Implementation Update

Recalibrating Efforts at National Grid to Achieve 3-Year Plan Goals

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National Grid Structure

- Restructured in 2011 to create an organization with scalability to meet customer needs and aggressive energy efficiency targets
- Jurisdiction focus rather than multi-state focus
- Organized by function to provide leadership and ownership for their functional area
- Additional realignment completed in Q1 2014 to create more Commercial capacity and regional focus
National Grid Organization
100+ staff focused on MA energy efficiency

Customer

Strategy (23 staff*)
- Policy Evaluation
- Residential Strategy
- C&I Strategy

Sales & Program Operations (70 staff*)
- Program Execution
- Sales Support
- Technical Support
- Channel Sales
- Account Development
- Commercial Leaders

Marketing (22 staff*)
- Product Marketing
- Vendor & Trade Marketing

* Represents staff with a MA focus
## 2013 Results and Path Forward

### Gas Portfolio
- Achieved 111% of goal for portfolio-level annual therm savings in 2013, far exceeding targets in residential and low income sectors.
- Served over 500,000 residential and 10,000 commercial & industrial customers.
- On a good trajectory to achieve 3-year plan results. Plan continues to focus on 2013 savings levels from residential efforts and a 20% year over year increase in C&I results for next two years.

### Electric Portfolio
- Achieved 84% of goal for portfolio-level annual kWh savings in 2013.
- Met or exceeded savings goals in residential, low income, and C&I Direct Install efforts.
- Served 1.5 million residential and 18,000 commercial & industrial customers.
- Plan forward includes continued over goal performance in residential programs and C&I Direct Install and a 25% year over year increase in Large C&I Retrofit and C&I New Construction for next two years.
Commitment to Achieving the 3-Year Goals

1. Recalibrate efforts in response to sector demand
2. Continue to focus on driving results in all customer sectors
3. Continue to focus on identifying and implementing industry best practices
## C&I Sector Usage & Savings Comparison

### MA C&I Electric - Usage by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Type</th>
<th>Percentage</th>
<th>Usage (kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>SBS</td>
<td>30%</td>
<td>3,518,305,585</td>
</tr>
<tr>
<td></td>
<td>LCI</td>
<td>22%</td>
<td>2,662,960,872</td>
</tr>
<tr>
<td>Industrial</td>
<td>LCI</td>
<td>21%</td>
<td>2,544,437,352</td>
</tr>
<tr>
<td></td>
<td>SBS</td>
<td>7%</td>
<td>796,820,282</td>
</tr>
<tr>
<td>Institutional</td>
<td>LCI</td>
<td>4%</td>
<td>493,205,313</td>
</tr>
</tbody>
</table>

### MA C&I Electric - Savings by Sector (2012-2013)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Type</th>
<th>Percentage</th>
<th>Savings (LTMWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>SBS</td>
<td>22%</td>
<td>1,142,559</td>
</tr>
<tr>
<td></td>
<td>LCI</td>
<td>19%</td>
<td>1,005,617</td>
</tr>
<tr>
<td>Industrial</td>
<td>LCI</td>
<td>24%</td>
<td>1,222,941</td>
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<tr>
<td></td>
<td>SBS</td>
<td>12%</td>
<td>605,068</td>
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<tr>
<td>Institutional</td>
<td>LCI</td>
<td>13%</td>
<td>676,452</td>
</tr>
<tr>
<td></td>
<td>SBS</td>
<td>4%</td>
<td>Unknown</td>
</tr>
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## C&I Strategies & Tactics

### Customer & Segment Strategies

<table>
<thead>
<tr>
<th>Quartile</th>
<th># of Cust.</th>
<th>Part. Rate%</th>
<th>% of Savings</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>≈90</td>
<td>91%</td>
<td>33%</td>
<td>SEMPs or Strategic Sales Plans</td>
</tr>
<tr>
<td>Q2</td>
<td>≈400</td>
<td>71%</td>
<td>26%</td>
<td>Strategic Sales Plans or Commercial Sales</td>
</tr>
<tr>
<td>Q3</td>
<td>≈2,000</td>
<td>42%</td>
<td>22%</td>
<td>Channel Sales, Segmented Strategies, Trade Allies, New Technologies/Approaches</td>
</tr>
<tr>
<td>Q4</td>
<td>≈100,000</td>
<td>5%</td>
<td>19%</td>
<td>DI Track &amp; Offering Expansion, Segmented Marketing Strategies</td>
</tr>
</tbody>
</table>
C&I Strategies & Tactics (cont.)

**Process Improvements**
- Technical Assistance & Technical Review Consistency
- Sales Processing end of year posture now
- Developing Advanced Data Analytic/Building Analytic Capabilities

**Program Design & Delivery**
- Channel Sales to target technological and segmented channels
- New Construction
- Targeted Initiatives for Energy Intensive Customers
- New Approaches for Retro Commissioning
- SBDI Delivery Channel Expansion: Turnkey, Customer Directed & Comprehensive

**Marketing**
- Targeted at Segments using data analytics
- Continued Strategic Outreach through Associations, Industry Groups, & Events
- Continued Focus Groups with All Sizes/Shapes of Customers
Building on Residential Success

Electric

Residential (total)
- 2013 Approved Lifetime Benefits ($) - 2014 Approved Lifetime Benefits ($)
- 2014 Implementation Update

Low-Income (total)
- 2013 Preliminary Year-End
Tactics for Higher Savings

Technology
- Most Efficient Products
- Early Furnace Replacement

Big Data
- HES Propensity Modeling
- Energy Savvy

Contractor Partnerships
- HPC Performance Incentives
- HEHE Contractor SPIFS

New Marketing Campaigns
- MF – Condo Media
- Facebook Lighting and Products Sales