



Presentation on November 2, 2012 Three-Year Plan

Consistency with Term Sheets and Key Updates from September Draft

November 13, 2012





Savings Goals and Program Costs

- Since September submission, each PA focused on increasing savings targets and reducing costs
 - Iterative process informed by EEAC comments, discussions with stakeholders and EEAC consultant team,
 - Discussions culminated with the 10/29 Term Sheets that were unanimously supported by the Council on 11/5/12
 - Each PA set forth budgets needed to achieve higher savings targets while being mindful of concerns on costs, sustainability, and bill impacts
 - Performance incentive proposal (pool, thresholds, caps) all per Term Sheets
 - Performance metrics – nearly done with negotiations; believe we are set on 3 C&I and 2 of 3 residential/low-income metrics



Term Sheet Incorporated into Plan

- Quantitative and qualitative information from Term Sheets was faithfully incorporated into the plan
- Total savings and benefits higher than Term Sheets

	Term Sheet Provision	Three-Year Plan Provision
Electric PA Total Annual Energy Savings Goals (MWh)	3,702,844	3,705,368
Gas PA Total Annual Energy Savings Goals (Therms)	72,000,000	72,011,183
Benefits (\$, million) - Electric and Gas Combined	\$8,770	\$8,922
Benefits (\$, million) - Electric	\$7,500	\$7,638
Benefits (\$, million) - Gas	\$1,270	\$1,284
Budget (\$, million) - Electric and Gas Combined	\$2,020	\$2,018.8
Budget (\$, million) - Electric	\$1,495	\$1,495.7
Budget (\$, million) - Gas	\$525	\$523.1
Cost per Annual kWh Saved - Electric	\$0.4037	\$0.4036
Cost per Annual Therm Saved - Gas	\$7.292	\$7.264



Marketing

- PAs affirmed commitment to the Mass Save mark and statewide brand
- PAs, in collaboration with DOER and the EEAC, will conduct an evaluation of the effectiveness of all joint statewide branding efforts to ensure that such brands support clear and recognizable messages that help promote program awareness



Residential & Low-Income – General Program Updates

- Worked with DOER on advancing enhancements in Home Energy Services, where feasible
- Updated incentive tables to reflect best information at the time of filing
- PAs worked with the residential consultants to include information on working collaboratively with the Clean Energy Center in Home Energy Services, where feasible
- PAs worked with LEAN to clarify language on best practices and Efficient Neighborhoods+
 - PAs will work with interested stakeholders on this initiative
- In Residential Products, the PAs plan to implement a more detailed way to track early retirement system replacements and differentiate from end of life replacements



C&I - Three-Year Plan Changes

- Goals
 - Budgets
 - Savings
- Stakeholder Input
- Codes & Standards



Stakeholder Input

- Many pathways currently exist for stakeholder input
 - EEAC
 - Unsolicited Proposal Process
 - MTAC
 - Proactive engagement
 - Direct customer feedback
- Are currently reviewing best practices across the country
- Expect to have update by Q1 2013



Codes & Standards

- Costs & impacts to budgets required new direction
- More targeted approach integrated within existing programs
 - Compliance
 - Appliance codes
 - Stretch codes



EM&V

- Job growth study was completed in time for filing in the Plan, showing a minimum of 2,300 FTE workers directly involved in the selected energy efficiency implementation activities in Massachusetts in 2011
- Plan calls for three-year EM&V budgets of nearly \$70 million, over the amounts in the Term Sheets
- EMC to hold planning summits in early 2013 for each of the three research areas to provide a forum for strategic long-term planning and enable the PAs and Consultants to strategically identify evaluation needs
- TRM completed and included in the November 2 Plan



Bill Impacts

- Department concluded that the original 08-50 bill impact model suffered from deficiencies, and determined that its mandate to consider the effect of rate increases is “best satisfied through a traditional bill impact analysis which, with its short-term perspective that isolates the effect of a proposed change in the EES, will provide an accurate and understandable assessment of the increase that will actually appear on customers’ bills”
- Based on DPU 08-50-D, the PAs have submitted traditional, non-participant bill impacts for all rate classes, for four year-over-year scenarios
- PAs have also submitted participant bill impact information



Bill Impacts – Part 2

- Bill impacts reflect the reasonable cost to implement the programs and deliver the savings, all as agreed in the term sheets
- As the Department found in its Orders in the 2010-2012 Plans, costs are offset by long term benefits across the board
- Non-participants are the “worst case scenario”; bill impacts for participants are lower



Bill Impacts - Part 3

- Variability in bill impacts among PAs/rate classes is to be expected under traditional bill impact analysis and is driven by a number of legitimate factors, including:
 - Program delivery strategies that place comparatively more/less emphasis on different customer classes
 - For some PAs, updated forecast of sales used for regulatory purposes
 - Underlying overall rates in a given rate class; where the rate is comparatively lower, the bill impact from the same amount of energy efficiency spending is higher
 - Gas PAs have rolled in RCS costs in bill impacts
 - For example, NSTAR Gas has declining block rates for residential, National Grid has inclining block rates
 - Previous over/under collections/carry-overs
 - PA-specific reconciliation schedules (e.g., NSTAR Gas recovers in spring, National Grid Gas in fall)



Bill Impacts Appendix – PA Information (1 of 2)

Company	Customer Type	Ccf/kWh/Therms	2013	2014	2015
The Berkshire Gas Company	Residential Heating Customer	112 Therms	\$3.22	\$0.22	\$0.34
	Residential Heating Customer	112 Therms	2.21%	0.15%	0.23%
	Resident Low-Income Customer	106 Therms	\$2.44	\$0.17	\$0.26
	Resident Low-Income Customer	106 Therms	2.16%	0.15%	0.22%
Blackstone Gas Company	Residential Heating Customer	125 Ccf	\$8.76		
	Residential Heating Customer	125 Ccf	5.64%		
	Resident Low-Income Customer	125 Ccf	\$2.17		
	Resident Low-Income Customer	125 Ccf	1.70%		
Cape Light Compact	Residential Customer	584 kWh	-\$1.04	\$0.52	\$0.82
	Residential Customer	584 kWh	-1.0%	0.50%	0.80%
	Low-Income Customer	483 kWh	-\$0.70	\$0.21	\$0.12
	Low-Income Customer	483 kWh	-1.10%	0.30%	0.20%
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	Residential Heating Customer	131 Therms	\$4.30	\$0.41	\$0.50
	Residential Heating Customer	131 Therms	2.77%	0.26%	0.31%
	Resident Low-Income Customer	130 Therms	\$3.50	\$0.33	\$0.33
	Resident Low-Income Customer	130 Therms	2.76%	0.26%	0.31%
Boston Gas Company d/b/a National Grid	Residential Heating Customer	133 Therms	\$1.00	\$0.38	\$0.32
	Residential Heating Customer	133 Therms	0.50%	0.20%	0.20%
	Resident Low-Income Customer	123 Therms	\$1.00	\$0.36	\$0.30
	Resident Low-Income Customer	123 Therms	0.40%	0.20%	0.10%
Colonial Gas Company d/b/a National Grid	Residential Heating Customer	111 Therms	\$1.00	\$0.33	\$0.26
	Residential Heating Customer	111 Therms	0.60%	0.20%	0.20%
	Resident Low-Income Customer	116 Therms	\$1.00	\$0.26	\$0.20
	Resident Low-Income Customer	116 Therms	0.40%	0.20%	0.10%
Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid	Residential Customer	600 kWh	\$1.96	-\$1.37	\$0.01
	Residential Customer	600 kWh	2.30%	-1.60%	0.00%
	Low-Income Customer	600 kWh	\$0.75	\$0.53	\$0.01
	Low-Income Customer	600 kWh	1.20%	0.90%	0.00%



Bill Impacts Appendix – PA Information (2 of 2)

New England Gas Company	Residential Heating Customer	122 Therms	\$3.53	\$0.39	-\$0.07
	Residential Heating Customer	122 Therms	2.04%	0.22%	-0.04%
	Residential Low-Income Customer	110 Therms	\$2.40	\$0.26	-\$0.05
	Residential Low-Income Customer	110 Therms	2.03%	0.22%	-0.04%
NSTAR Gas Company	Residential Heating Customer	131 Therms	\$7.16	\$0.79	\$0.87
	Residential Heating Customer	131 Therms	4.50%	0.50%	0.50%
	Resident Low-Income Customer	120 Therms	\$5.36	\$0.59	\$0.64
	Resident Low-Income Customer	120 Therms	4.40%	0.50%	0.50%
NSTAR Electric Company					
<i>Boston Edison</i>					
	Residential Customer	586 kWh	\$0.74	\$1.05	\$1.13
	Residential Customer	586 kWh	0.80%	1.10%	1.20%
	Low-Income Customer	449 kWh	\$0.04	\$0.01	\$0.02
	Low-Income Customer	449 kWh	0.08%	0.02%	0.04%
<i>Cambridge Electric</i>					
	Residential Customer	393 kWh	\$0.50	\$0.70	\$0.75
	Residential Customer	393 kWh	0.80%	1.20%	1.20%
	Low-Income Customer	333 kWh	\$0.03	\$0.01	\$0.01
	Low-Income Customer	333 kWh	0.10%	0.03%	0.03%
<i>Commonwealth Electric</i>					
	Residential Customer	584 kWh	\$0.74	\$1.05	\$1.12
	Residential Customer	584 kWh	0.70%	1.00%	1.10%
	Low-Income Customer	333 kWh	\$0.05	\$0.01	\$0.02
	Low-Income Customer	333 kWh	0.10%	0.02%	0.03%
Fitchburg Gas and Electric Light Company					
d/b/a Unutil					
	Residential Customer	600 kWh	-\$0.84	\$1.17	\$0.10
	Residential Customer	600 kWh	-0.70%	1.00%	0.10%
	Low-Income Customer	600 kWh	-\$0.63	\$0.88	\$0.07
	Low-Income Customer	600 kWh	-0.70%	1.00%	0.10%
Fitchburg Gas and Electric Light Company					
d/b/a Unutil					
	Residential Heating Customer	125 Therms	\$3.37	-\$2.46	-\$0.12
	Residential Heating Customer	125 Therms	1.80%	-1.30%	-0.10%
	Resident Low-Income Customer	125 Therms	\$2.53	-\$1.85	-\$0.08
	Resident Low-Income Customer	125 Therms	1.80%	-1.30%	-0.10%
For 2013, the highest percentage increase was 4.50% (excluding Blackstone).					
For 2014, the highest percentage increase was 1.20%.					
For 2015, the highest percentage increase was 1.20%.					
For 2013, there was a non-weighted average increase of 1.39%.					
For 2014, there was a non-weighted average increase of 0.23%.					
For 2015, there was a non-weighted average increase of 0.30%.					



Appendix- Updated Attachment A (Electric – Part 1 of 2)

STATEWIDE ELECTRIC				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (MWh)	1,194,556	1,236,267	1,274,543	3,705,366
Goals as % Of Sales	2.50%	2.55%	2.61%	2.56%
Budgets	\$ 481,315,925	\$ 495,657,181	\$ 518,725,224	\$ 1,495,698,330
Cost per Annual kWh	\$ 0.403	\$ 0.401	\$ 0.407	\$ 0.404

NATIONAL GRID				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (MWh)	559,120	588,600	614,367	1,762,087
Goals as % Of Sales	2.53%	2.59%	2.64%	2.59%
Budgets	\$ 206,039,468	\$ 212,321,300	\$ 221,181,428	\$ 639,542,195
Cost per Annual kWh	\$ 0.369	\$ 0.361	\$ 0.360	\$ 0.363

NSTAR/WMECO ("NU")				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (MWh)	586,018	601,492	613,926	1,801,436
Goals as % Of Sales	2.52%	2.59%	2.64%	2.58%
Budgets	\$ 240,332,777	\$ 252,182,749	\$ 264,573,426	\$ 757,088,952
Cost per Annual kWh	\$ 0.410	\$ 0.419	\$ 0.431	\$ 0.420



Appendix- Updated Attachment A (Electric – Part 2 of 2)

UNITIL				
	OCTOBER w/ original sales forecast			
	2013	2014	2015	2013-2015
Annual Savings (MWh)	7,760	7,950	8,055	23,765
Goals as % Of Sales	1.68%	1.72%	1.74%	1.71%
Budgets	\$ 5,085,704	\$ 5,199,357	\$ 5,288,906	\$ 15,573,967
Cost per Annual kWh	\$ 0.655	\$ 0.654	\$ 0.657	\$ 0.655

CAPE LIGHT COMPACT				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (MWh)	41,658	38,225	38,195	118,078
Goals as % Of Sales	2.08%	1.92%	1.92%	1.97%
Budgets	\$ 29,857,977	\$ 25,953,775	\$ 27,681,464	\$ 83,493,216
Cost per Annual kWh	\$ 0.717	\$ 0.679	\$ 0.725	\$ 0.707



Appendix- Updated Attachment A (Gas – Part 1 of 3)

STATEWIDE GAS				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	22,661,040	24,401,130	24,949,014	72,011,184
Goals as % Of Sales	1.05%	1.13%	1.15%	1.11%
Budgets	\$ 168,429,801	\$ 174,563,392	\$ 180,092,607	\$ 523,085,800
Cost per Annual Therm	\$ 7.433	\$ 7.154	\$ 7.218	\$ 7.264

NATIONAL GRID				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	12,365,156	13,599,214	13,688,667	39,653,037
Goals as % Of Sales	1.07%	1.18%	1.19%	1.15%
Budgets	\$ 91,679,048	\$ 94,298,849	\$ 96,721,857	\$ 282,699,754
Cost per Annual Therm	\$ 7.414	\$ 6.934	\$ 7.066	\$ 7.129

NSTAR				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	5,216,394	5,584,659	5,920,843	16,721,896
Goals as % Of Sales	1.07%	1.13%	1.19%	1.13%
Budgets	\$ 38,336,938	\$ 40,927,549	\$ 42,786,904	\$ 122,051,391
Cost per Annual Therm	\$ 7.349	\$ 7.329	\$ 7.226	\$ 7.299



Appendix- Updated Attachment A (Gas – Part 2 of 3)

CMA				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	4,052,657	4,120,698	4,173,856	12,347,212
Goals as % Of Sales	1.10%	1.11%	1.12%	1.11%
Budgets	\$ 30,081,817	\$ 30,500,234	\$ 31,362,713	\$ 91,944,763
Cost per Annual Therm	\$ 7.423	\$ 7.402	\$ 7.514	\$ 7.447

UNITIL				
	OCTOBER W/ORIGINAL SALES FORECAST			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	174,775	196,669	220,876	592,320
Goals as % Of Sales	0.73%	0.80%	0.87%	0.80%
Budgets	\$ 1,569,263	\$ 1,704,791	\$ 1,824,276	\$ 5,098,330
Cost per Annual Therm	\$ 8.979	\$ 8.668	\$ 8.259	\$ 8.607

BERKSHIRE				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	438,539	481,530	520,459	1,440,528
Goals as % Of Sales	0.70%	0.76%	0.81%	0.76%
Budgets	\$ 3,715,173	\$ 3,897,649	\$ 4,093,446	\$ 11,706,268
Cost per Annual Therm	\$ 8.472	\$ 8.094	\$ 7.865	\$ 8.126



Appendix- Updated Attachment A (Gas – Part 3 of 3)

NEW ENGLAND GAS				
	OCTOBER			
	2013	2014	2015	2013-2015
Annual Savings (Therms)	413,518	418,360	424,312	1,256,191
Goals as % Of Sales	0.83%	0.84%	0.85%	0.84%
Budgets	\$ 3,047,562	\$ 3,234,320	\$ 3,303,412	\$ 9,585,293
Cost per Annual Therm	\$ 7.370	\$ 7.731	\$ 7.785	\$ 7.630