



Initial Findings on the Implementation Update

EEAC Consultants

April 8, 2014

DRAFT FOR COUNCIL PREVIEW (revised)

Outline of Presentation

- Status of our review
- Five initial findings
 - PAs can meet or exceed the three-year goals
 - Formal retreat from C&I targets – 10% reduction
 - Reallocation of portion of C&I savings goals to residential and low income
 - Residential strategies vary; all cost-effective EE?
 - Increased costs due to PA-proposed reallocations
- Deep dives (analysis of 3 to 5 key drivers)
- Formula for success

Status of Consultant Review of IU: Preliminary Findings, More to Follow

- Implementation Update distributed by PAs on March 17
- Review of Three-Year Plan period
 - Looking back at 2013 preliminary results
 - Looking forward at PAs' strategies for 2014-2015
- First pass
 - Primary focus to date on savings and savings goals
 - Limited to program and initiative level data
- Next steps
 - 3 to 5 deep dives to analyze data on key drivers
 - Additional findings and recommendations in May/June/July

Finding 1: PAs Can Meet or Exceed the Three-Year Goals...

Electric (2013-2015)			
IU Projection as % of Original 3-Year Plan			
	Savings	Budgets	Benefits
Res	116%	119%	116%
LI	114%	101%	110%
C&I	90%	90%	94%
Portfolio Total	98%	100%	100%

Gas (2013-2015)			
IU Projection as % of Original 3-Year Plan			
	Savings	Budgets	Benefits
Res	122%	107%	110%
LI	121%	103%	108%
C&I	84%	75%	85%
Portfolio Total	104%	96%	100%

...And it Will Take Significant Efforts, Higher Savings in 2014-15, to Succeed

- 2014 and 2015 savings will need to be above original goals to achieve the 2013-2015 goals.

Annual Energy Savings as % of Goal				
ELECTRIC	2013	2014	2015	2013-2015
Statewide	89%	99%	105%	98%
NGrid	84%	100%	112%	99%
NSTAR	97%	98%	98%	98%
Annual Energy Savings as % of Retail Sales				
EEAC Goals	2.50%	2.55%	2.60%	
Statewide	2.24%	2.54%	2.73%	
NGrid	2.14%	2.59%	2.96%	
NSTAR	2.43%	2.53%	2.57%	

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Finding 2: PAs Planning to Fall Short on C&I Goals

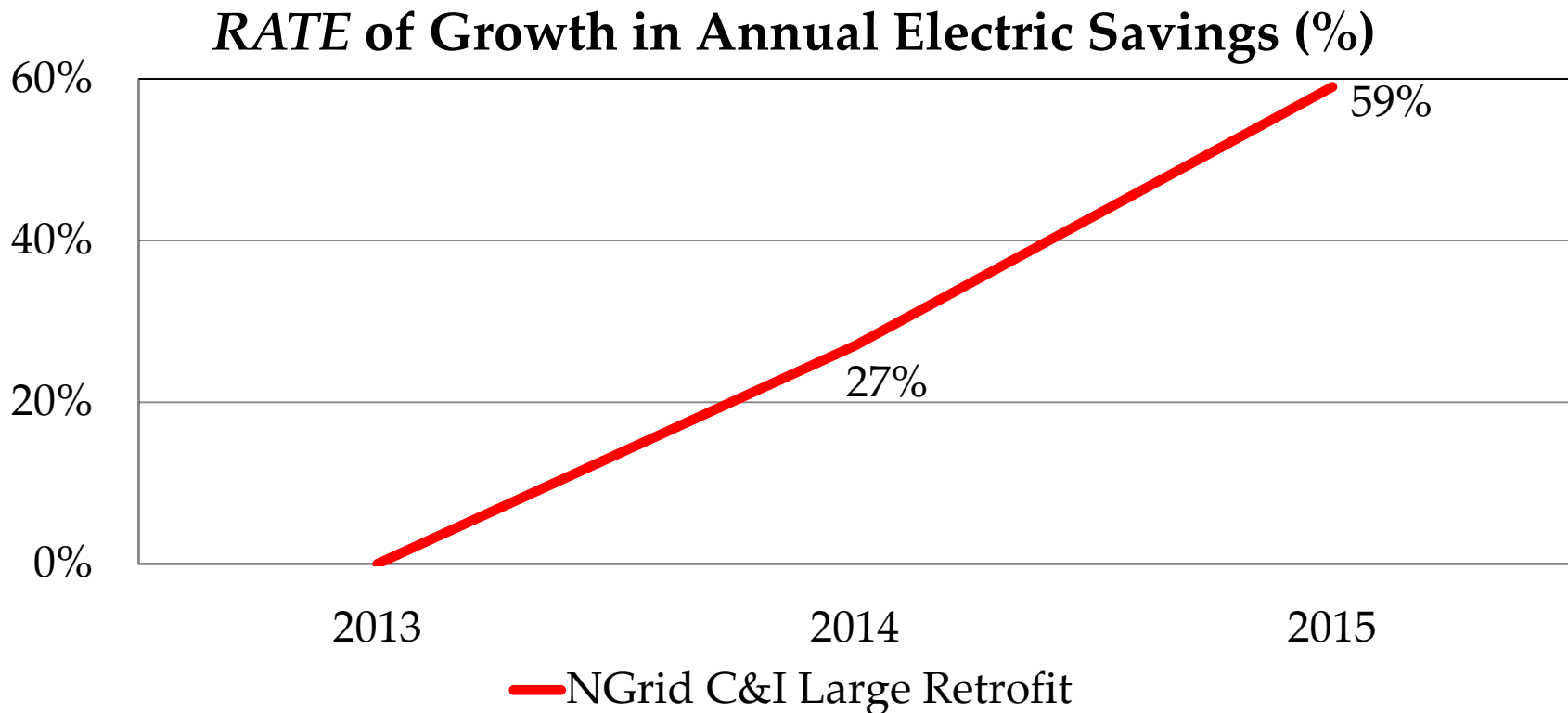
- Statewide three-year electric is 10% below plan
- NGrid C&I targets are well below original goals

C&I Sector IU Projection as % of Original 3-Year Plan

	2013	2014	2015	3-Year Total
<i>Electric</i>				
Grid	66%	80%	101%	83%
Nstar	90%	99%	99%	96%
Statewide	79%	91%	100%	90%
<i>Gas</i>				
Grid	57%	70%	70%	66%
Nstar	98%	100%	100%	99%
Statewide	77%	87%	87%	84%

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The C&I “Hockey Stick” Becomes a Three-Year Hockey Stick for Some PAs



NGrid strategy requires ~59% increase in C&I Large Retrofit savings between 2nd and 3rd year

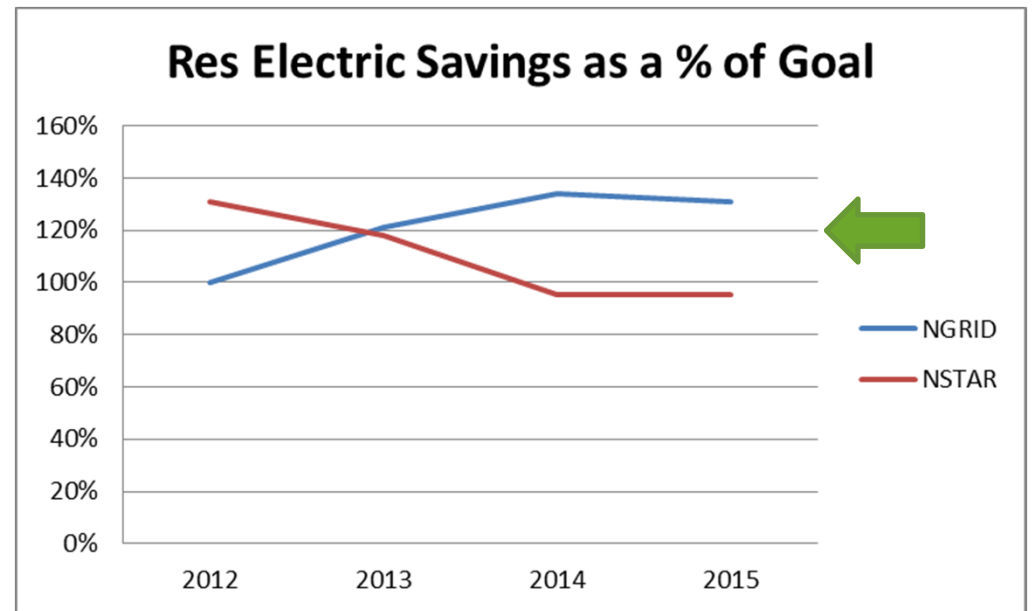
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Finding 3: Savings Shifted to Residential and Contractor-Delivered Programs

- Statewide retreat from C&I goals, and shifting of savings to small C&I and residential programs
- Example: NGrid 3-year electric savings – marked shift from Plan
 - Residential +29%
 - Small C&I Direct Install +30%
 - Large C&I Retrofit -29% (71% of original Plan)
- Example: NGrid 3-year gas savings
 - Residential +35%
 - Large C&I Retrofit -44% (66% of original Plan)

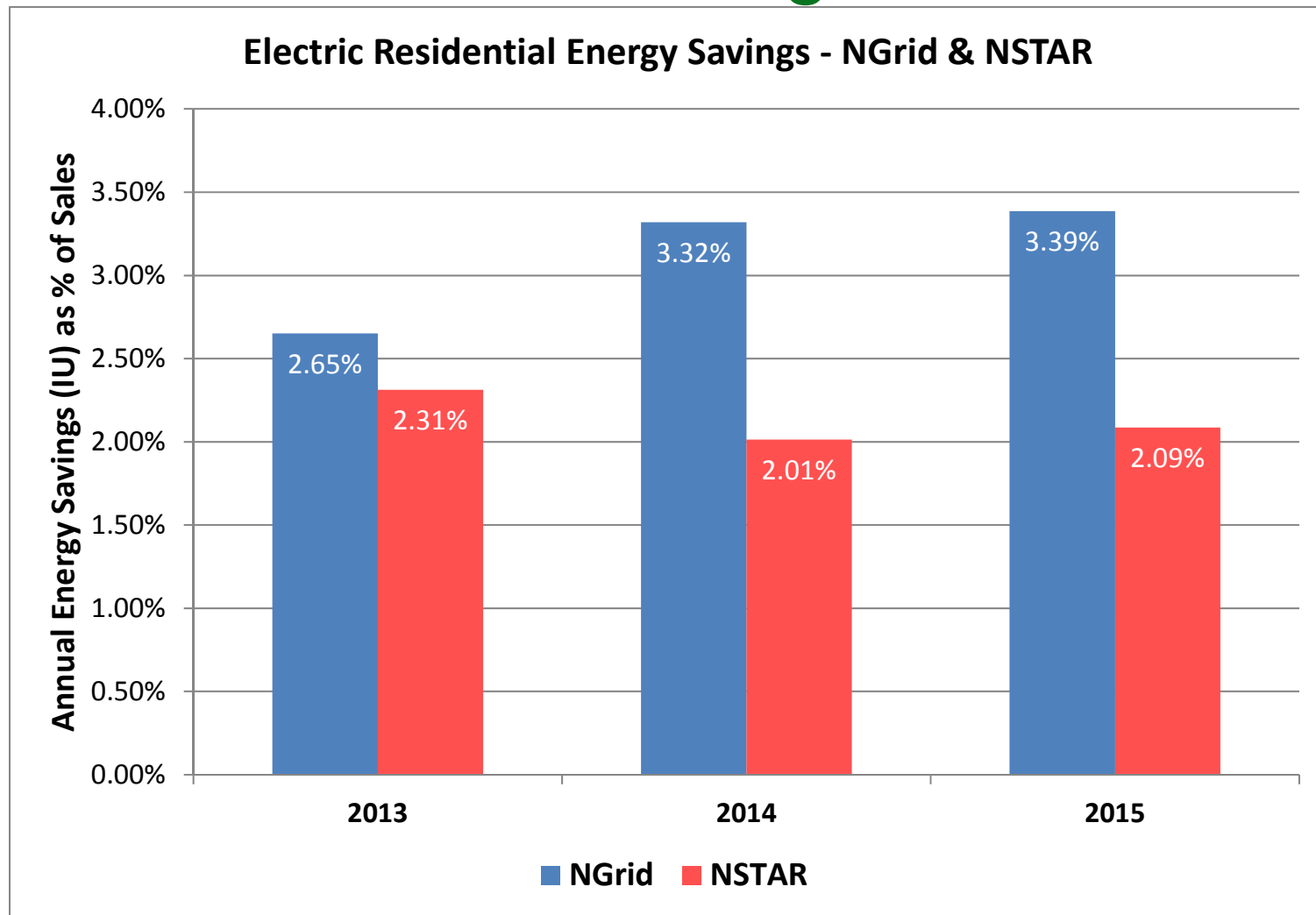
Finding 4: Residential Strategies Vary: All Cost-Effective Efficiency?

- NSTAR reducing Residential savings after exceeding Plan in 2013
- NGrid increasing savings over 2013
- Do these reconcile with achieving all cost effective EE?



← EEAC Consultant Estimate of Residential Savings Potential (~ 2.5% of retail sales)

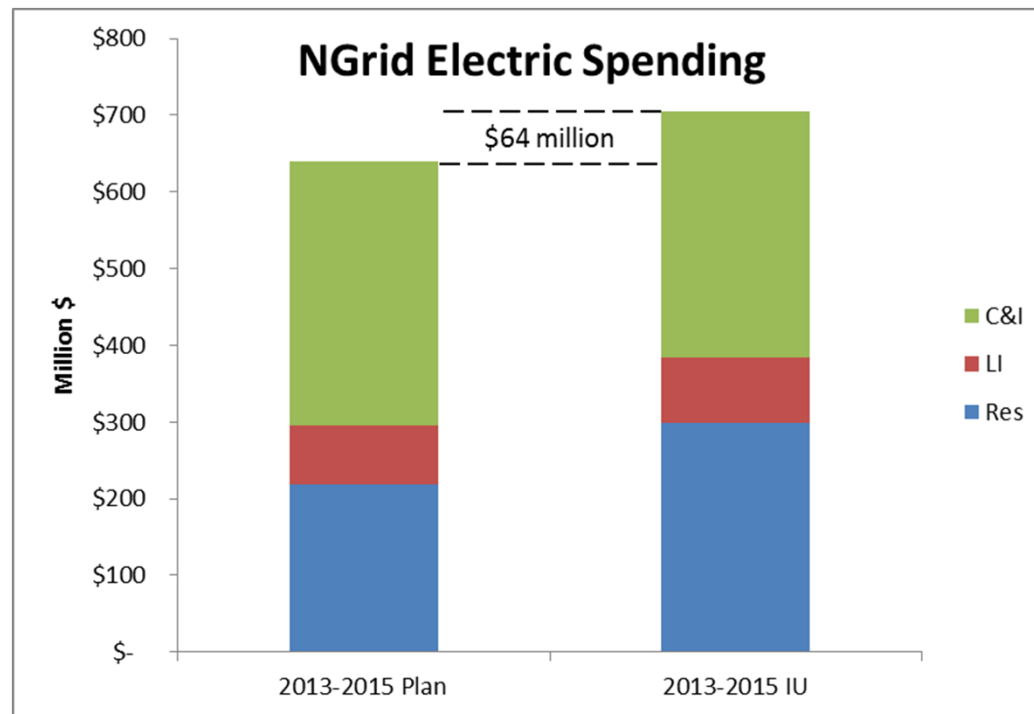
NGrid is Planning to Achieve Over 60% More Residential Savings than NSTAR



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Finding 5: Updated Plan Results in Higher Total Portfolio Costs

- NGrid's budget increases 10% (\$64M), shifting from C&I Retrofit (2.3 ¢/kWh) to Commercial Direct Install (4.9 ¢/kWh) and Residential (6¢/kWh)



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Deeper Dive Candidates

Large C&I Retrofit (Elec & Gas)

- Effective strategies for overcoming challenges and increasing savings
- Successful projects and partners

Multi-Family Retrofit (Elec & Gas, with focus on Electric)

- Effective strategies for serving electric customers in multi-family segment

Residential Lighting

- Increasing savings now, and opportunities/challenges in the future

Additional Options

- Increased savings in New Construction (Elec & Gas)
- Successful Residential program implementation strategies (Elec & Gas)
- High-efficiency heating and cooling equipment (Elec & Gas)
- Individual PA strategies

- Consultants will identify data needed to support analysis and describe how the data will be used

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Formula for Success: How to Achieve the Three-Year Goals



Looking Ahead: Further Review and Planned/Recommended Council Actions

Today	<ul style="list-style-type: none">• Initial Council feedback on the IU• Year-end and three-year plan <i>forecasts</i> in the monthly dashboards; begin in Q2 (April report)
Scheduled/Coming Up	<ul style="list-style-type: none">• Scheduled topics for Council meetings, e.g.:<ul style="list-style-type: none">– May: C&I segmentation and target marketing– June: Residential HES• Deep dive analyses – additional information to address the questions, findings, and concerns
Future	<ul style="list-style-type: none">• Council actions on the initial findings• Monitor and assess progress along the way

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Future Considerations and Potential Council Actions

- Council action in May on the five initial findings highlighted today
 - PAs can meet or exceed the three-year goals
 - Formal retreat from C&I targets – 10% reduction
 - Reallocation of portion of C&I savings goals to residential and low income
 - Residential strategies vary; all cost-effective EE?
 - Increased costs due to PA-proposed reallocations
- Other Council findings and/or actions?
- Monitor and assess progress along the way
 - Identify and track key performance indicators

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