

# JOINT PA AND CONSULTANT TEAM UPDATE ON 2016-2018 PLAN COST DRIVERS ANALYSIS

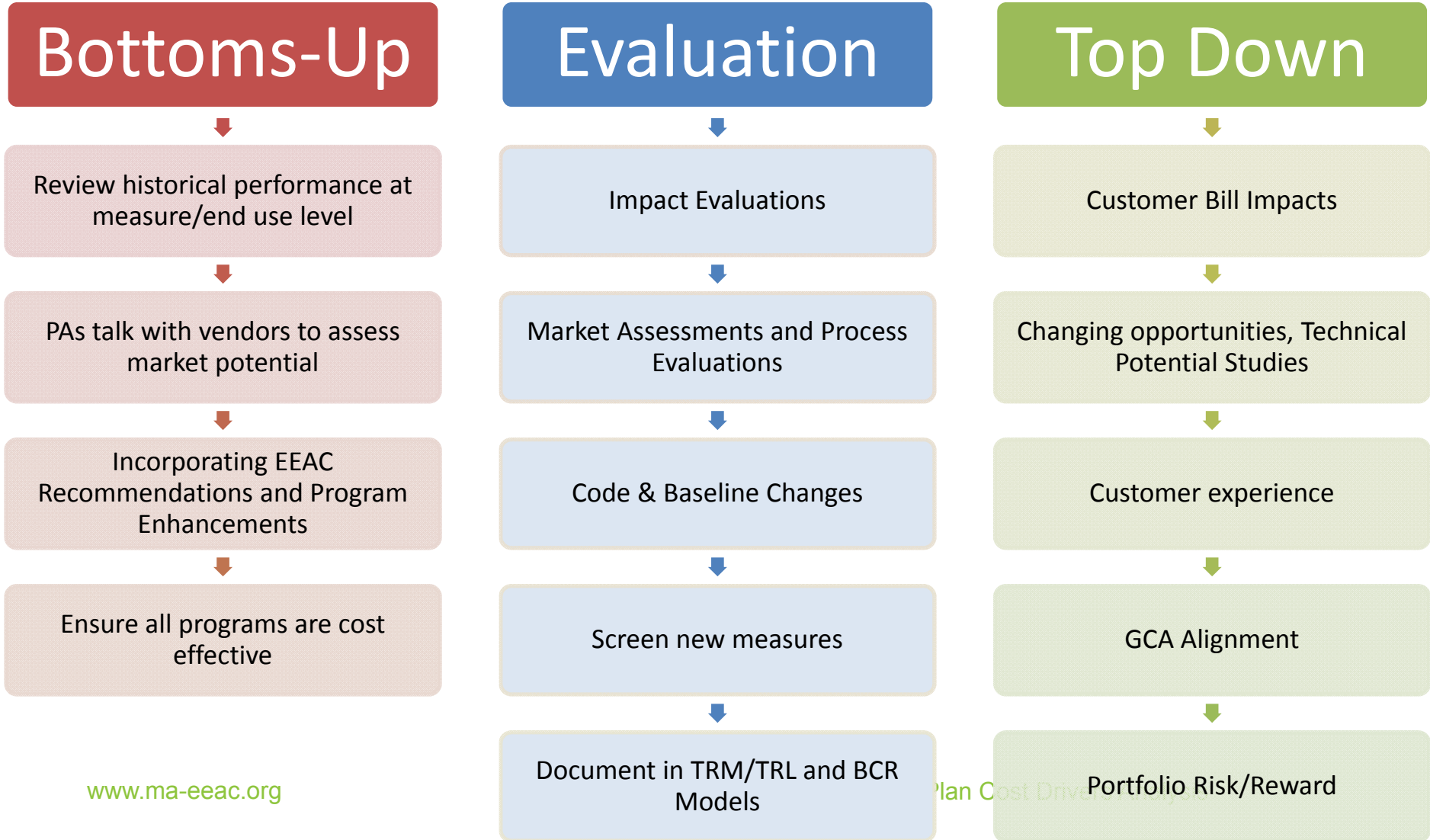
► August 18, 2015

# INTRODUCTION



- ▶ **During June and July, the Teams were largely focused on a review of key drivers impacting 2016-2018 savings goals**
- ▶ **In recent weeks, the Teams have undergone a similar process to review differences in costs between the PA draft plan and the Consultant's proposed goals**
- ▶ **Consultant Team and PAs have been working together to explore the main assumptions or inputs that account for these differences**
- ▶ **The following slides present findings from the cost driver analysis, revisions to Consultant and PA cost estimates, and differences that still remain**

# HOW DO PAS SET GOALS & BUDGETS?

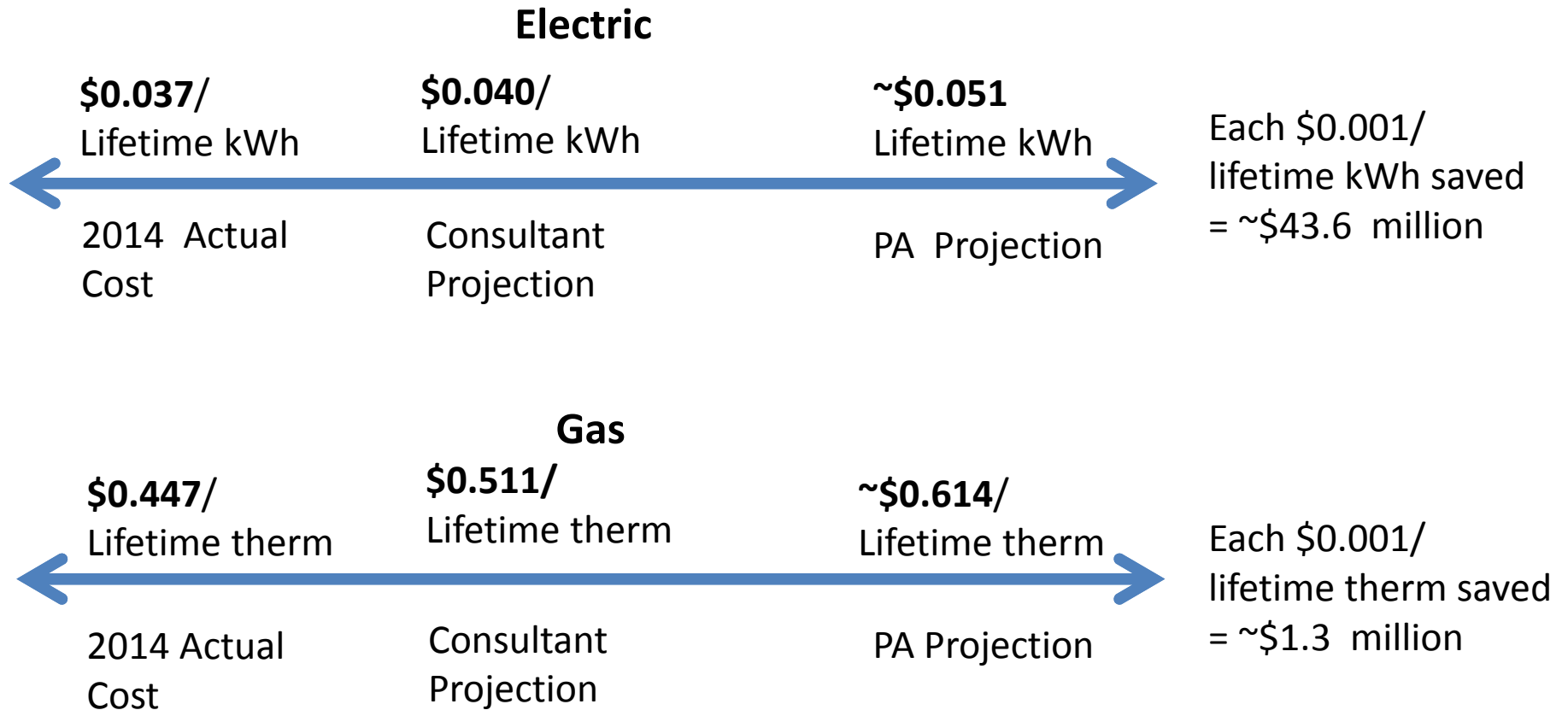


# PORTFOLIO COSTS TO ACHIEVE 2016-2018 (AS OF AUGUST 12)

- ▶ **Original Consultant cost estimates were derived from historic sector level costs with growth rates and inflation applied**
- ▶ **Revised estimates based on a more detailed review of assumptions and trends for initiatives where Consultants differed most significantly from PAs**
- ▶ **The Consultants' and PAs' current cost projections are shown below**

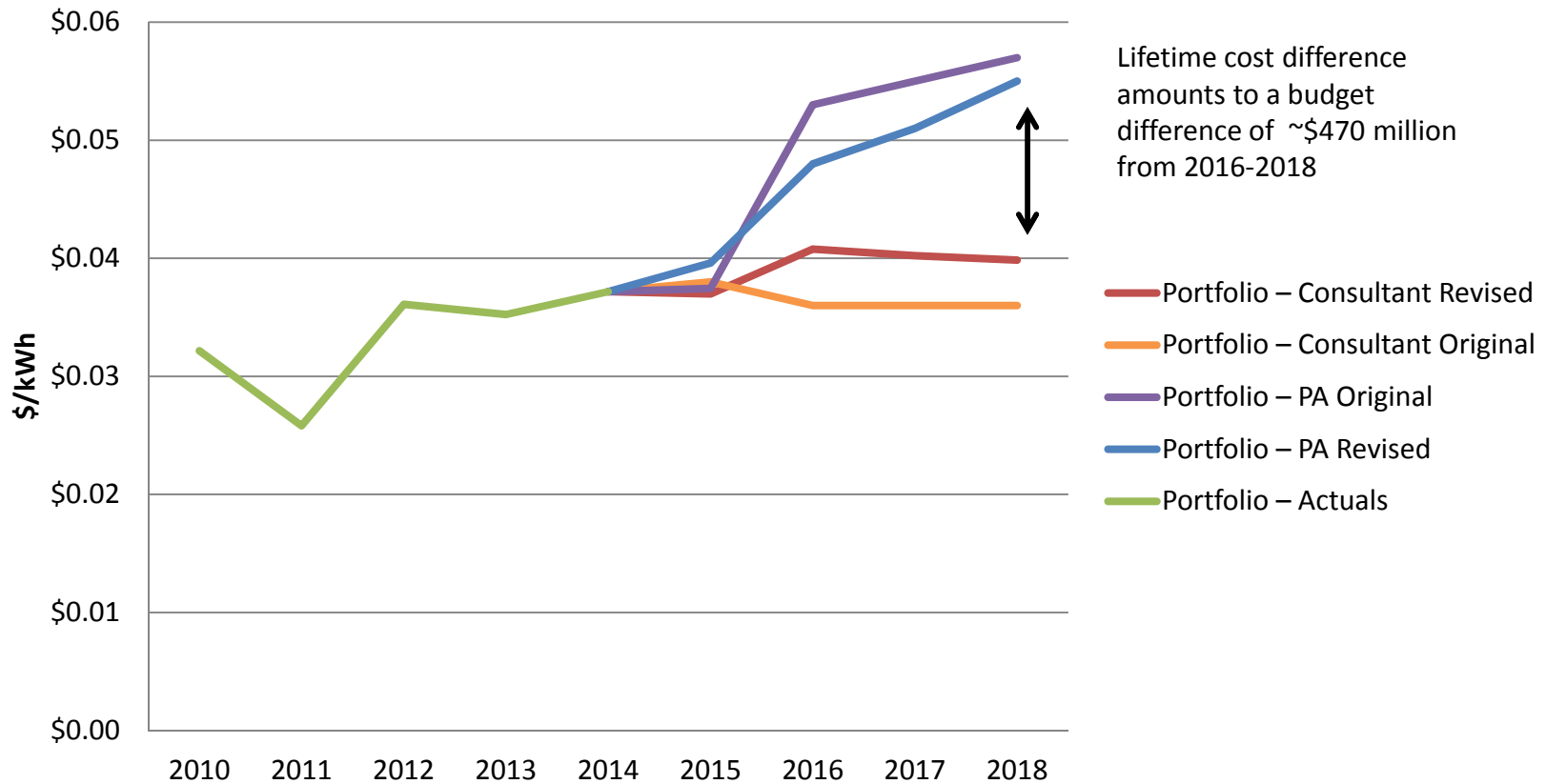
	PA Program Budget (\$Millions)	PA Cost/Lifetime kWh or therm	Consultant Program Budget (\$Millions)	Consultant Cost/Lifetime kWh or therm	2013 Actual Cost to Achieve	2014 Actual Cost to Achieve
<b>Electric</b>	~\$1,818	~\$0.051	\$1,764	\$0.040	\$0.035	\$0.037
<b>Gas</b>	~\$647	~\$0.614	\$670	\$0.511	\$0.469	\$0.447

# COST OF SAVINGS RANGES



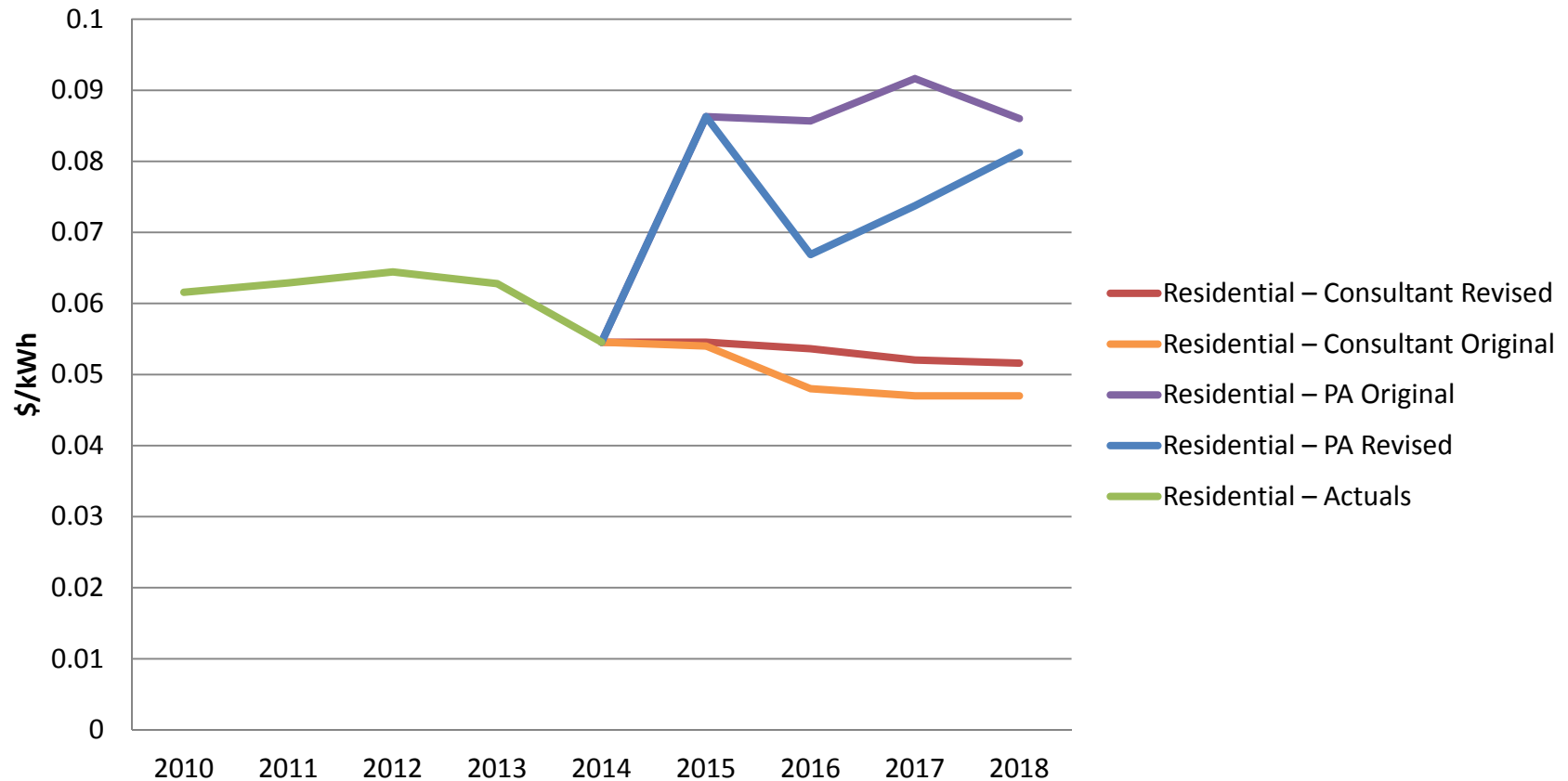
# ELECTRIC PORTFOLIO COST TO ACHIEVE

Portfolio Lifetime Electric Cost to Achieve

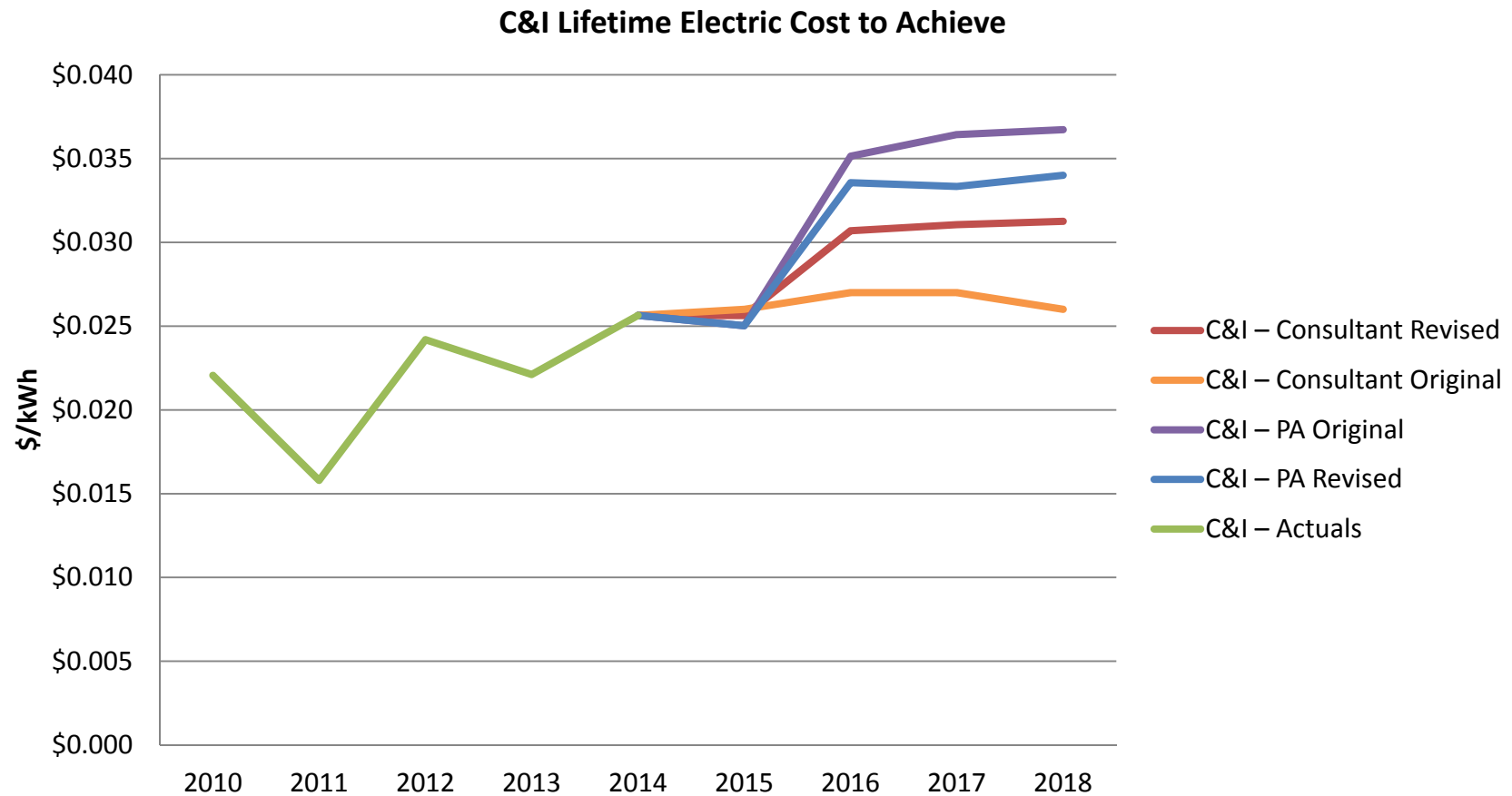


# ELECTRIC RESIDENTIAL COST TO ACHIEVE

Residential Lifetime Electric Cost to Achieve



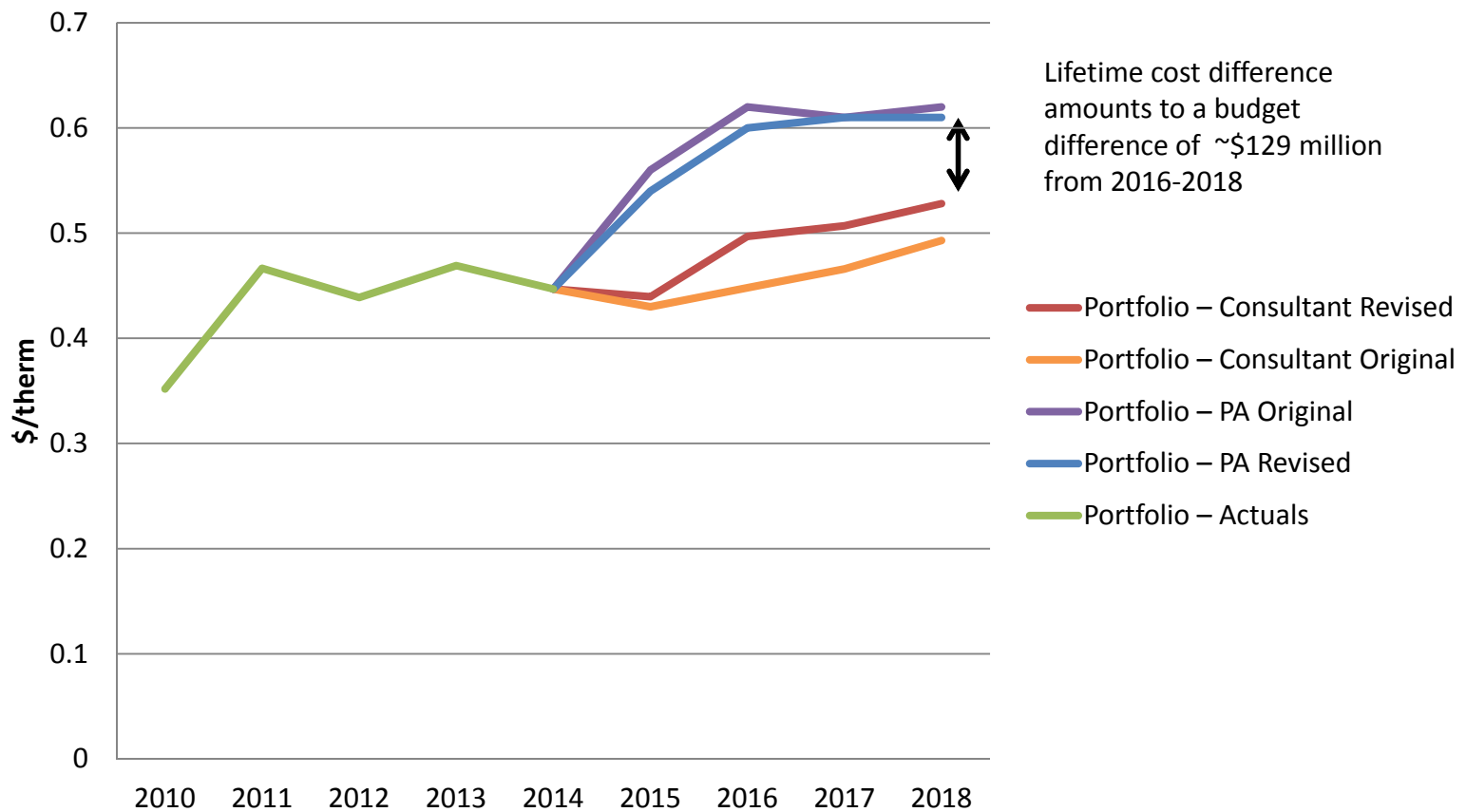
# ELECTRIC C&I COST TO ACHIEVE





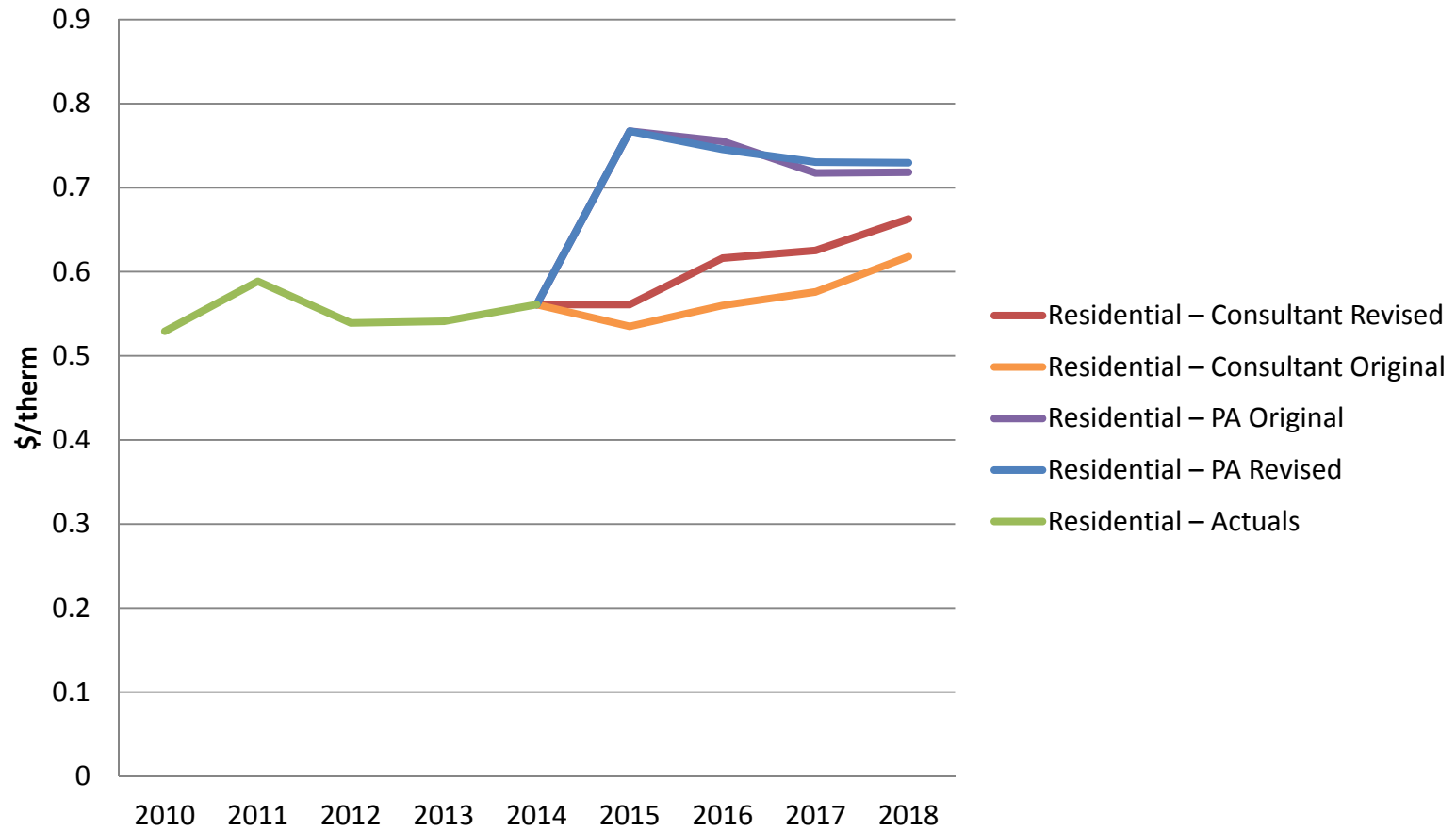
# GAS PORTFOLIO COST TO ACHIEVE

Portfolio Lifetime Gas Costs to Achieve

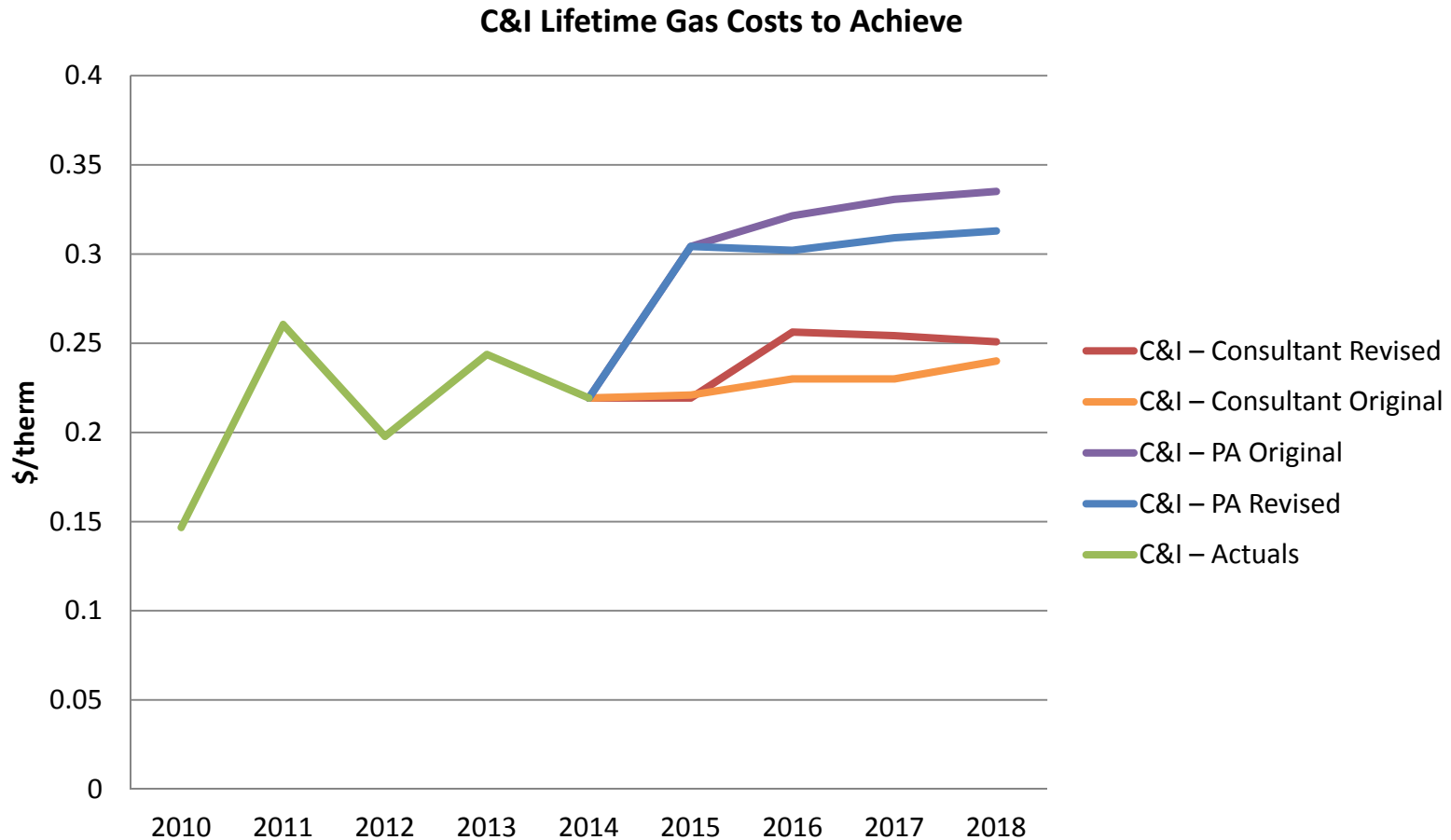


# GAS RESIDENTIAL COST TO ACHIEVE

Residential Lifetime Gas Costs to Achieve



# GAS C&I COST TO ACHIEVE

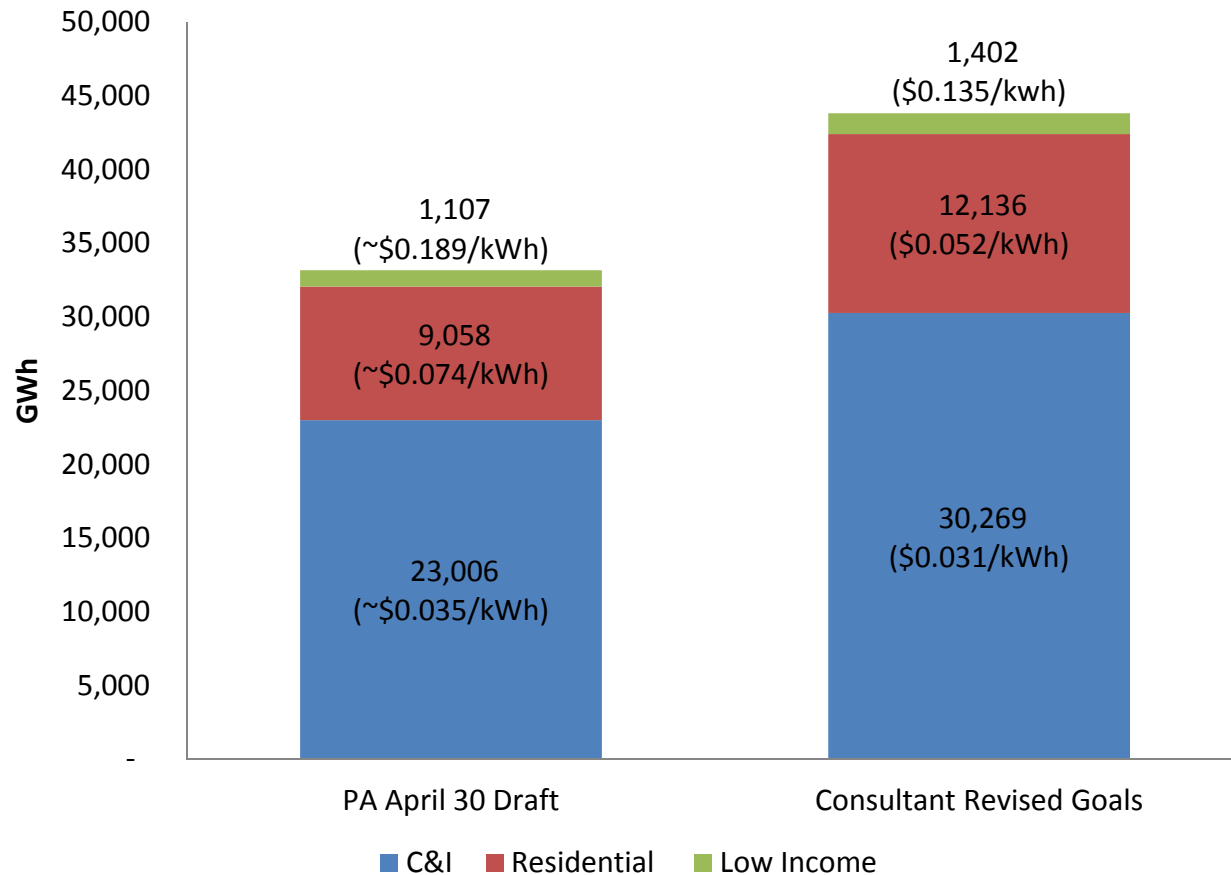


# ELECTRIC PORTFOLIO MIX

## 2014 Actual Cost Rates

Low Income : \$0.128  
 Residential : \$0.055  
 C&I: \$0.026

### Electric Portfolio Mix (2016-2018)

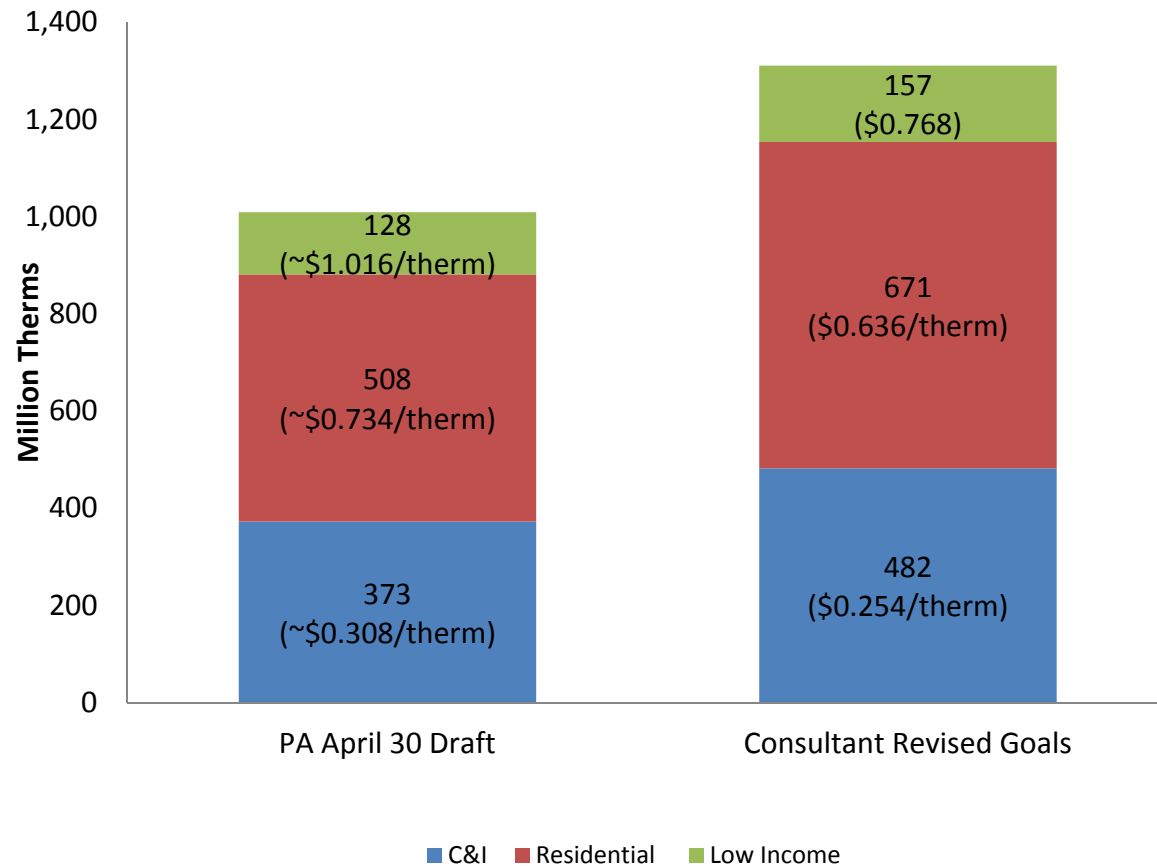


# GAS PORTFOLIO MIX

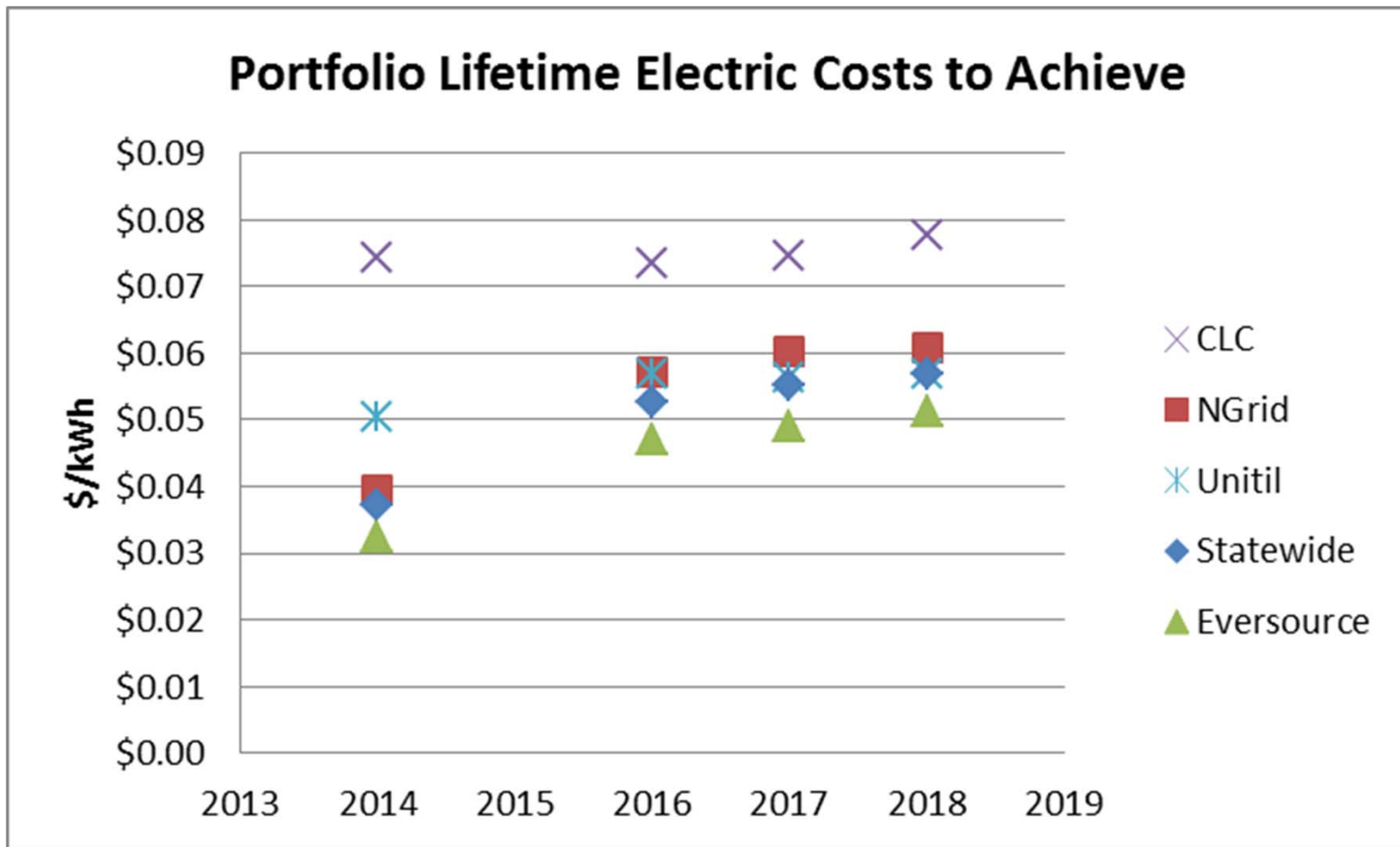
**Gas Portfolio Mix (2016-2018)**

**2014 Actual Cost Rates**

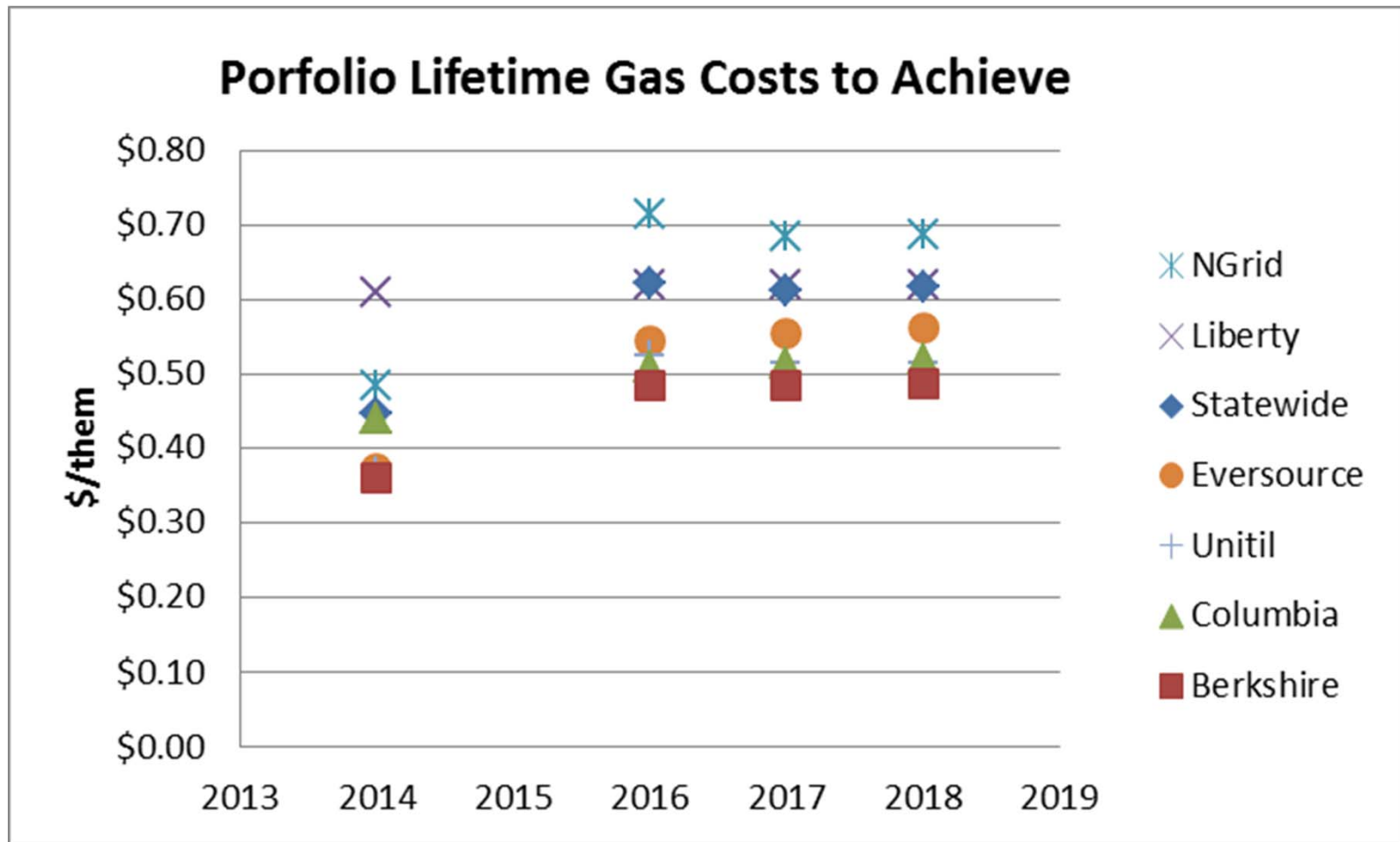
Low Income : \$0.737  
 Residential : \$0.561  
 C&I: \$0.219



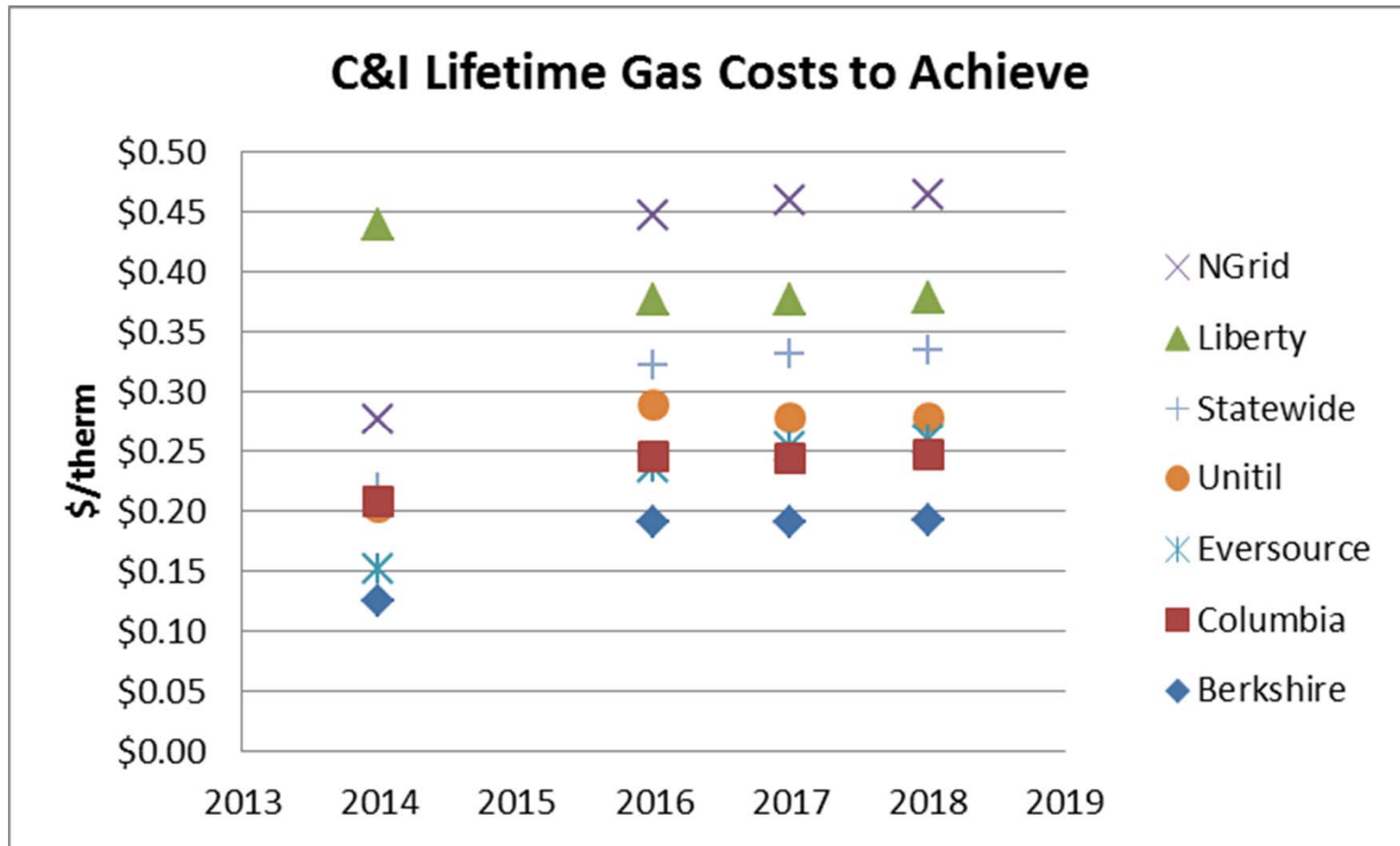
# PLANNED COSTS TO ACHIEVE DIFFER BY PA (AS OF APRIL 30)



# PLANNED COSTS TO ACHIEVE DIFFER BY PA (AS OF APRIL 30)



# PLANNED COSTS TO ACHIEVE DIFFER BY PA (AS OF APRIL 30)





# WHERE DO C&I KEY DRIVERS STAND?

AGREE	OUTSTANDING ISSUES	IN PROGRESS
<ul style="list-style-type: none"><li>• PAs &amp; Consultants have reassessed opportunities in C&amp;I lighting; gap narrowing</li><li>• PAs and EEAC agree levels of CHP and lighting driving cost gaps on electric</li></ul>	<ul style="list-style-type: none"><li>• While gaps have narrowed, there are still discussions around timing and levels of savings</li><li>• The balance of residential and commercial sector savings allocation</li></ul>	<ul style="list-style-type: none"><li>• Consultants have requested more in depth view into C&amp;I lighting data</li><li>• C&amp;I Gas still outstanding and waiting large evaluation results to be final</li><li>• Some errors identified for C&amp;I gas, corrections will help narrow gap</li></ul>

# WHERE DO RESIDENTIAL KEY DRIVERS STAND?

AGREE	OUTSTANDING ISSUES	IN PROGRESS
<ul style="list-style-type: none"><li>• PAs &amp; Consultants have reassessed opportunities with a focus on lighting, behavior and HES; gap is narrowing on savings and costs</li><li>• PA costs and rebates per LED in April 30 draft were too high and unit numbers were too low</li><li>• PAs will incur increased costs for HES from a variety of factors, including new enhancements</li></ul>	<ul style="list-style-type: none"><li>• Total LED bulbs and LED/CFL share recommended by Consultants are higher than PAs, but closer than original assumptions</li><li>• Savings gap still persists in behavior initiative for both electric and gas</li></ul>	<ul style="list-style-type: none"><li>• PAs sharing assumptions on how EEAC recommended enhancements and other factors will impact costs (renter initiative, moderate income, Wi-Fi thermostats, LEDs); Consultants reviewing</li><li>• There are no outright disagreements at this time on HES costs, however data still being exchanged</li></ul>

# COSTS TO ACHIEVE - SUMMARY OF AUGUST SNAPSHOT

▶ **ELECTRIC COSTS TO ACHIEVE (2016-2018, \$/kWh)**

Date	PAs	EEAC	Gap
April	\$0.518	\$0.372	\$0.146
August	\$0.478	\$0.418	\$0.060

▶ Gap has been narrowed from 28% to 12%

▶ **GAS COSTS TO ACHIEVE (2016-2018, \$/therm)**

Date	PAs	EEAC	Gap
April	\$8.33	\$6.25	\$2.08
August	\$8.15	\$6.77	\$1.38

▶ Gap has been narrowed from 25% to 17%

Costs to achieve are driven by both costs and net savings. A decrease to costs to achieve can be a combination of an increase to savings goals and/or a decrease to budgets

# THANK YOU

## Questions?

▶ August 18, 2015

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