

Utility Perspective on Funding Energy Efficiency

Efficiency Maine Trust

Symposium: Identifying Maine's Least-Cost Energy Resources

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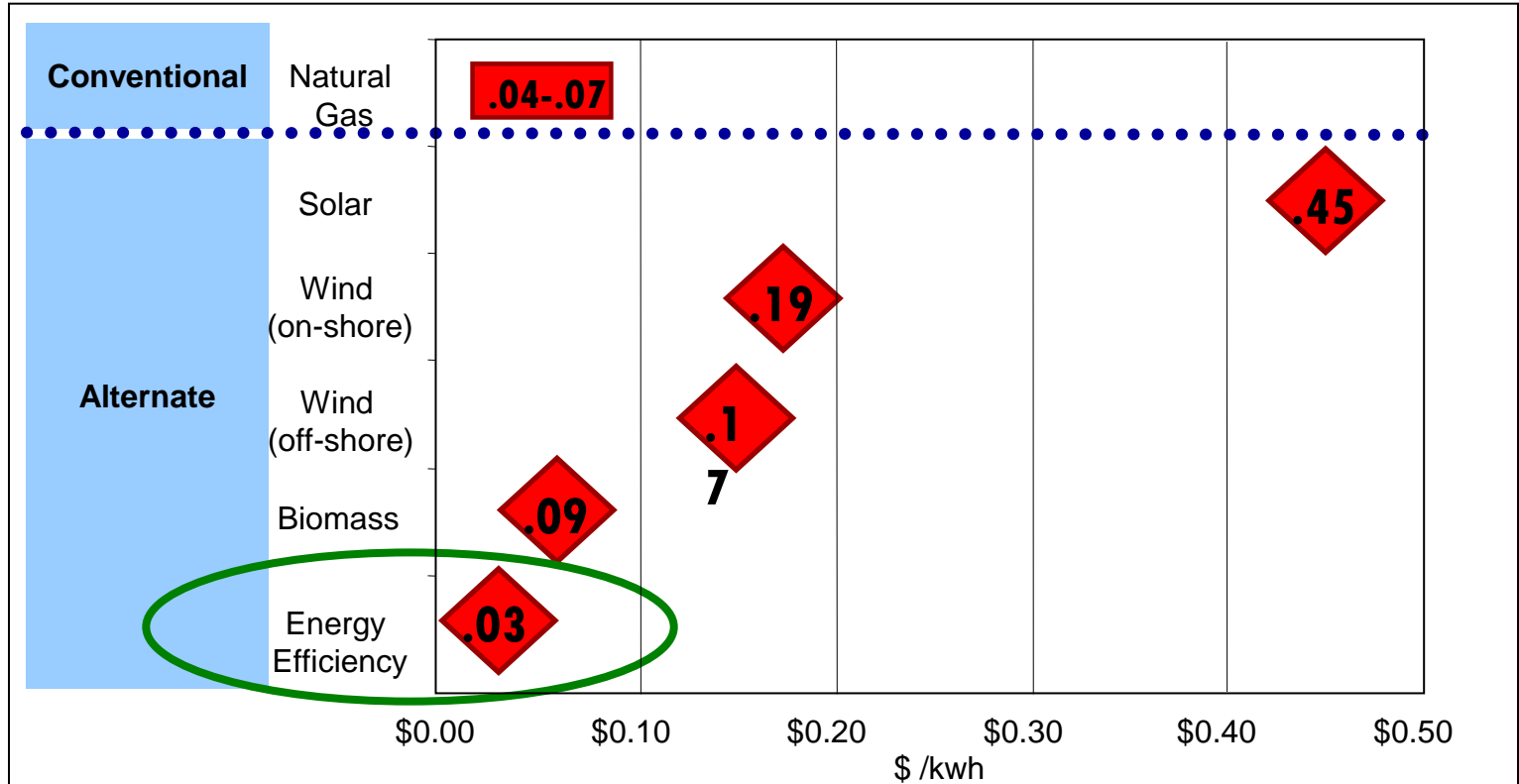




Agenda

- NSTAR Energy Efficiency Value Proposition
- EE Potential
- EE Program Portfolio
- Customer Bill Impact Perspective

Energy Efficiency is the lowest cost option.

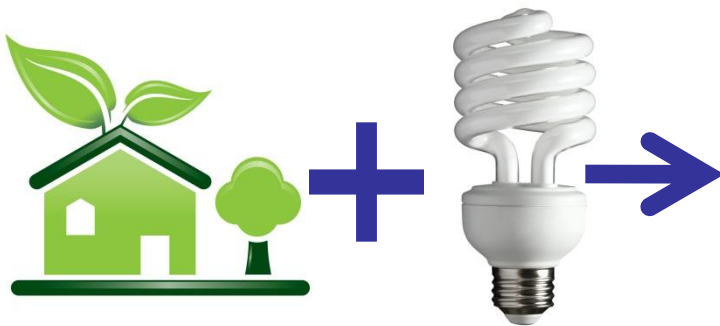


* Natural gas reflects market price

** Price of alternative energy based on analysis of costs and expected returns by investors



Massachusetts Captures with EE with Passage of Green Communities Act



Green Communities Act

- Passed by MA in 2008
- Expansion of investment in Energy Efficiency
- “EE is the first fuel source”

Program Administrator Response

Three year plan (2010-2012) with \$1.6 billion budget to:

- ↓ annual electricity consumption by 2.4%
- ↓ annual gas consumption by 1.5%



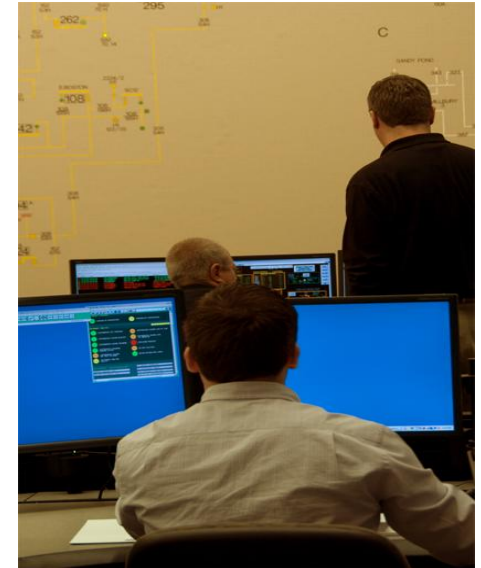
Massachusetts Structure Supports Utility Investment

- Funding source for EE efforts
- Recovery for lost revenue
- Incentives

MA has been a leader in creating a financial infrastructure that supports sustainable EE investment.



NSTAR Plays A Vital Role In Reaching A Solution



- **Innovative technologies**
- **Advanced delivery models**
- **Targeted marketing and outreach**
- **Highly skilled team**



Agenda

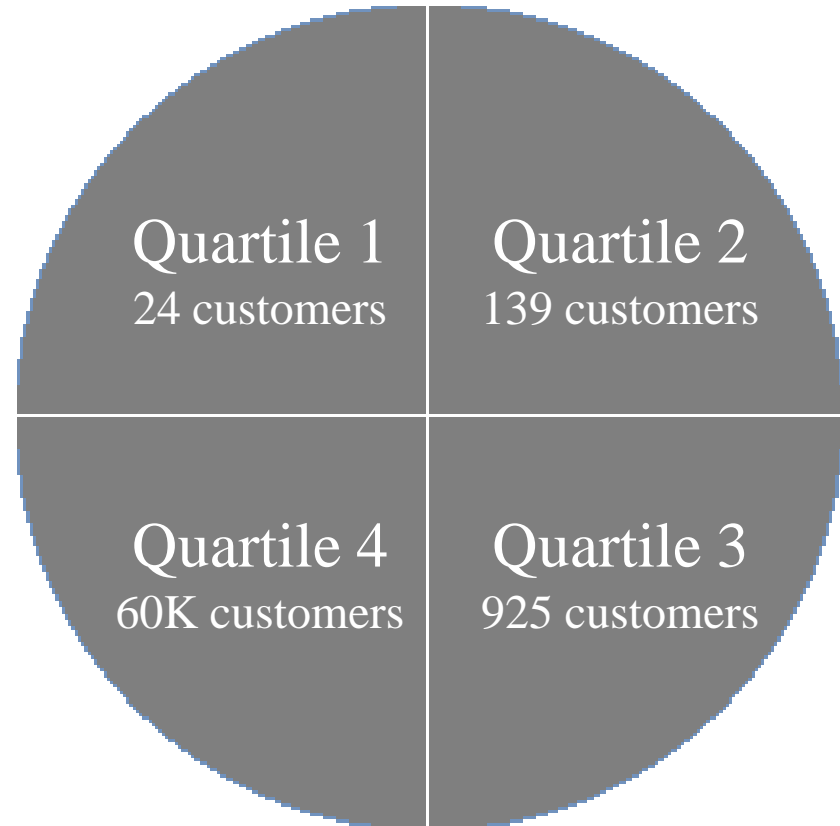
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Identifying the Opportunity

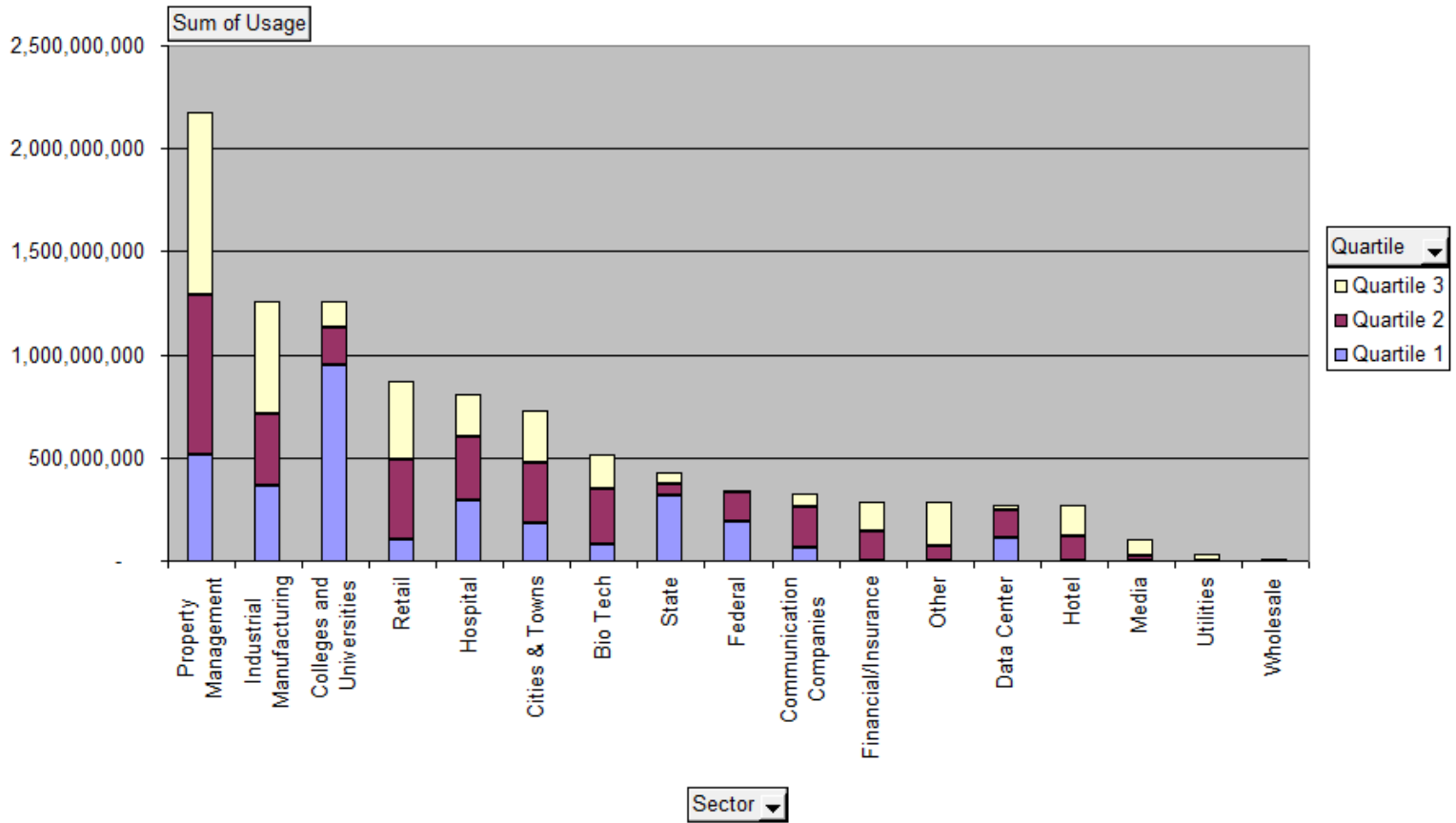
- MA completed potential analysis
- NSTAR analyzed potential within service territory
- NSTAR continues to complete market analysis

Total C&I kWh Consumption





NSTAR applied EE analysis to our Customer Base





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Our Program Portfolio Reaches All Customer Segments

- Innovative technologies
- Fully integrated gas and electric programs
- Advanced delivery models
- Packaging of Measures
- Targeted marketing and data mining
- Comprehensive design solutions
- Combined heat and power offerings

Most importantly, we must create value propositions that are compelling to customers to invest in deeper energy savings.



Our challenge is to drive deeper savings!



**This home produces more
electricity than it uses.**

In MA by 2030, all
new construction
targeted at net zero

5%

- CFL bulbs
- Air sealing & duct sealing
- Insulation
- Furnace/boiler & thermostat
- Appliances & AC
- Replacement windows
- Deep Energy Retrofit
- Onsite Renewables

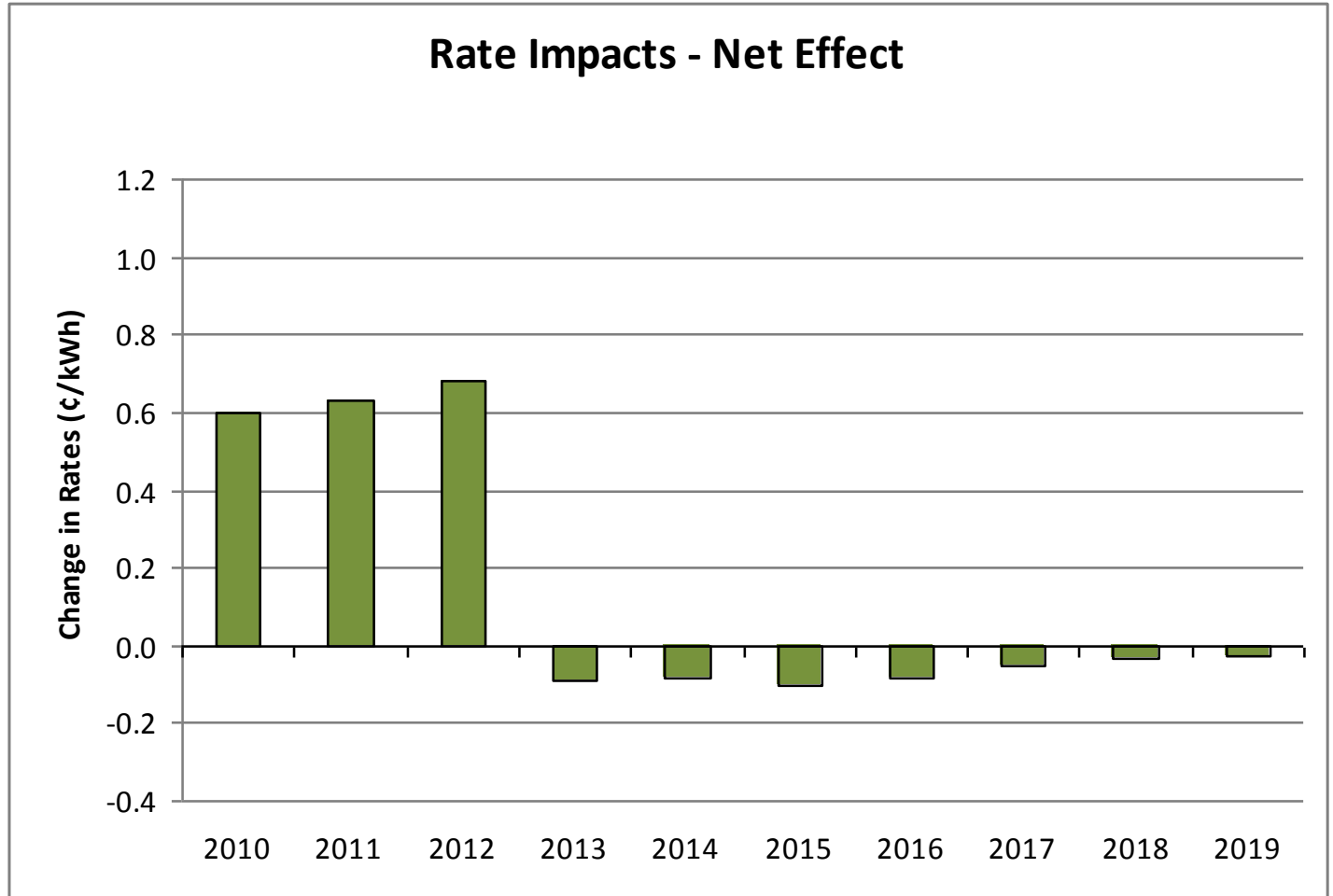
**50 and
more⁰%**



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Net Effect of Energy Efficiency on Rates

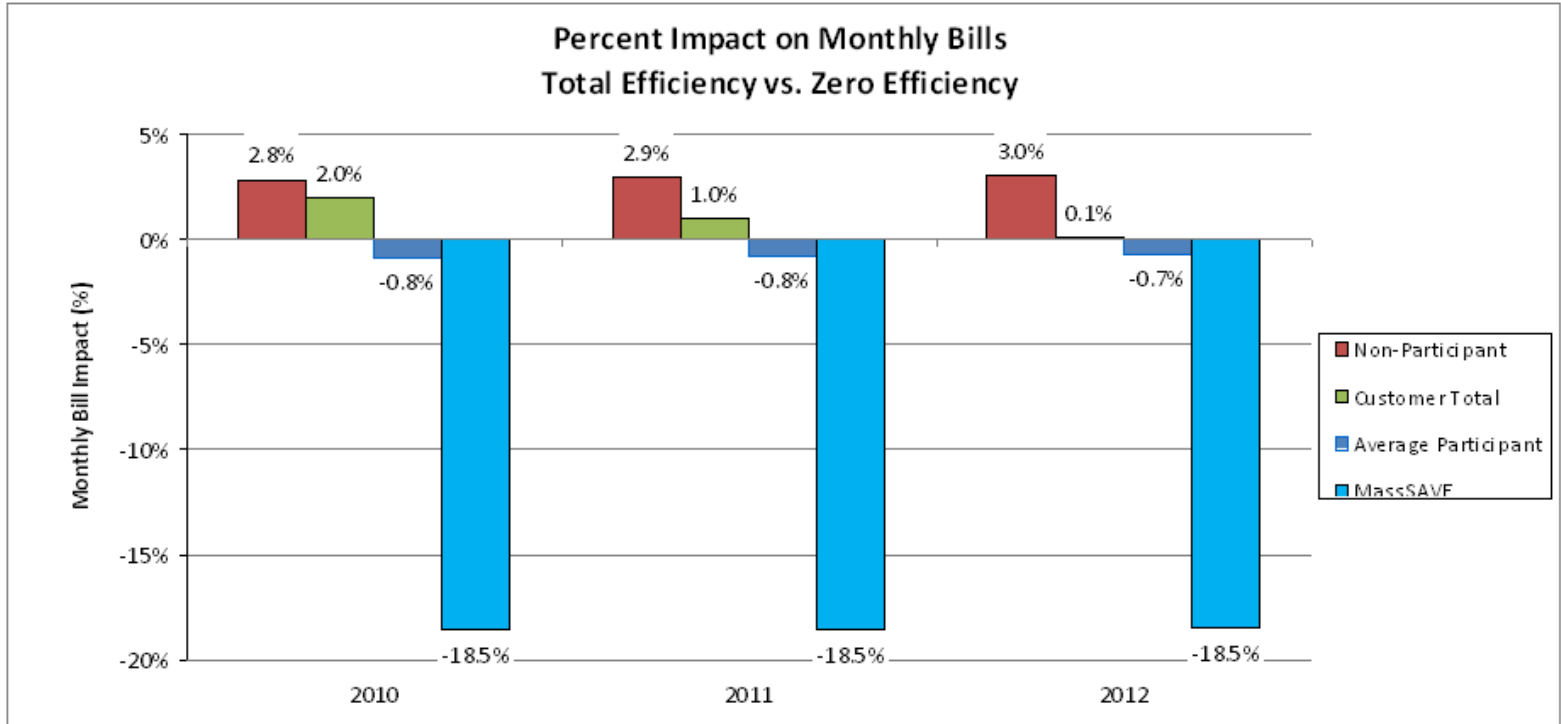


Residential rate example for illustrative purpose only





Customer Bill Impact Total vs. Zero

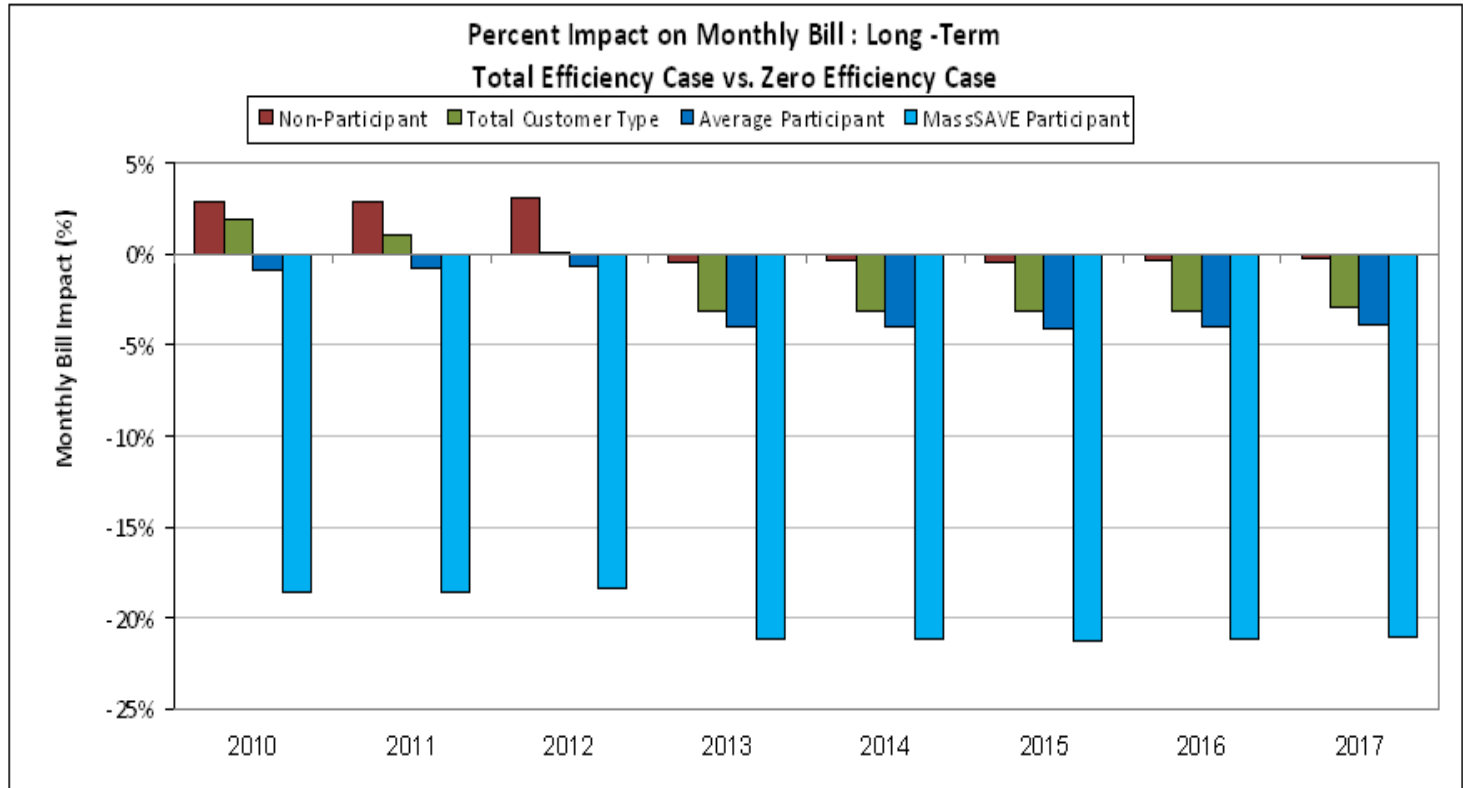


Residential rate example for illustrative purpose only



Customer Bill Impact

Long Term Perspective



Residential rate example for illustrative purpose only



Conclusions

- NSTAR sees Energy Efficiency as a core business function
- Innovation continues to reach untapped EE potential
- Customers are EE program benefits



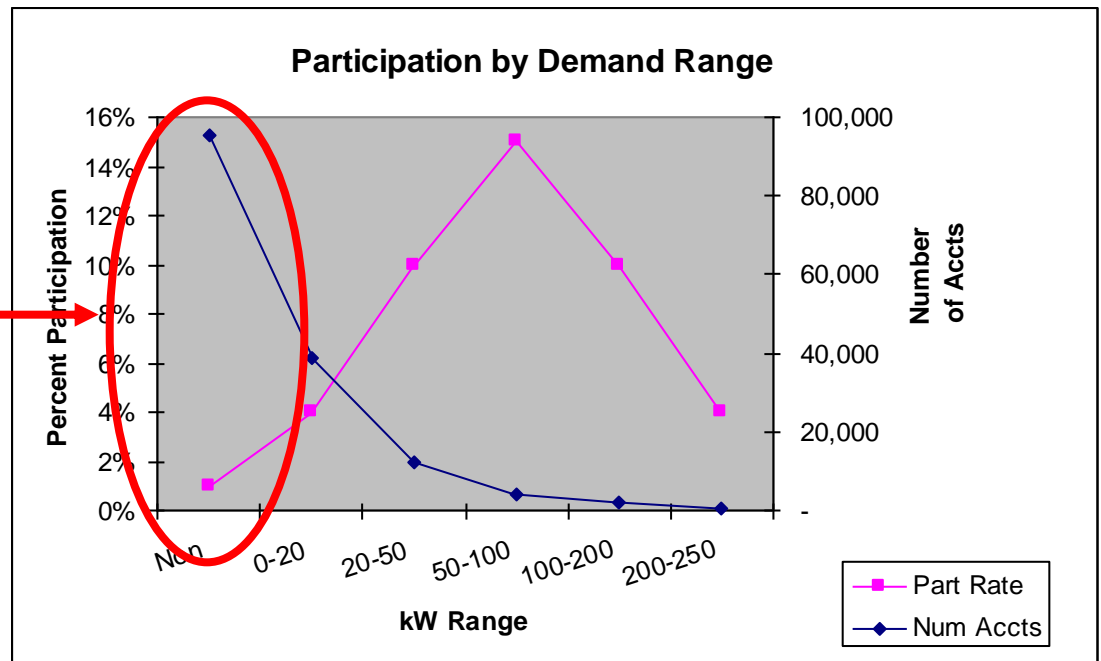
Appendix

Reaching Hard to Reach Customers

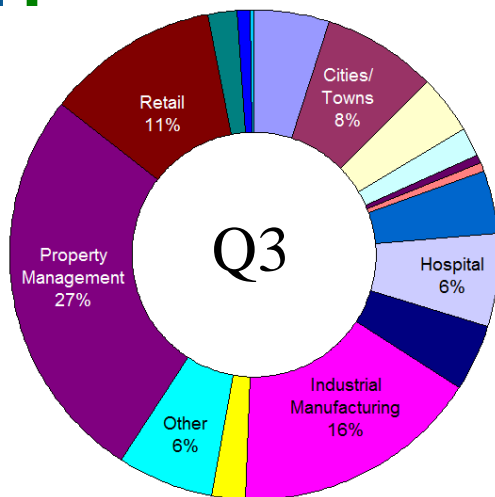
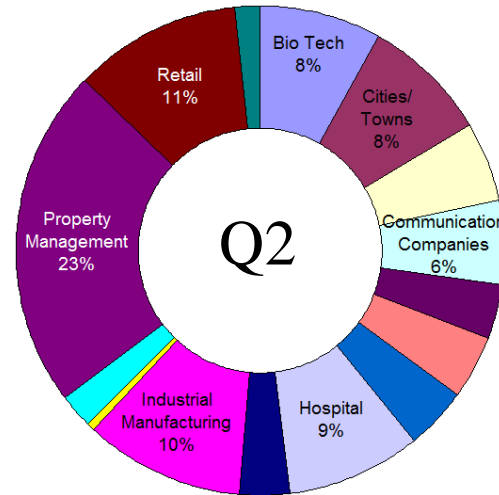
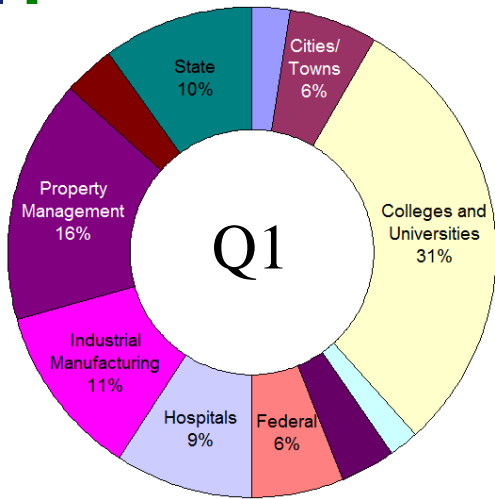
- Micro-businesses – Main Streets Program
- Property Management – Office of the Future
- Underserved rental markets – Community based outreach



**We must
address gaps in
participation**



Another view of the NSTAR EE Potential



- Bio Tech
- Colleges and Universities
- Data Center
- Financial/Insurance
- Hotel
- Media
- Property Management
- State
- Wholesale
- Cities & Towns
- Communication Companies
- Federal
- Hospital
- Industrial Manufacturing
- Other
- Retail
- Utilities





Q4 Usage by Sector

- Q4 has been segmented further into sub-quartiles to identify top accounts

Sub-Q

- sQ1
- sQ2
- sQ3
- sQ4

- Individual accounts/meters mostly treated customers

