opening this proceeding. Furthermore, it should also be noted that the ability of utilities to offer real-time pricing or time-differentiated pricing is in no way dependent upon customers owning their own metering equipment, and mixed ownership of metering equipment does nothing to further the Commission's goals in this proceeding.

Very truly yours,



Alexandra E. Blackmore

cc: Meredith A. Hatfield, Esq.
Service List (via regular mail)