Market Observations

Richard Kazarian
July 8, 2014
Every NU Business Customer Has a Point of Contact

Top ~1000 Customers

• A trusted energy advisor – an integral part of their core business operations
  – EE is viewed and tracked like every other business metric
  – Hurdle rates are getting more difficult to hit as we go deeper
  – Sales and project development cycles are lengthening

Q1

Q2

Q3

Q4

• “Cohort strategy” – aggregating groups of smaller companies/institutions, by sector (e.g. car dealerships)
  – More “cost” conscious

• Regional franchise strategy

Small Business Direct Install

Main Streets CEP
<table>
<thead>
<tr>
<th>Sector/Focus</th>
<th>Account Executive</th>
<th>Program Manager</th>
<th>Engineer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals &amp; Medicines; Healthcare; Retail</td>
<td>Account Executive</td>
<td>Program Manager</td>
<td>Engineer</td>
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<tr>
<td>Colleges &amp; Universities; Research Labs; Pharmaceuticals &amp; Medicines</td>
<td>Account Executive</td>
<td>Program Manager (2)</td>
<td>Engineer</td>
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<td>Government Agency; Schools; Federal</td>
<td>Account Executive</td>
<td>Program Manager</td>
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<td>Com &amp; Res Property Management; Lodging; Professional Service</td>
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<td>Program Manager (2)</td>
<td>Engineer</td>
</tr>
<tr>
<td>Com Property Management; Data Center; Professional Service; Communication &amp; Entertainment.; Industrial; Financial</td>
<td>Account Executive (2)</td>
<td>Program Manager (2)</td>
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<td>NSTAR Gas <em>Worcester</em></td>
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Closing More Projects Early in the Year

**Gap Strategy**
- MOU: – getting stuff in the ground sooner
- Q1-Q3: - Aggressively engaging channel
- Technology Initiatives
- Market & Channel Dynamics

**Lifetime Savings**
- Gas: 65%
- Electricity: 74%

**Number of Projects**
- Completed
  - 2013: 1500
  - 2014: 2000
- Pipeline
- WIP

Northeast Utilities
• Create the pull: Leverage new technologies to create “halo effect” with customers (e.g. LEDs in Hospitality)
• Identify “state-of-the-shelf” technologies to drive into the market
• Strategic partnerships with channel partners: Deep working relationships with manufacturers and other channel partners to hone their go-to-market model
High Efficiency Pumps & Demo

Nate Strong
July 8, 2014
Gains in efficiency are made from…
1. High Efficiency Motors/Electronically Commutated Motors (ECM)
2. On Board Variable Frequency Drives
3. On Board Logic Control

- Energy savings (in Commercial application) is on average 55%
  - Circulator applications ~3,000 kWh per unit annual savings
  - Booster applications, ~35,000 kWh savings per install annual savings
- Application and “right sizing” can provide up to 90% savings
- Increased system life, decreased noise, potential gas savings, etc.
Typical Applications

Common Applications
- Boiler/Hydronic Heating
- Ground-Source Heat Pumps
- Radiant Slab Heating
- Fan-coil Heating
- Heat Recovery/Heat Pumps
- Solar Water Heating
- Hot Water Recirculation
- Domestic Hot Water Heating
- Chilled Water
- Data Centers

Common Segments
- Hotels
- Hospitals
- Commercial Buildings
- Education
- Government
- Multi-Family/Mixed Use
- Biotech/Manufacturing