mass save
Savings through energy efficiency

Mid-Term Modifications

PA-Specific “Key Themes” Presentations to the EEAC

November 8, 2011

November 8, 2011 EEAC Meeting

Background

- This presentation follows up on the PAs' proposals reviewed at the October 11, 2011 EEAC meeting.
- Key Statewide Themes
  - Aggressive commitment to high savings goals
  - Application of lessons learned in-the-field and EM&V results
  - Consolidation of low-income retrofit programs
  - Statewide costs are lower than planned

PA-Specific Changes in 2012

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NSTAR Electric

- Increase to savings, while maintaining budgets
  - Proposed MTM savings are 2% higher than 2012 filed goal, 1.4% greater over three-year period
  - Increases to residential lighting accounting for much of the increase
- Benefits increase 7% over three-year period
  - Even after EISA lighting standards taken into account; offset by inclusion of non-energy impacts for residential programs and updated avoided costs, including T&D
- Added behavioral program to electric portfolio
- Continued focus on and enhancement of new contractor/weatherization program design

NSTAR Gas

- More challenging to maintain savings goals, based on evaluation and NTG results
- Even with the challenges, NSTAR's proposed MTM savings are 0.5% higher than 2012 filed goal
  - Only 2.7% lower over three-year period
  - Residential sector down due to HEHE (Heating and Water heating program), which took biggest hit due to evaluation results
  - C&I sector absorbed the difference to maintain 2012 goals
- Benefits decrease 15% over three years
  - Mainly due to avoided costs, more participation in programs with lower measure lives, though offset by non-energy impacts which NSTAR had not previously included for gas programs

National Grid Electric

- Increase to savings, while decreasing budgets
  - Proposed MTM savings are 2.4% higher than 2012 filed goal, 1.4% greater over three-year period
  - Mostly due to increases to residential lighting
  - Budget decreased by 8.6% compared to 2012 filed goal
- Benefits increase 2.6% over three-year period
  - Increased savings goals and use of updated non-energy impacts study had positive effect on benefits
- Increased support for Heat Loan program
- Upstream Lighting initiative for C&I New Construction enhances program for 2012

National Grid Gas

- More challenging to maintain savings goals, based on evaluation and net-to-gross results
- 2012 Savings Goals
  - Savings goal decreased by 9.6% compared to 2012 Plan and decreased 8.5% over three year period
  - Residential sector down due to HEHE (Heating and Water heating program), which took biggest hit due to evaluation results
  - Weatherization program absorbed part of the residential difference
- Benefits decrease 14% over three years
  - Benefits decreased because of overall decrease to goals as well as new (lower) avoided costs for gas
- Budget decrease of approximately 6% over three years

Unitil

- Electric Program MTM Triggers
  - EM&V-based decreases in savings: MassSave, Lighting
  - Low up-take decreases in savings: LI New Construction
  - Savings and budget increase: LI Multi-family (now rolled into LI Retrofit)
- Gas Programs MTM Triggers
  - EM&V-based decreases in savings: Residential New Construction, HEHE (but budget increased)
  - Savings and budget increases: both LI 1-4 and LI Multi-family (now rolled into LI Retrofit)

Unitil

Overall Positive Results in a Tough Environment

- Big Opportunity
  - Continued good results in residential gas and electric weatherization
  - Low Income Multifamily – high impact, high value to community
- Big Challenge
  - C&I programs dependent on small number of customers
    - Electric 2011 Q3 at 19% of savings goal
    - 2 large projects pending including 1.8 MW CHP (huge!)
    - Challenge to predict 2012 achievement

Cape Light Compact

Changes since October 11, 2011 EEAC Meeting

- Residential ENERGY STAR Lighting Savings Increase by 1,994 MWhs
  - CFL Production Increase
- C&I New Construction Savings Increase by 2,486 MWhs
  - New Upstream Lighting efforts added LEDs
- TRM savings and measure life common assumptions
- Updated T&D avoided costs
- Overall 23% Increase in Savings from October 11, 2011

Cape Light Compact
Mid Term Modifications Highlights

- **Residential New Construction – more units**
  - **Savings: Increase 46%; Budget: Increase 33%**
- **Residential Cooling & Heating – significant prior years ramp-up**
  - **Savings: Decrease 25%; Budget: Decrease 22%**
- **Multi-Family Retrofit – program design revision**
  - **Savings: Decrease 64%; Budget: Decrease 66%**
- **ENERGY STAR Lighting – significant prior years ramp-up**
  - **Savings: Decrease 29%; Budget: Decrease 26%**
- **L.I. Res. New Construction – more activity**
  - **Savings: Increase 40%; Budget: Increase 36%**
- **L.I. Retrofit – deemed savings assumptions, M/F design**
  - **Savings: Decrease 33%**
- **C&I New Construction – significant ramp-up, project timing lag**
  - **Savings: Decrease 32%**
- **C&I Small Retrofit – significant ramp-up, 2011 projected carryover**
  - **Savings: Decrease 51%; Budget: Decrease 52%**

Western Massachusetts Electric Company

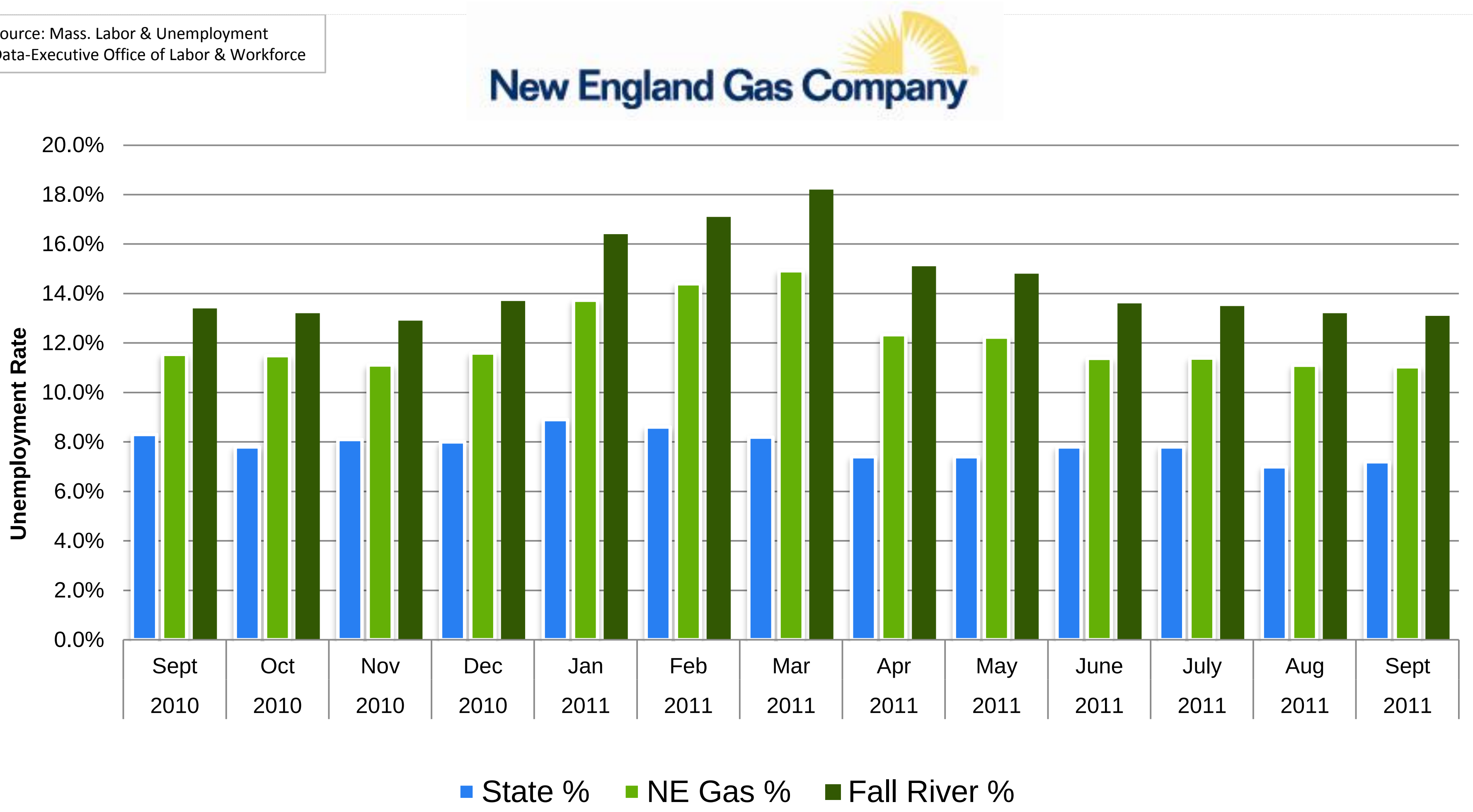
- Employed a “follow the market approach”
  - Increased funding for Residential programs and moderated continuing C&I ramp-up in order to better meet the needs of the Western MA market.
- Portfolio benefits increase 7.3% over three years
  - Due to application of NEI study and increases in programs with greater participation and benefit yield.
- Transition of Western Mass Saves Behavioral Pilot to a Behavioral Program.
- Despite maintaining original portfolio budget, 4.6% decrease in MWh savings largely due to EM&V impacts.

Basis for 2012 MTM Changes

- The economy continues to weigh on the creation of new businesses and investment by existing businesses-this was the basis for the reduction in savings goals in the Company’s C&I programs.
  - AJ Wright Distribution Center closed 1/11- 800 jobs lost
- Residential programs show traction with the exception of new construction which has slowed significantly.
- The impact of EM&V studies also have reduced the Company’s savings

NEGC - Unemployment Rate Comparison

Source: Mass. Labor & Unemployment Data-Executive Office of Labor & Workforce



The Berkshire Gas Company

- 15% reduction in savings on portfolio level when compared to its 2012 filed goals and 16% on annual basis.
  - Main drivers are evaluation and NTG results, accompanied with some low performing programs such as Residential NC and MF. Commercial and Residential HEHE programs are the hardest hit areas for savings (due to EM&V results).
- Decrease in benefits of 22% compared to original annual goal and 19% over three years.
  - Mainly due to new, lower avoided gas costs. While Berkshire is experiencing some positive effects from non-energy impacts in residential and LI sectors, they are not enough to offset the huge loss in benefits due to new avoided cost study results.

The Berkshire Gas Company

- Challenges
  - Economy and unemployment rate
    - Quality of employment
  - Significant number of seasonal customers who spend winter out of our territory--these savings are difficult to mine
  - Several commitment letters for a larger projects have been outstanding for over 12 months; these large commercial customers are hesitant to make large EE investments in an uncertain economy –we are optimistic a few will proceed shortly
  - Low gas prices contribute to longer payback time for commercial projects. As a result, customers are not as likely to invest in EE and may lose interest--key here is customer education

Columbia Gas of Massachusetts

- Savings
  - On track to deliver 92.4% of original plan at portfolio level
  - 52% of shortfall (371K therms) due to residential new construction decline across CMA service territory
  - Large impact due to evaluation (mostly FR in HEHE)
  - Participants realizing savings, benefits and lower bills!
- Budgets
  - On track to spend 91.1% of original plan budget at portfolio level
    - Mirroring savings pattern in all programs except GN HEHE
      - Great success in awareness, uptake and contractor participation
- Benefits
  - Benefits forecasted to be 17.1% lower at portfolio level
    - Lower avoided costs in 2012
    - Offset to some degree by NEIs
    - Measure mix