

EERF Bill Impact

NSTAR Electric

Agenda

- Recap of previous bill impact presentation
- Key definitions/assumptions
- Bill impact summary
- Next steps

Executive Summary

- **Bill Impact analysis looks at the 3-year Plan period where:**
 - all the costs are front-loaded, but
 - only a portion of the benefits accrue
- **Given the ramp in Spending, the analysis shows impact to rates for C&I and Residential ratepayers**
 - Participant impact is very sensitive to the degree of participation
 - As a rate class, G3 sees increasing impact over three years, whereas R1 impact trends down
 - Non-participants experience higher impact

Executive Summary

- **Key drivers of the trends are:**
 - EE funding needs grows at a faster pace for C&I than for Residential
 - % of total benefits accrued over 3-years is less for C&I than Residential (because measure life for C&I is longer)
- **The results have been vetted:**
 - Reconciled against traditional approach
 - Reconciled against BCR model

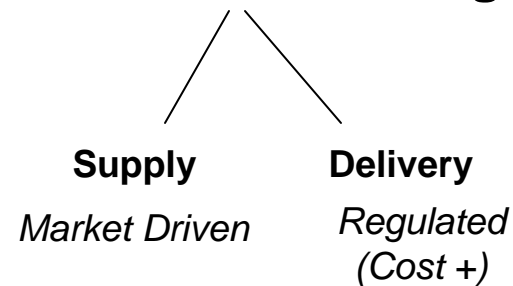
Recall from last session, there are several factors that affect the bill:

EE Related Factors

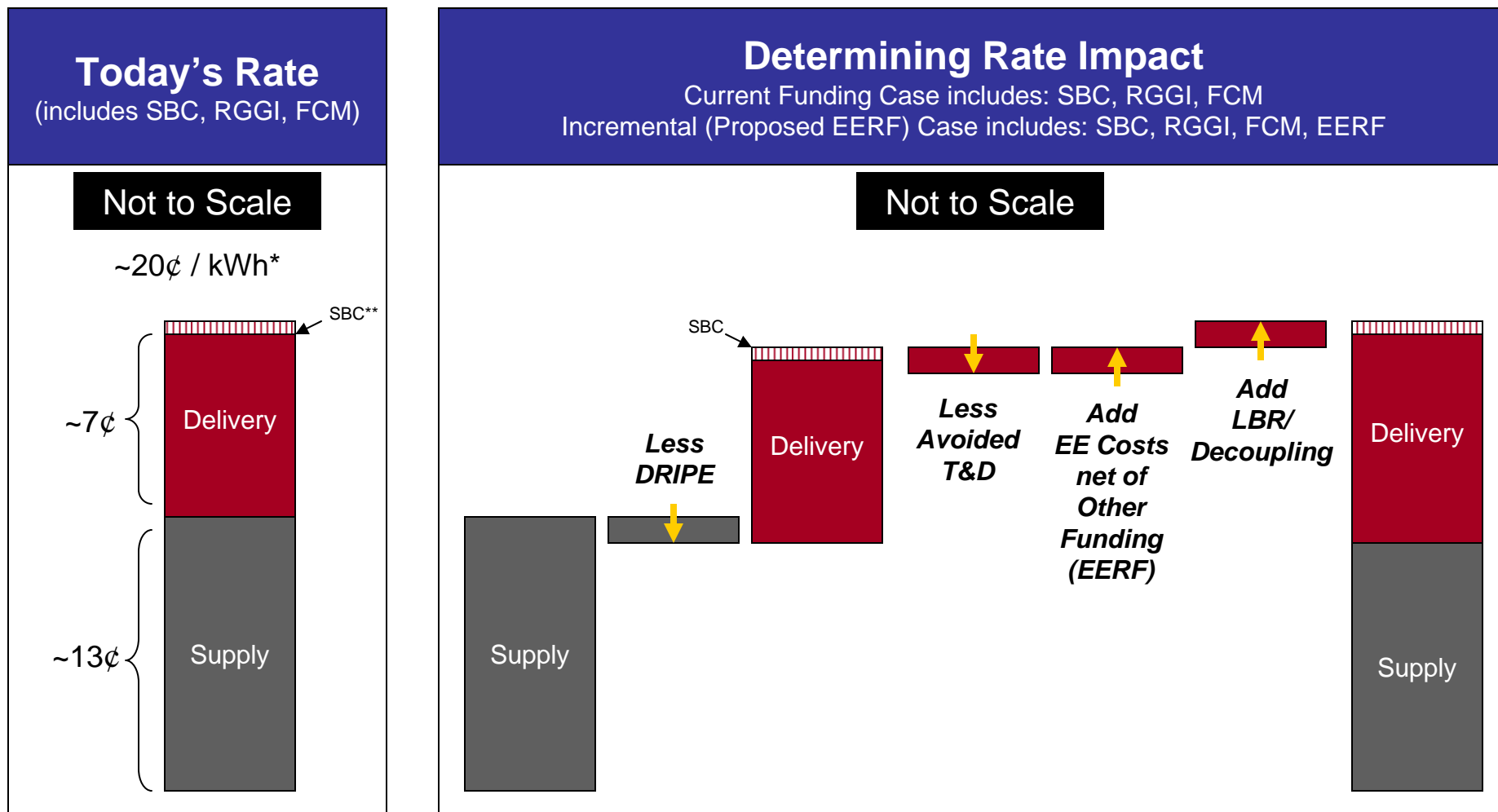
- EE Program Costs
- Sources of Funding
- Usage savings
- Decoupling/Lost Base Revenues (LBR)
- Etc.



$$\text{Bill} = \text{Rate} \times \text{Usage}$$



Method of determining Rate change effects

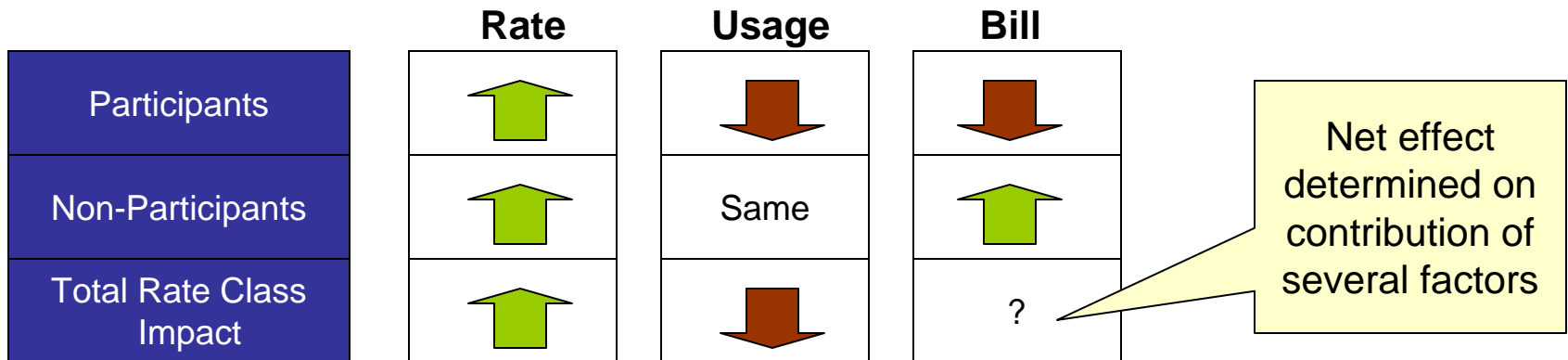


* 2012, NSTAR/former Boston Edison territory, R1 Rate Class

** SBC 3.5% of current delivery rates

Overall, we are looking at the bill impacts for participants, non-participants, and the rate class in aggregate

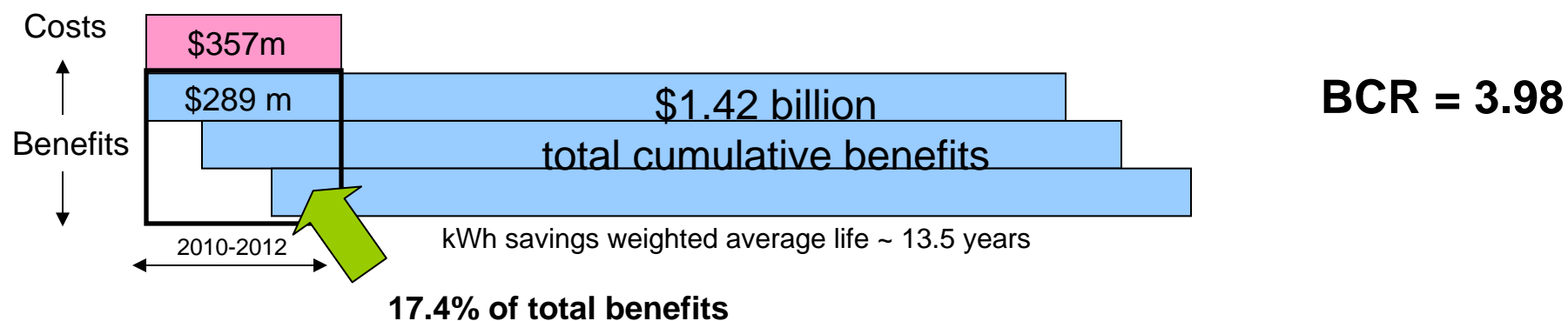
Total Bill Calculation			
Delivery Rate	X	usage kWh	= \$ delivery
Supply Rate	X	usage kWh	= \$ supply
<hr/>			
Total Rate	X	usage kWh	= \$ total



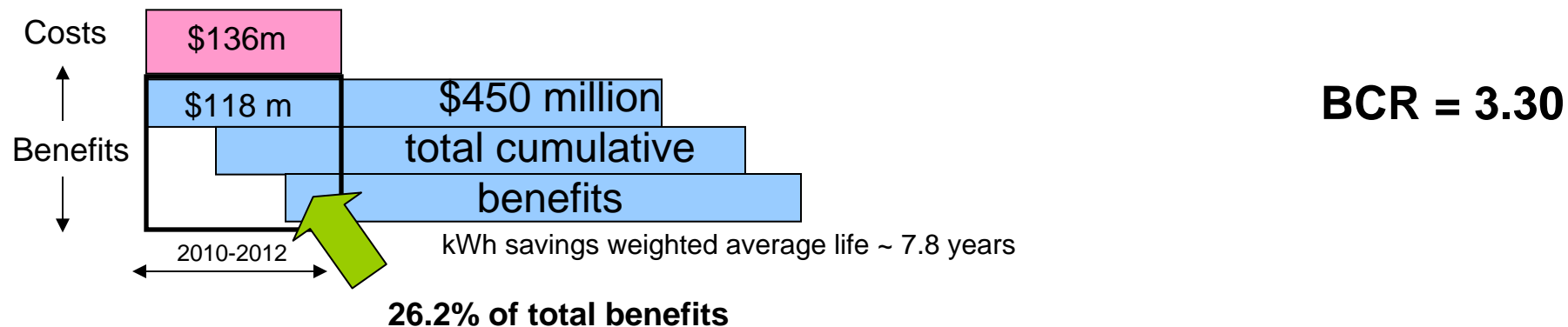
Bill impacts examine a given customer at a snapshot in time

EE Costs are front-loaded Benefits outweigh costs overtime

Commercial & Industrial



Residential



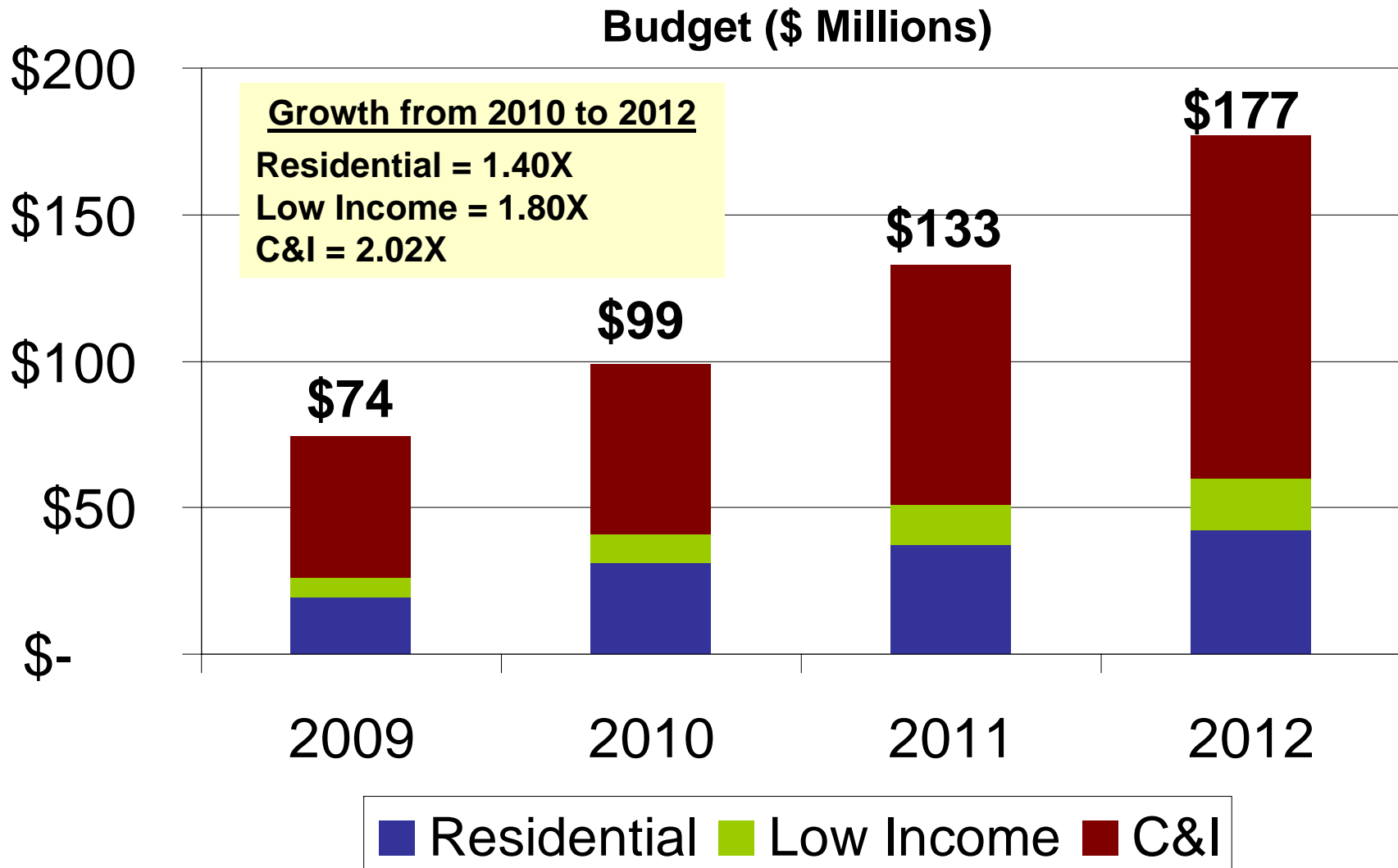
The EE bill impacts look primarily at price elements

		BCR	EE bill impact
Benefits	Energy DRIPE	✓	✓
	Capacity DRIPE	✓	After 2012
	Non-Electric Benefits	✓	
	Avoided Transmission	✓	After 2012*
	Avoided Distribution	✓	After 2012*
	Avoided Energy	✓	
	Avoided Capacity	✓	
<hr style="border-top: 1px dotted #000080;"/>			
Costs	EE Costs (incl. incentives)	✓	✓
	LBR		✓
	Low Income Allocation		✓

* Utility specific, NSTAR rate case due in 2012

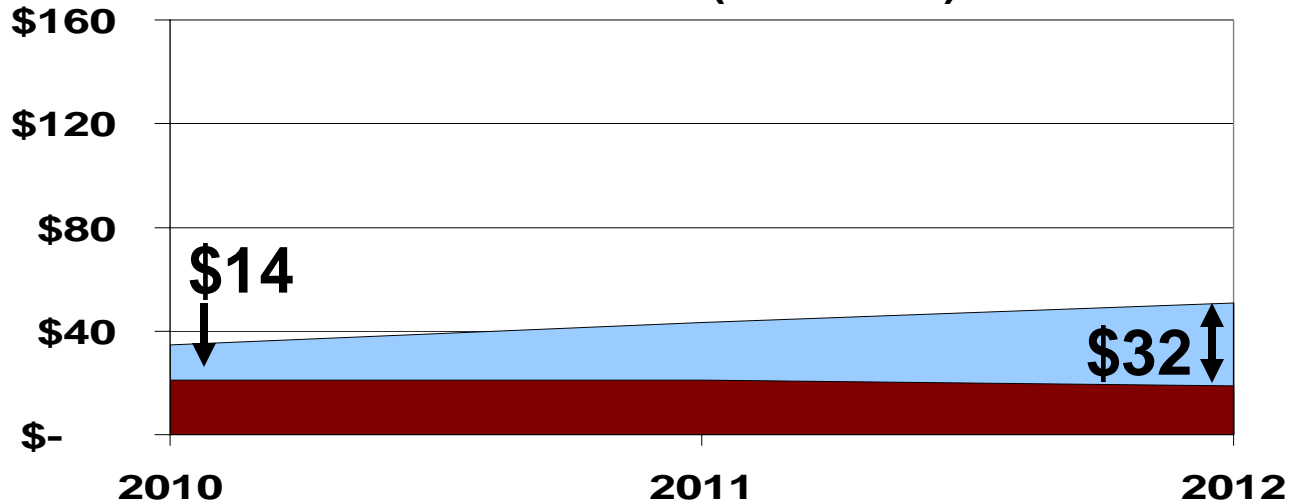
Note value of volume saved implicitly calculated by demonstrating less usage

NSTAR Budget

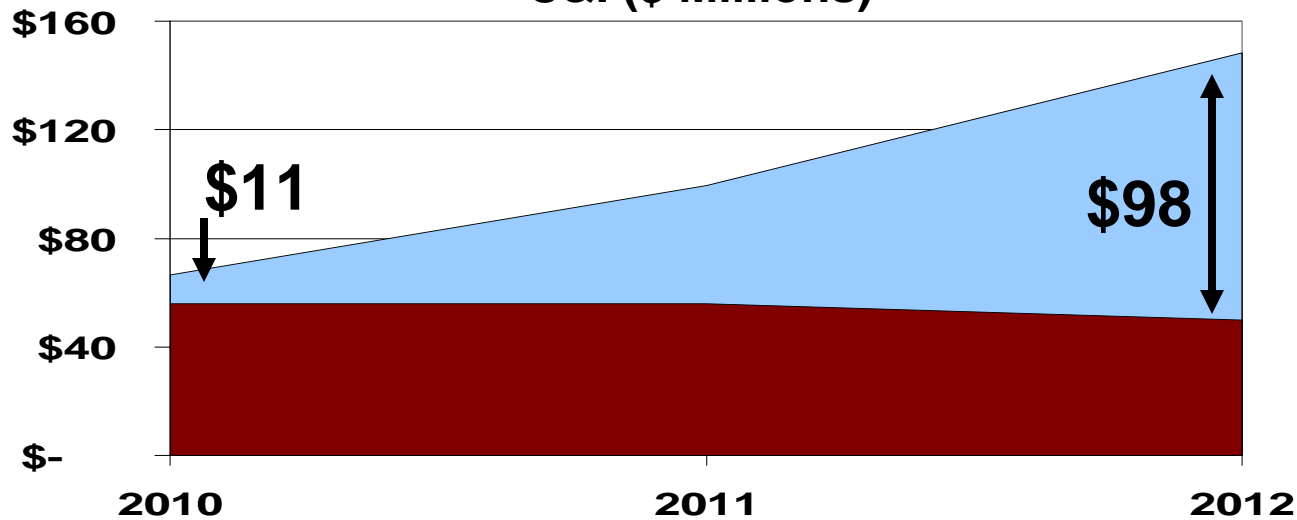


EE Funding (collected by EERF Charge)

Residential (\$ Millions)



C&I (\$ Millions)



■ Resi Budget ■ SBC, RGGI & FCM Funding

Key Drivers

- Overall budget increases
- SBC/RGGI/FCM remain flat
- Low Income allocation

Definitions

- **Current vs. Incremental**

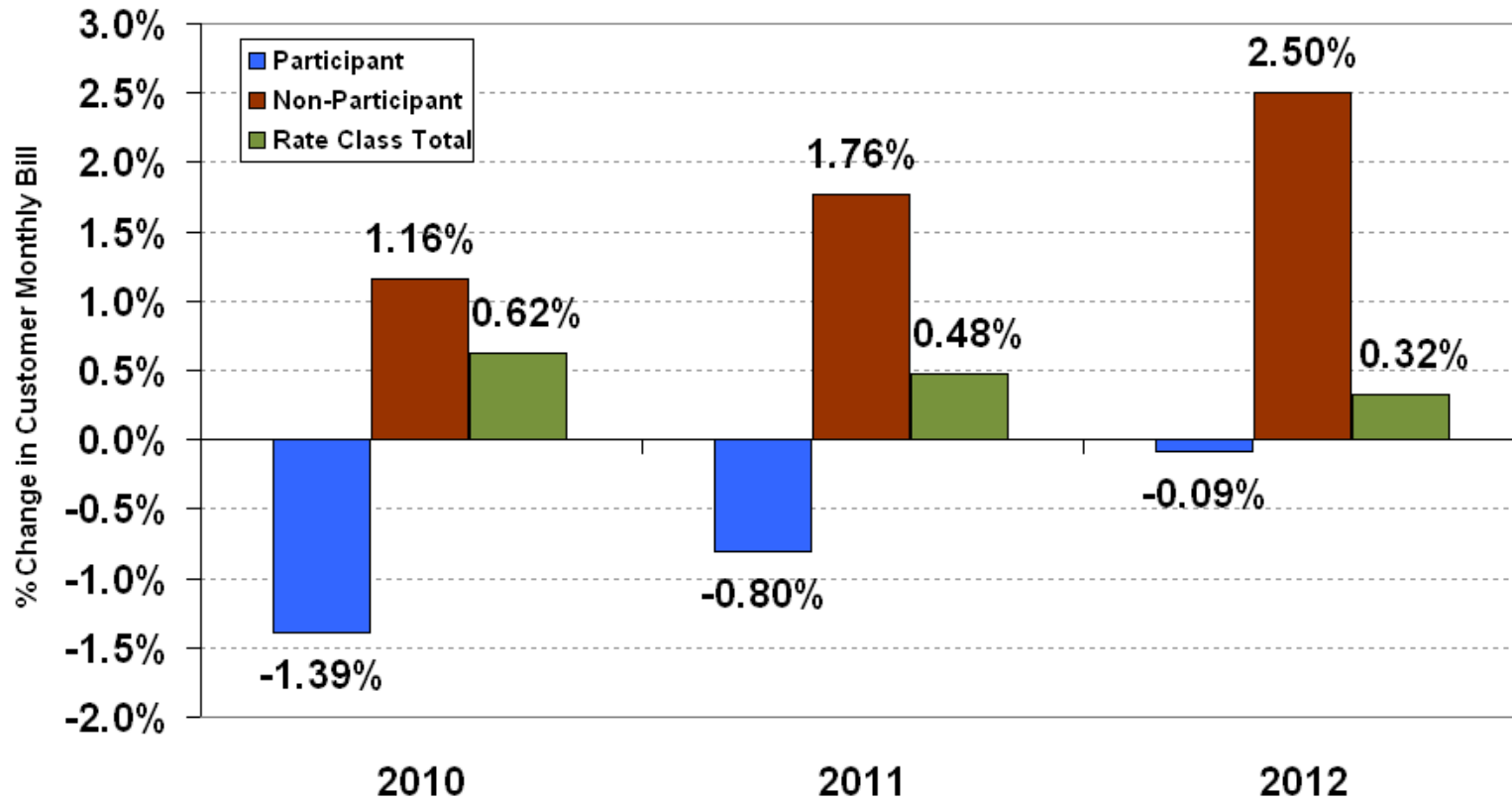
	SBC	RGGI	FCM	EERF
Current Funding Case	✓	✓	✓	
Incremental Case	✓	✓	✓	✓

- **Non-Participant vs. Participant**

	2010	2011	2012
Non Participant			
Residential Participant	✓		
Low Income Participant	✓		
Small C&I Participant	✓		
Large C&I Participant	✓	✓	✓

NSTAR Residential Rate Class Sample

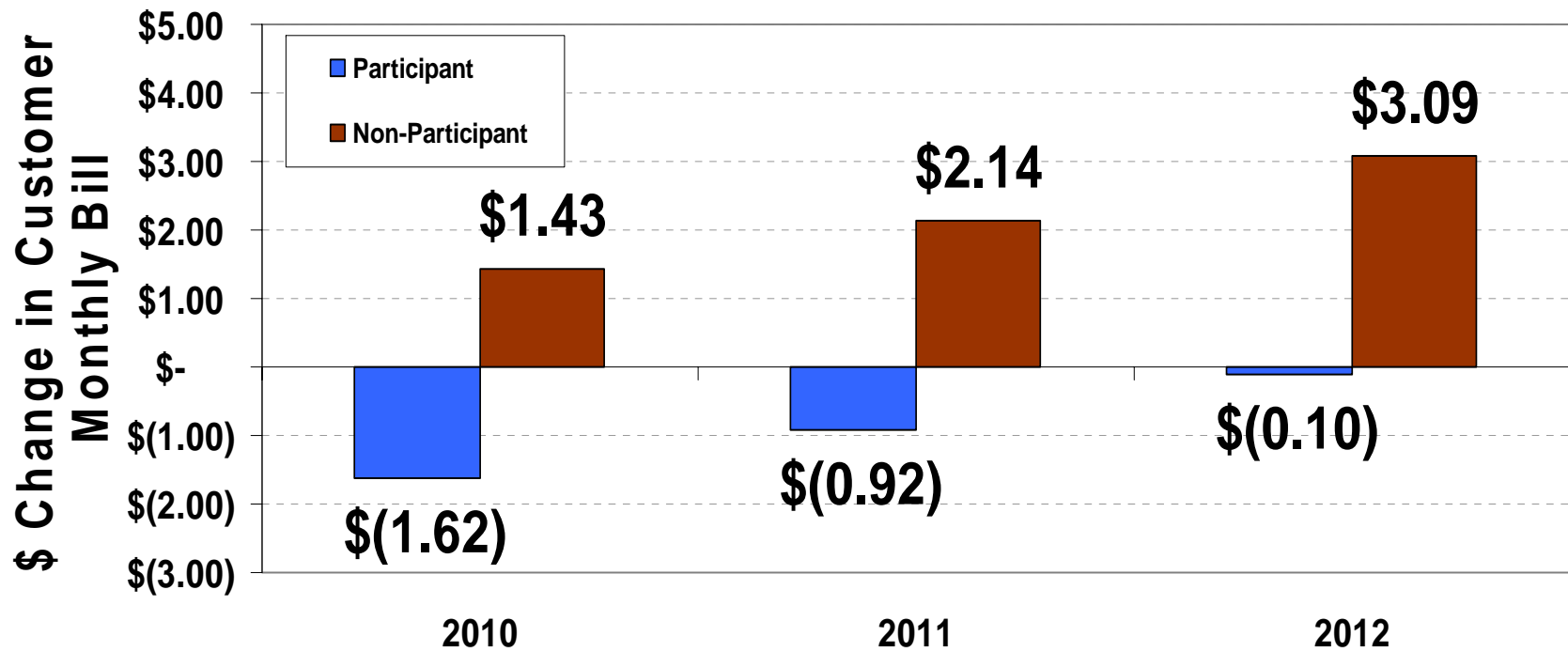
NSTAR BECO Residential (R1) Customer Bill Impacts Incremental vs Current Case



Annual Participant Savings	2010	2011	2012	Key Issues
Current Funding Case	6%	0%	0%	- Participant bill impact extremely sensitive to participation level - Assumed monthly consumption: 600 kWh
Incremental Case	8.5%	0%	0%	

NSTAR Residential Rate Class Sample

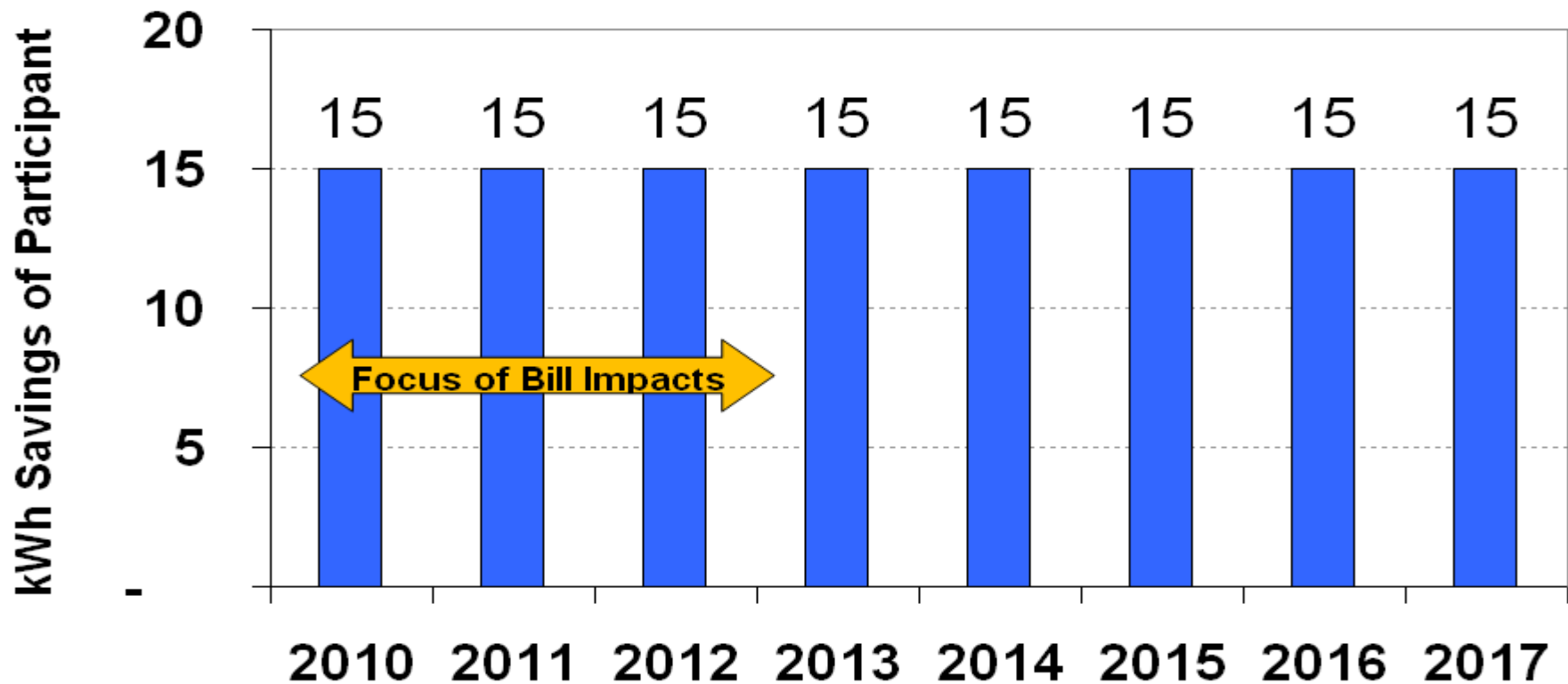
NSTAR BECO Residential (R1) Customer Bill Impacts
Incremental vs Current Case



Monthly Consumption: 600 kWh

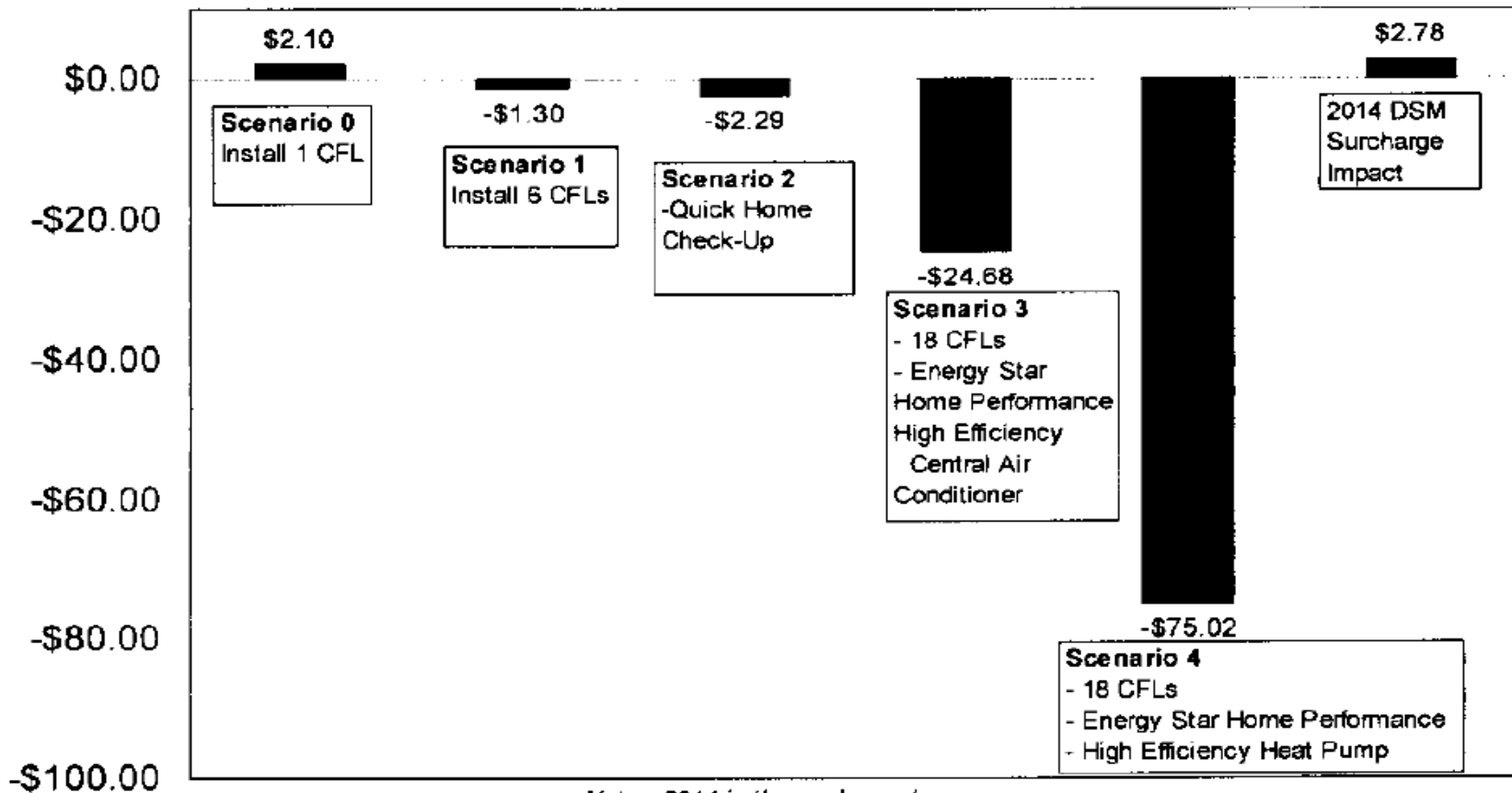
Savings from lower usage for participants continue for the life of the measure

**NSTAR BECO Resi. (R1) Participant Monthly Usage Savings
Incremental vs Current Case**



Example of Scenario Analysis

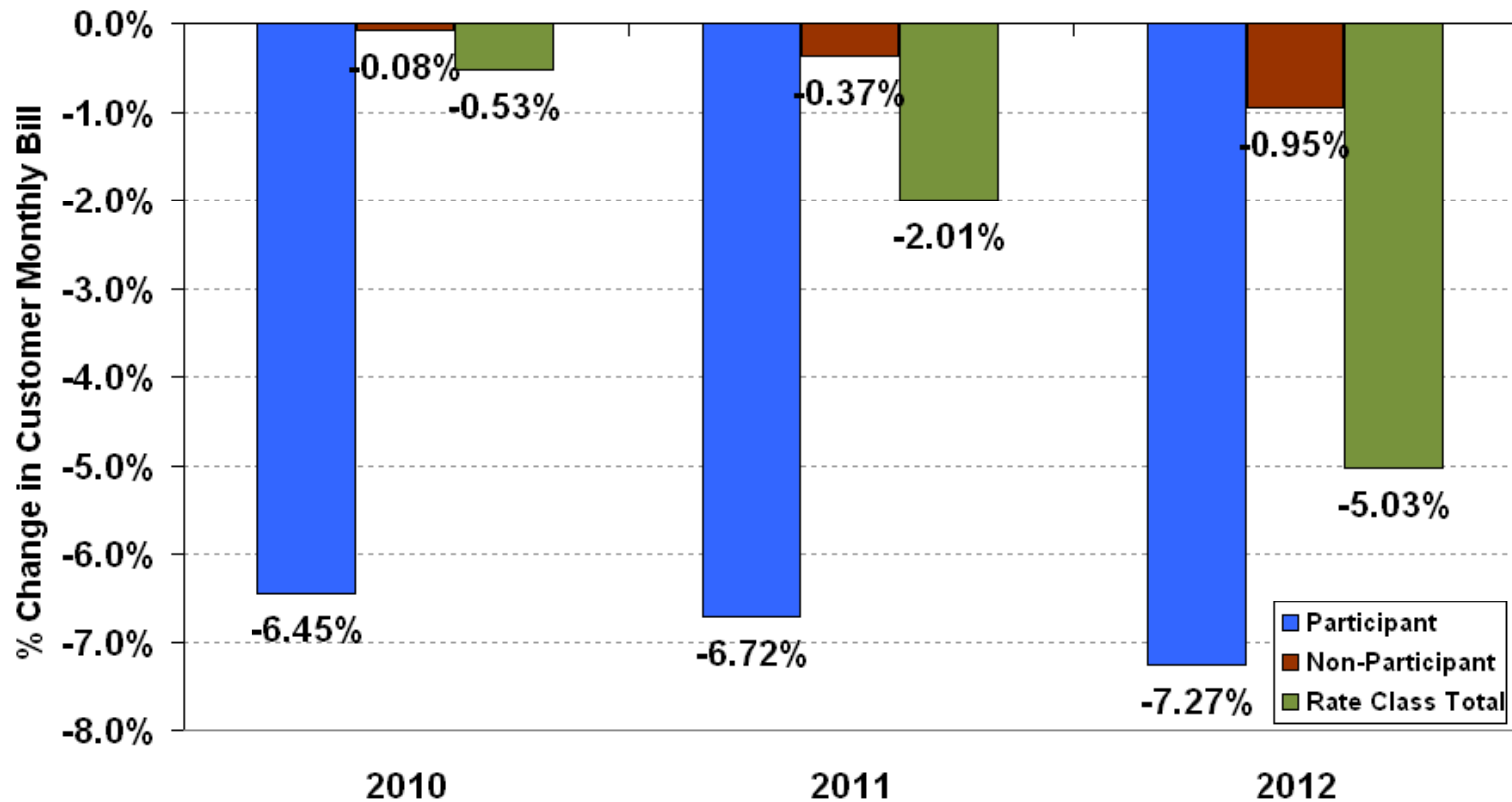
PEPCO Maryland Residential Conservation Programs Monthly Bill Impacts in 2014 (Net of Surcharge)



Note: 2014 is the peak surcharge

NSTAR Low Income Rate Class Sample

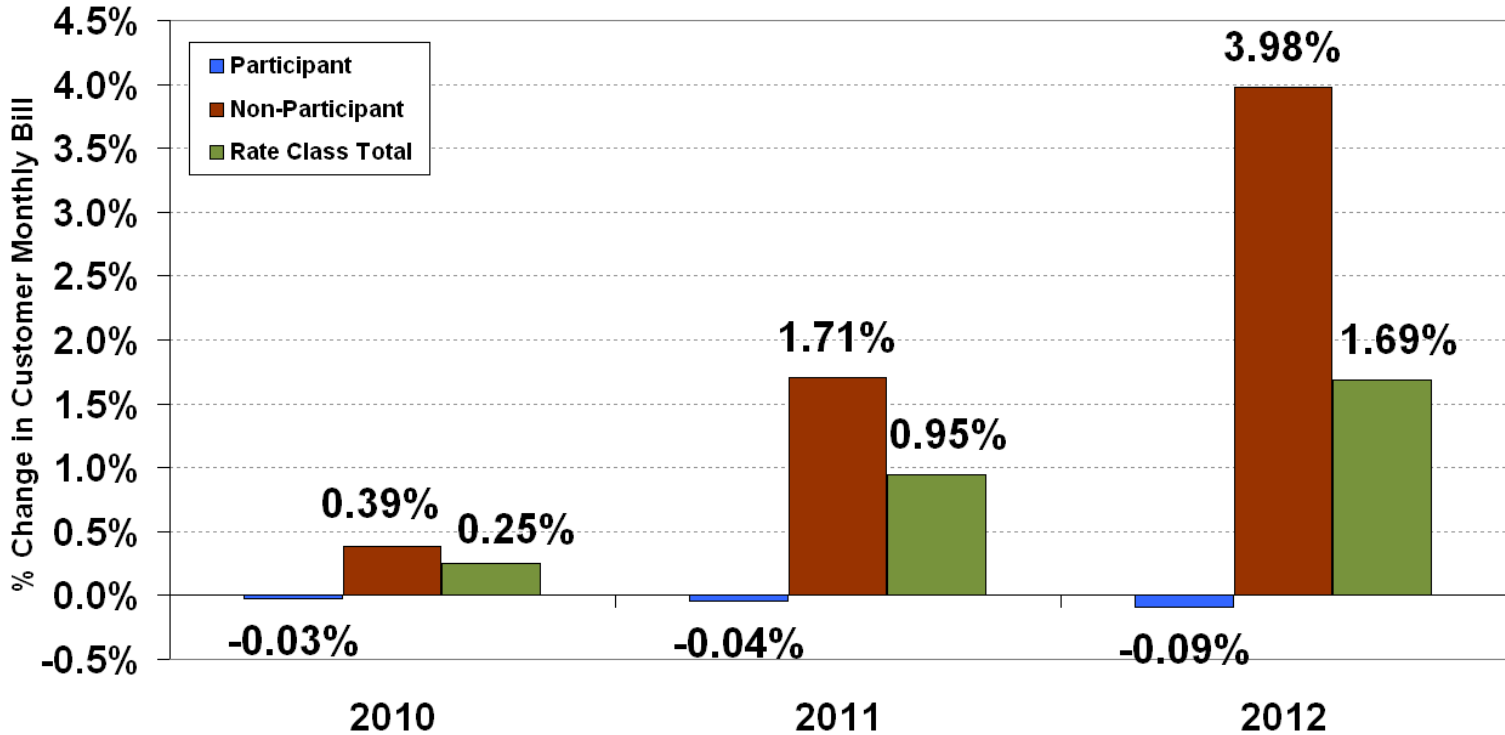
NSTAR BECO Low Income (R2) Customer Bill Impacts
Incremental vs Current Case



Annual Participant Savings	2010	2011	2012	Key Issues
Current Funding Case	14%	0%	0%	<ul style="list-style-type: none"> - Low Income EERF spread amongst all sectors - DRIPE benefit outweighs EERF Costs - Assumed monthly consumption: 450 kWh
Incremental Case	19.5%	0%	0%	

NSTAR Large C&I Sector Rate Class Sample

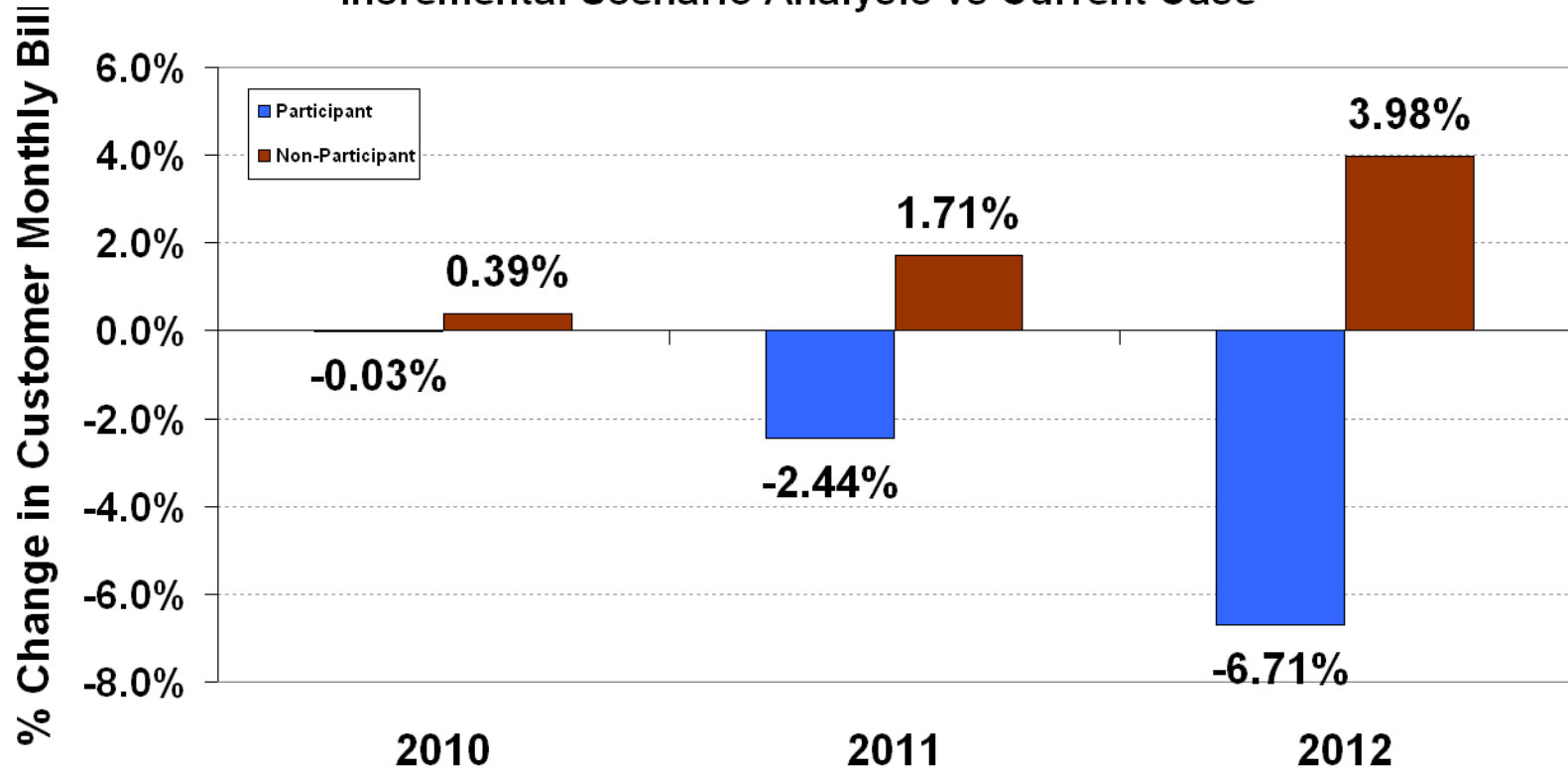
NSTAR BECO C&I (G3) Customer Bill Impacts
Incremental vs Current Case



Annual Participant Savings	2010	2011	2012	Key Issues
Current Funding Case	3.6%	3.6%	3.6%	- Participant bill impact extremely sensitive to participation level - Assumed monthly consumption: 570,000 kWh
Incremental Case	4.0%	4.8%	5.5%	
Present annual participation savings range for selected consumption level is 1.4% - 9%; usage level ranges from 7k – 91M kWh				

NSTAR Large C&I Sector Rate Class Scenario Analysis

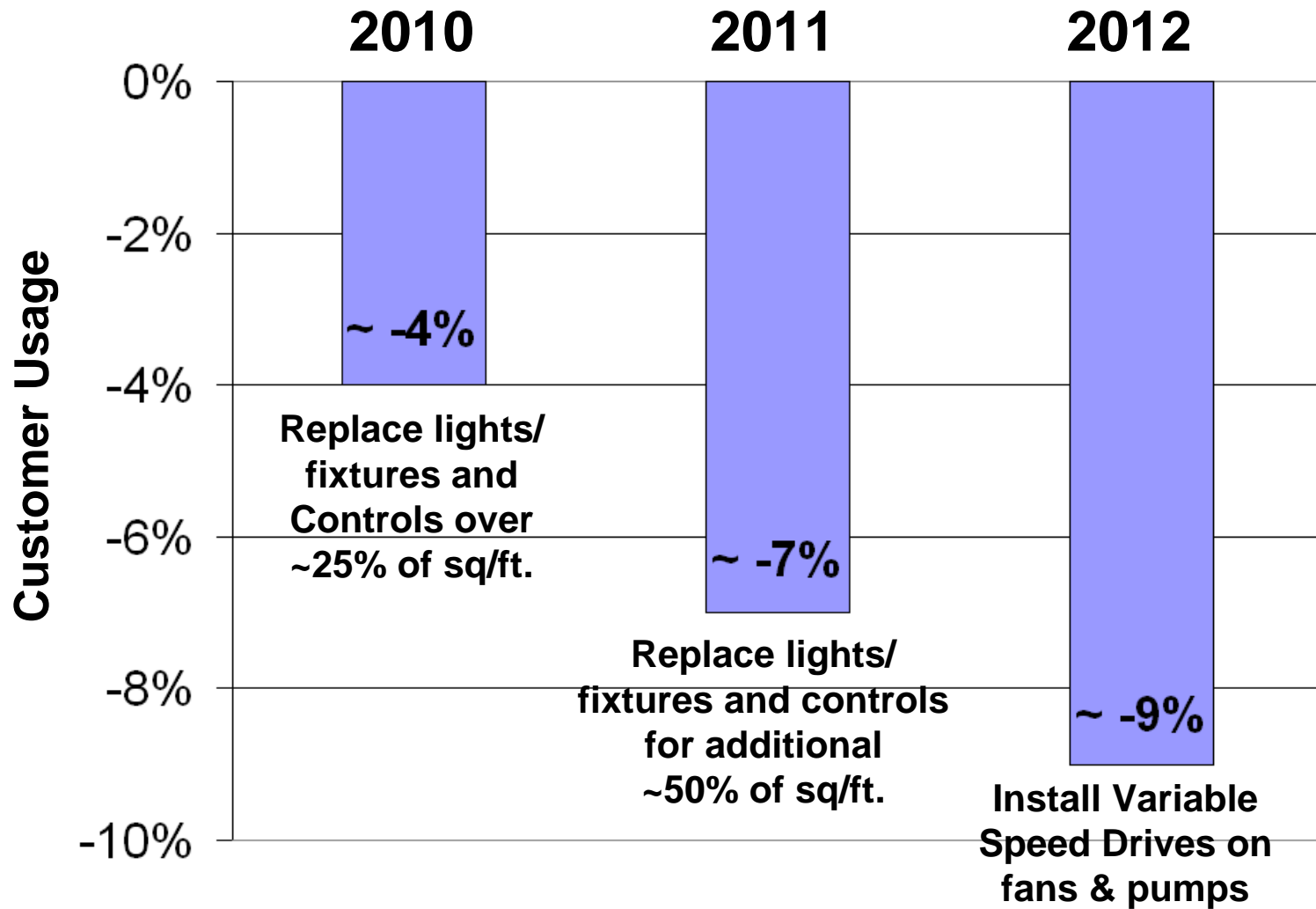
NSTAR BECO C&I (G3) Customer Bill Impacts Incremental Scenario Analysis vs Current Case



Annual Participant Savings	2010	2011	2012	Key Issues
Current Funding Case	3.6%	3.6%	3.6%	- Participant bill impact extremely sensitive to participation level - Assumed monthly consumption: 570,000 kWh
Incremental Case	4.0%	7.0%	9.0%	

Present annual participation savings range for selected consumption level is 1.4% - 9%; usage level ranges from 7k – 91M kWh

Illustrative example on C&I EE actions needed to achieve Scenario Analysis savings



Next Steps

- PA's working on Supplemental Filings
- Scenario Analysis
 - Customer savings package similar to PEPCO analysis
 - Outside capital (\$200M - \$400M)
 - Savings and cost data based on Consultant recommendations