IMPLEMENTATION UPDATE
WRAP-UP

Findings and Requested Council Actions

September 9, 2014
OVERVIEW

► Summarize results and recommendations for Council action for each of the “Deeper Dives”
  - Residential Lighting (including some additional review and analysis since June, based on additional data received)
  - C&I Large Retrofit
  - Multifamily

► Review key findings, overall recommendations, and requested Council actions
  - As a “wrap up” of the 2014 Implementation Update effort
RESIDENTIAL LIGHTING DEEPER DIVE: STATUS AND OVERVIEW

► June Lighting Implementation Update Findings
  - LED adoption growing, and stronger than expected
  - LED prices and incentives will continue to decline while efficacy and savings increase
  - LEDs very soon may be less expensive than CFLs on a lifetime savings basis

► Recent review and analysis has led to higher Retail Lighting initiative savings (see slides below)

► Drivers of higher Residential Retail Lighting savings
  - Higher unit numbers
  - More LEDs compared to the Plan
  - Higher Hours of Use (HOU) than estimated in the Plan and in the initial Implementation Update files

► Increased consistency in LED direct installation (DI)
  - Budget constraints in some initiatives
NGrid, NSTAR, and WMECO are now proposing similar levels of lighting savings (due to the recent adjustments made by these PAs as a result of review).

- Residential Lighting initiative savings for these three PAs are now at about 1.4%-1.6% of Residential retail electric sales
- NGrid savings 77% above 2014 Plan; 5% above original IU
- NU savings 36% above 2014 Plan; 36% above original IU
- Three PAs at similar levels of savings and program activity

Adjustments have resulted in an increase in residential lighting savings overall.

Cost implications of increasing adoption of LED lighting are likely to be small.

Retail Lighting currently ~20% LEDs.
CHANGES IN PROPOSED 2014 RETAIL LIGHTING SAVINGS

Most PAs are at nation-leading levels for retail lighting

Res. Retail Lighting Initiative Savings as % of Sales

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RESIDENTIAL LIGHTING: REQUESTED COUNCIL ACTION

Charge PAs/Consultant Team to:

► Promote LEDs, and begin to exit CFL market, starting with certain specialty lamps. Assess a complete CFL exit in programs for the next Three-Year Plan.

► Increase direct installation of LEDs using consistent protocols across initiatives.

► Achieve (in all electric PAs territories) nation-leading Retail Lighting Initiative savings as a percentage of annual residential sales (about 1.4%-1.6% of sales).

► Report to the Council on these actions by November 30, 2014.
C&I LARGE RETROFIT FINDINGS

- PA push toward higher C&I savings is good, but unlikely to support full achievement of 2013-2015 goals.

- New information will be available in late 2014 to refine our assessment of program approaches.

- PAs lack a systematic mechanism for assessing and adopting new and effective approaches.

- Without a clear instrument to assess PAs’ project pipelines, Consultant Team can’t estimate C&I performance relative to goal.

- Largest C&I projects have 2-3 year development timeframes and should be visible in pipeline data well before completion.
C&I LARGE RETROFIT: REQUESTED COUNCIL ACTION

► Charge PAs/Consultant Team to develop and implement a systematic mechanism for assessing new and effective program approaches.
  - Develop approach (for C&I, Residential, and Low Income).
  - Consultant Team report to DOER liaison monthly on progress.
  - PAs and Consultant Team present mechanism and update on implementation by November 30, 2014.

► Charge PAs/Consultant Team to develop a report to provide key indicators on C&I pipeline progress.
  - Include number of projects and projected savings/project.
  - Cover current and next two years, for all C&I initiatives.
  - Submit draft for the November 2014 Council meeting (parallel to the year-end forecast in the Q3 quarterly report). If Council approves, provide full data set in early December 2014.
  - Consider a variety of indicators.
MULTIFAMILY FINDINGS

- Program savings generally above goal.
- Benefits were down relative to planned savings, partly due to lack of funding for oil-heat measures.
- Oil and propane units not eligible for program funding; making them eligible would yield additional savings.
- Cross-cutting nature of multifamily retrofit poses unique challenges.
- Continuous improvements can enhance customer experience and achieve deeper savings.
MULTIFAMILY: REQUESTED COUNCIL ACTION

Charge PAs/Consultant Team to pursue a fully integrated and distinct multifamily effort, and explore establishment of a new multifamily program or sector

- Develop a strategy for this action.
- Consider impact of such action on the Res and C&I program goals and implementation potential in the 2016-2018 Plan, and consider the regulatory and accounting implications.
- Provide initial report to the Council on the progress and next steps by January 31, 2015.
- Continue to make improvements to existing residential multifamily and C&I retrofit initiatives in the meantime.
- Provide updates on such in-the-meantime efforts in the PAs’ quarterly reporting to the Council and DPU.
KEY FINDINGS BASED ON INITIAL REVIEW OF IMPLEMENTATION UPDATE*

► PAs can meet or exceed 2013-2015 Three-Year Energy Efficiency Plan goals.

► Collectively, PAs are expecting to fall short of the 2013-2015 Three-Year Plan C&I sector goals.

► Some PAs propose reallocating C&I savings to the residential sector and Large C&I Retrofit to Small C&I.

► Residential and C&I forecasted achievements vary significantly across the PAs.

► Anticipated adjustments and reallocations proposed by the PAs result in higher total portfolio costs.

* From April 2014 EEAC Consultant presentation
KEY FINDINGS: REQUESTED COUNCIL ACTION AND SUPPORT

► PAs should meet or exceed the 2013-2015 three-year goals.
  - The programs are making important progress in some areas, which confirms that the goals are achievable
  - Some PAs are achieving or exceeding some of the goals, but all PAs should achieve the goals

► Achieve Residential, Low Income, Small C&I, and C&I New Construction savings at or above the goals, and achieve C&I Large Retrofit savings at or closer to goals.
  - Higher savings in these sectors, programs, and initiatives should be used to make up for past shortfalls toward the three-year goals, but not as a way to reduce expectations about C&I Large Retrofit performance
  - PAs need to reverse C&I underachievement and underspending to achieve at or closer to the C&I goals
WRAP-UP OF DEEPER DIVES: KEY REQUESTED COUNCIL ACTIONS

▫ Increase direct installation of LEDs, and assess exit of CFLs from programs for 2016-2018

▫ Achieve nation-leading Retail Lighting initiative savings as a percentage of annual residential sales (about 1.4%-1.6%)

▫ Develop and implement a systematic mechanism for assessing new and effective program approaches by November 30, 2014

▫ Develop a report to provide key indicators on C&I pipeline progress by early November 2014

▫ Pursue a fully integrated & distinct multifamily effort, and explore establishment of a new multifamily program or sector by January 2015