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Quarterly Report: Quantitative Results First Quarter 2011

Presentation to the EEAC

May 10, 2011

Key Statewide Findings

- Overall results:
  - Residential sector showing overall strong results for the quarter
  - Low Income sector reflects slow winter start; continuing interest in MF
  - C&I sector lagging: projects are being committed but economic conditions are creating customer uncertainty
  - Q1 Spending v 2010 is up overall 11% electric, 20% gas.
- Q1 activity continues to show "hockey stick" effect
  - Normal winter slowdown
  - Annual program cycles for planning, accounting and reporting
  - Continued ramp-up of program goals
- Continued progress on integration of gas/electric planning and implementation
  - Residential innovations include program architecture, integrated materials, statewide marketing
  - Major initiatives in CI: integrated planning including Direct Install, Whole Building Assessment, Advanced Buildings and CI retrofit as means to maximize savings
- Deeper Savings / Financing : see separate slides

Electric Portfolio

Portfolio Summary – Statewide Electric

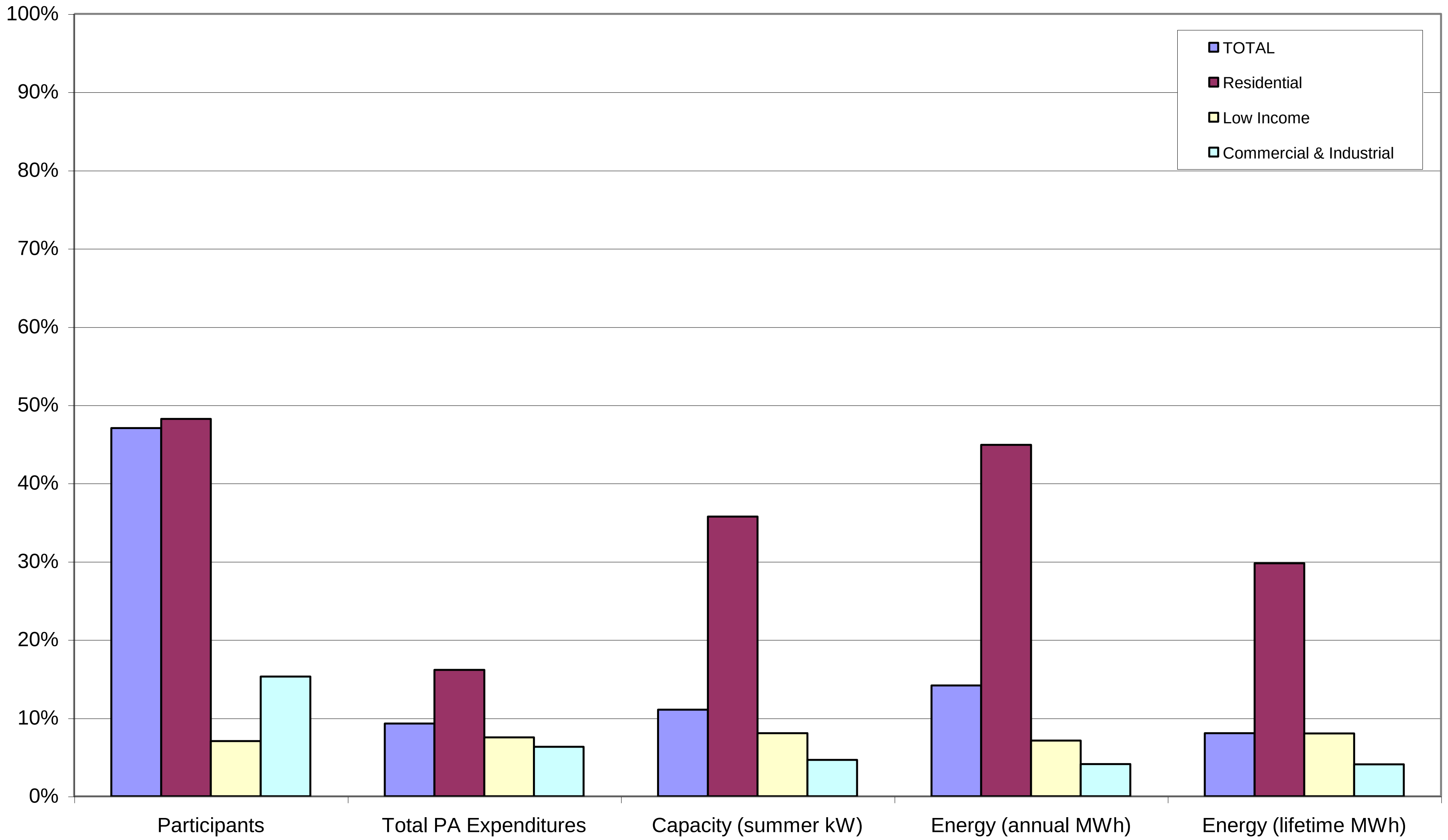
- Overall – Electric YTD (% of 2011 goal)
  - Participation - 47%
  - Spending - 9%
  - Capacity (summer kW) – 11%
  - Energy (annual MWh) - 14%
  - Energy (lifetime MWh) - 8%

Overall spending is up 11% over 2010, although percentage of annual budget is down

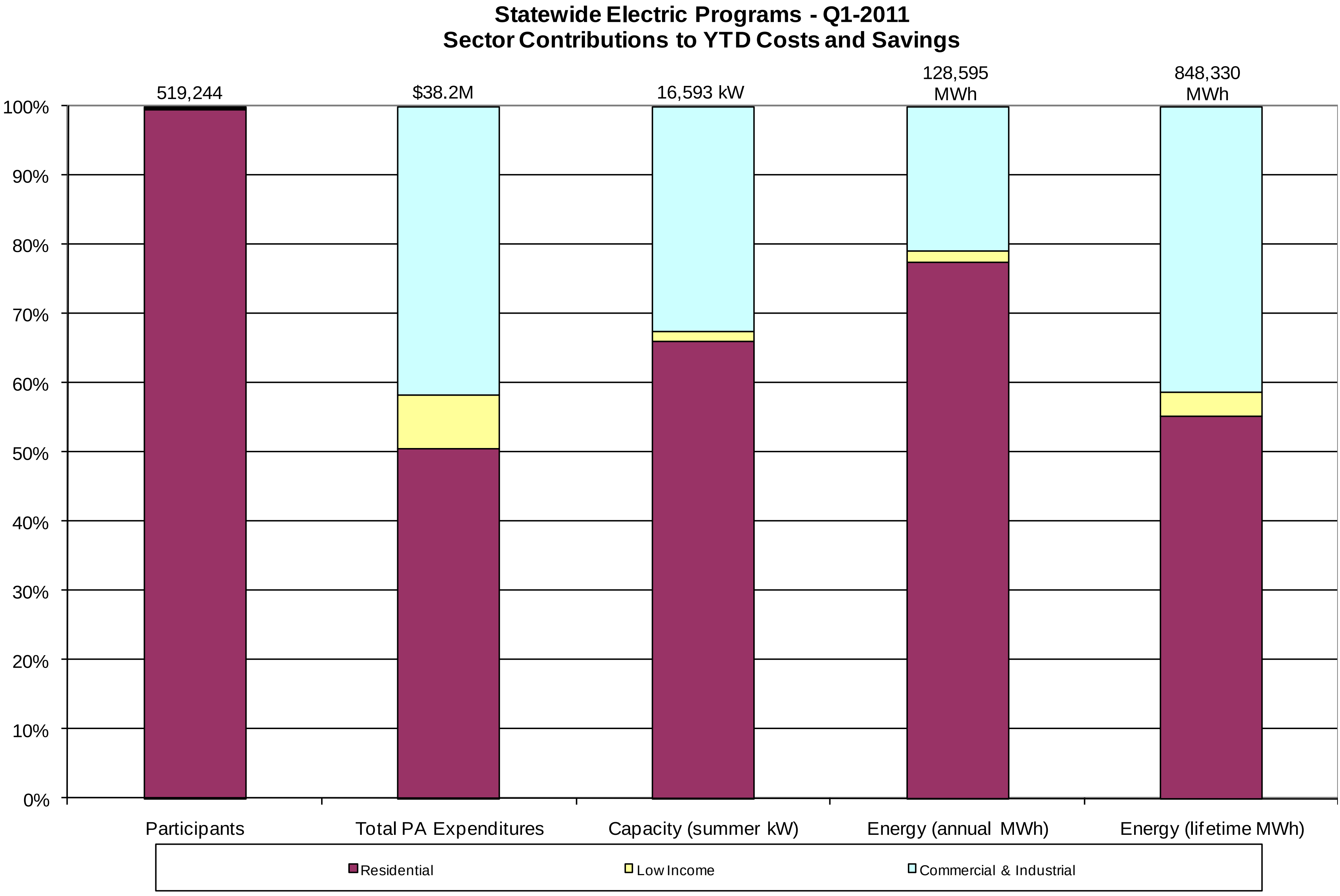
Savings as percent of plan are about the same as 2010

Participation % affected by Behavior/Feedback programs

Statewide Electric Programs - Q1-2011
YTD Preliminary Actuals as a Percent of Plan Goal



NOTES: This data is preliminary and subject to revision and check. Costs and savings will not align until year end and it is important to understand that savings and costs do not accrue linearly throughout the program year.



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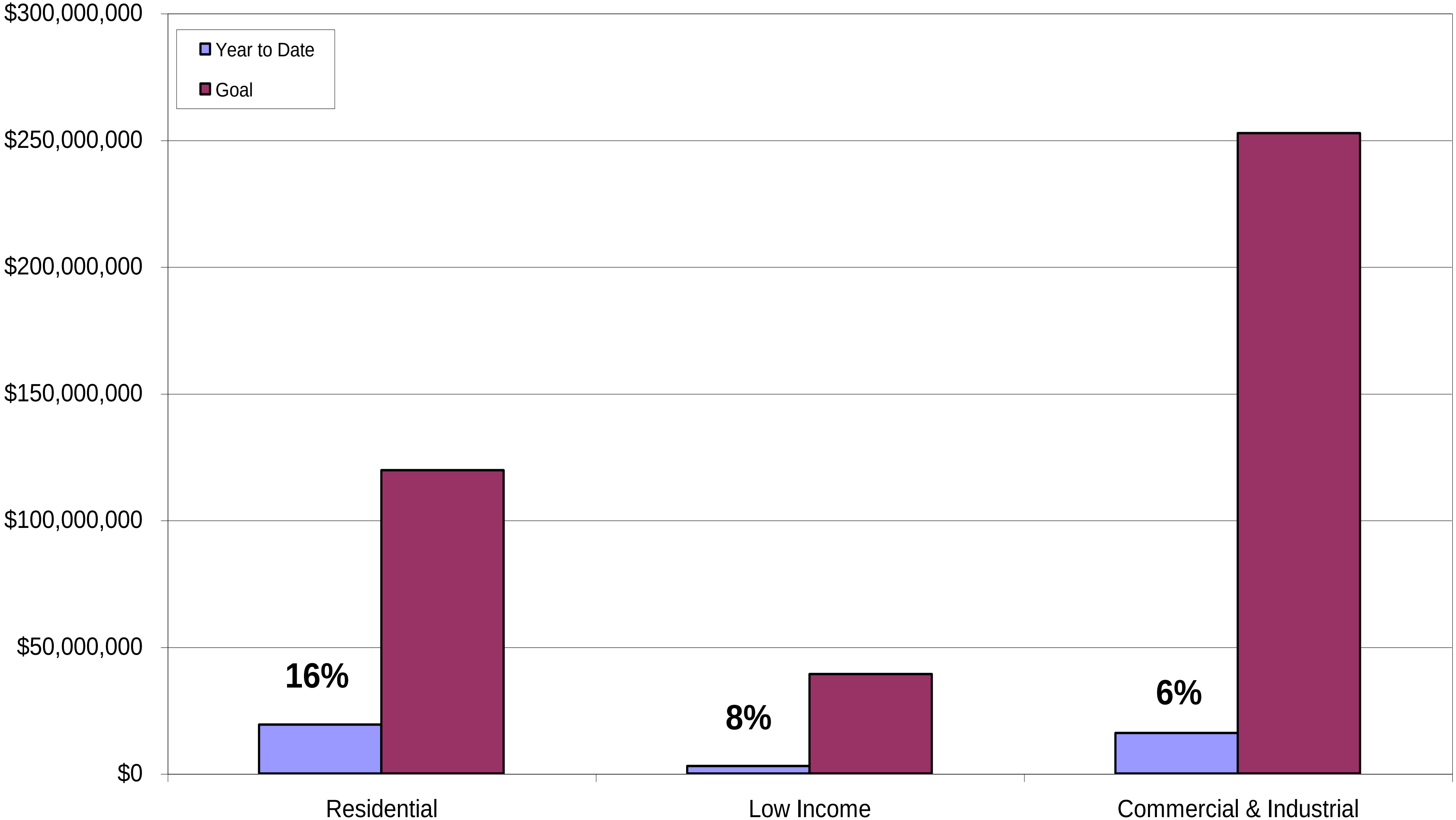
Statewide Electric Programs - Q1-2011
YTD Preliminary Costs as compared to Plan Budget



NOTES: Costs are those booked for PPA, Marketing, Customer Incentive, STAT, and Evaluation. This data is preliminary and subject to revision and check.

Gas Portfolio

Portfolio Summary – Statewide Gas

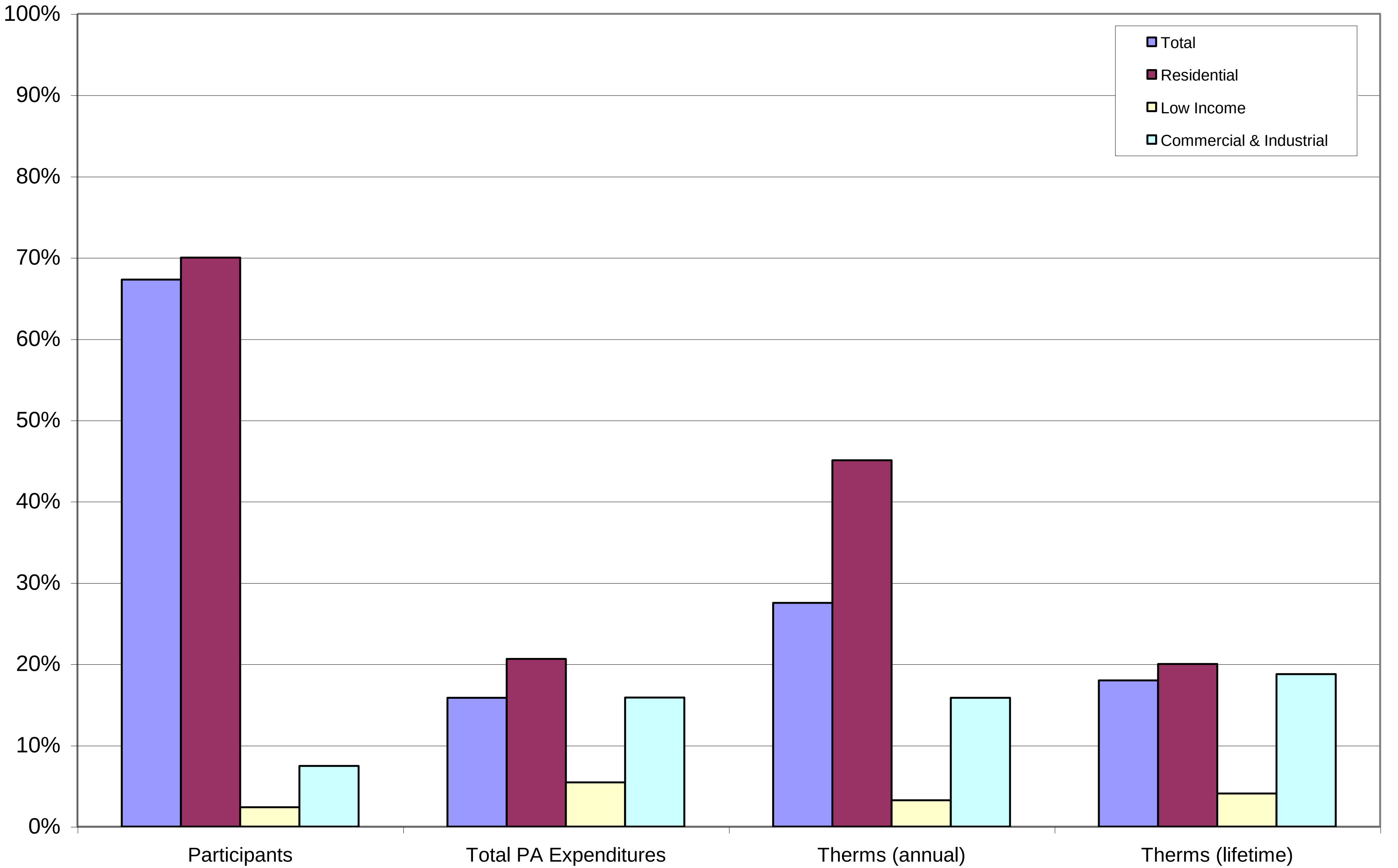
- Overall – Gas YTD (% of 2011 goal)
  - Participation - 67%
  - Spending - 16%
  - Energy (annual Therms) - 28%
  - Energy (lifetime Therms) - 18%

Overall spending is up 20% over 2010, although percentage of annual budget is down

Annual Savings as percentage of plan is the same as in 2010 but lifetime Savings are lower

Participation % affected by Behavior/Feedback program

Statewide Gas Programs - Q1-2011
YTD Preliminary Actuals as a Percent of Plan Goal



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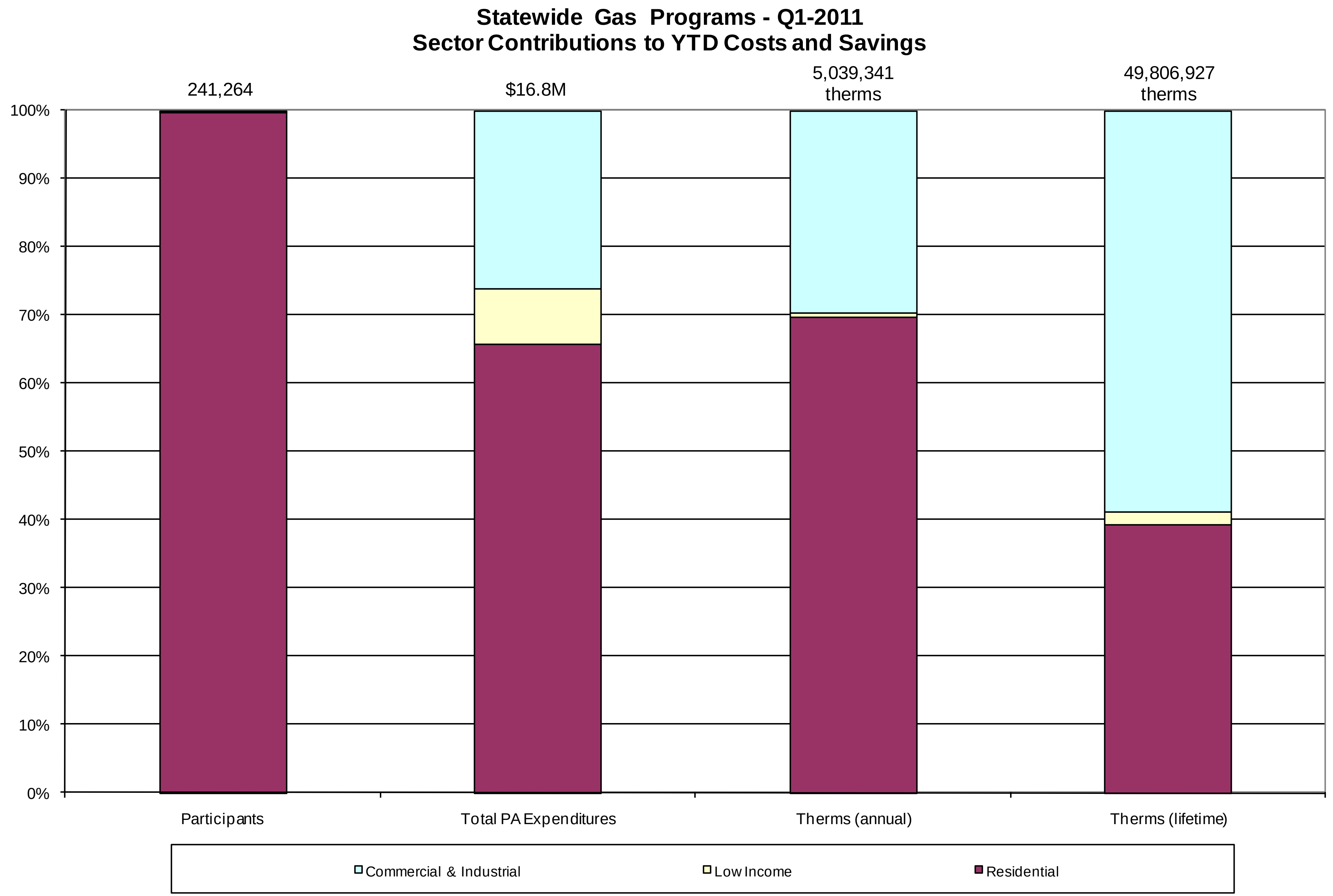

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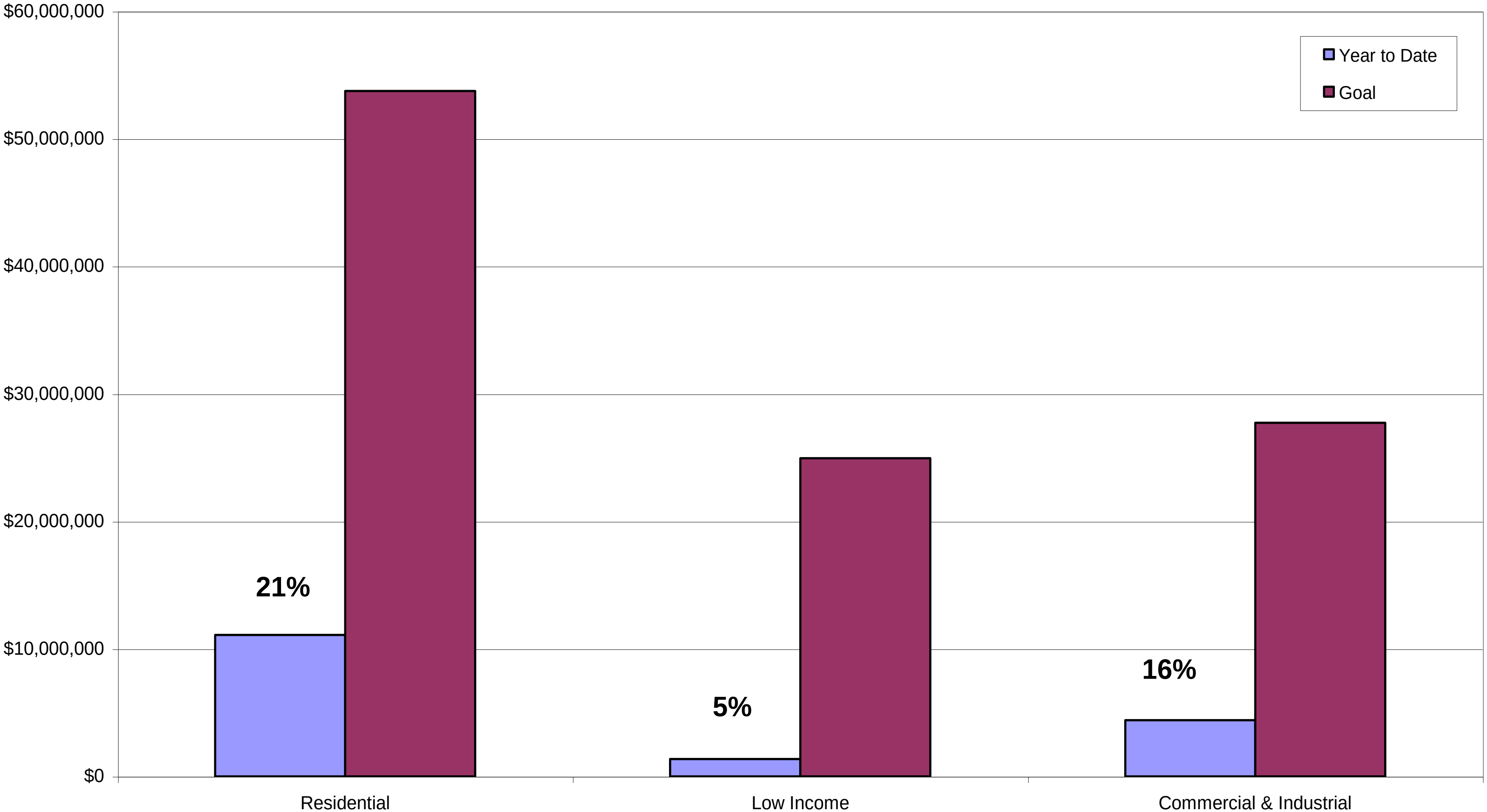
Statewide Gas Programs - Q1-2011
YTD Preliminary Costs as compared to Plan Budget



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Sector Results

Residential Programs

- Electric
  - Participation - 48%
  - Spending - 16%
  - Capacity (summer kW) – 36%
  - Energy (annual MWh) - 45%
  - Energy (lifetime MWh) - 30%
- Gas
  - Participation - 70%
  - Spending - 21%
  - Energy (annual Therms) - 45%
  - Energy (lifetime Therms) - 20%

Overall strong results for Q1: Electric spending is up 35% over 2010; Gas spending up 7%.

High enrollment in Behavior program boosts participant numbers

Residential Gas HEHE (revised) showing strong demand

Residential Lighting (including high LED response), Appliances, New Construction and Weatherization are on target

PAs continue to focus on integration in the Multifamily Retrofit Program across the state

Low Income Programs

- Electric
  - Participation - 7%
  - Spending - 8%
  - Capacity (summer kW) – 8%
  - Energy (annual MWh) - 7%
  - Energy (lifetime MWh) - 8%
- Gas
  - Participation - 2%
  - Spending - 5%
  - Energy (annual Therms) - 3%
  - Energy (lifetime Therms) - 4%

Low Income program activity normally starts slowly in the winter period

Overall, Electric spending is down 10% over 2010; but Gas spending up 60%

Strong results noted in electric Low Income New Construction program for some PAs

Interest in Multifamily is high – increasing activity expected in Q2 and Q3

C&I Programs

- Electric
  - Participation - 15%
  - Spending - 6%
  - Capacity (summer kW) – 5%
  - Energy (annual MWh) - 4%
  - Energy (lifetime MWh) - 4%
- Gas
  - Participation - 7%
  - Spending - 16%
  - Energy (annual Therms) - 16%
  - Energy (lifetime Therms) - 19%

Electric spending down 5% v. 2010; Gas spending up 48%. Savings percentages are lagging compared to last year.

C&I Programs historically move slowly in Q1 as projects are initiated, installations completed and QC finished

Results vary for different programs and PAs; economic conditions are creating customer uncertainty

Strong results: Electric Large C&I Retrofit – Government; C&I Retrofit (gas)

Continued emphasis on Integration, MBA Financing, CHP and major projects

Deeper Savings

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Deeper Savings Needed for Success

- PAs recognize that success is dependant on acquiring deeper savings
  - Collaboration with consultants on quantitative assessment of the extent to which PAs are succeeding in going deeper into customers' operations
  - Successful integration of electric and gas EE efforts
  - Commitment to LEAN to secure all cost-effective energy efficiency in low income homes and facilities
  - Deep Energy Retrofit – successful deployment of pilot projects with savings of 50% - 90% of baseline use. However, cost-effectiveness issues persist.

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Deeper Savings – C&I

- Multiple strategies and tactics are being deployed:
  - Whole building assessments (benchmark technical potential)
  - Leveraging low-cost/no-cost monitor based commissioning opportunities
  - Multi-year integrated comprehensive gas and electric commitments with our largest business customers (MOU-Roadmaps)
  - Enhanced incentives for multiple prescriptive projects or deeper custom projects

- EEAC consultants are currently working with PAs to analyze 2009 and 2010 participation data.

- Preliminary data indicates that customers are going deeper in their facilities. Initial indicators of success from National Grid:
  - Forty-nine percent of buildings served by business energy efficiency programs in 2009 and 2010 participated more than one time.
  - KWh savings for CUSTOM projects increased from 31% in 2009 to 44% in 2010. (Custom solutions often supported by engineering studies focused on the acquisition of deeper savings)

Energy Efficiency Financing

Presentation by the Program Administrators

May 10, 2011

Executive Summary

- **Massachusetts PAs and Lenders have launched an extensive energy efficiency financing program covering the following sectors:**
  - Residential – Owner Occupied & Non-Owner Occupied (Landlord)
  - Commercial & Industrial
  - Multi-Family & Residential Complexes
  - Non-Profits
  - Municipal
  - Phase II – testing niche-specific financing for Residential and C&I

- **Other financing options include:**
  - Direct Install Program Loans (Electric PAs only, based on revolving acct)
  - Custom financing for Large C&I
  - National Grid pursuing additional financing options for Large C&I

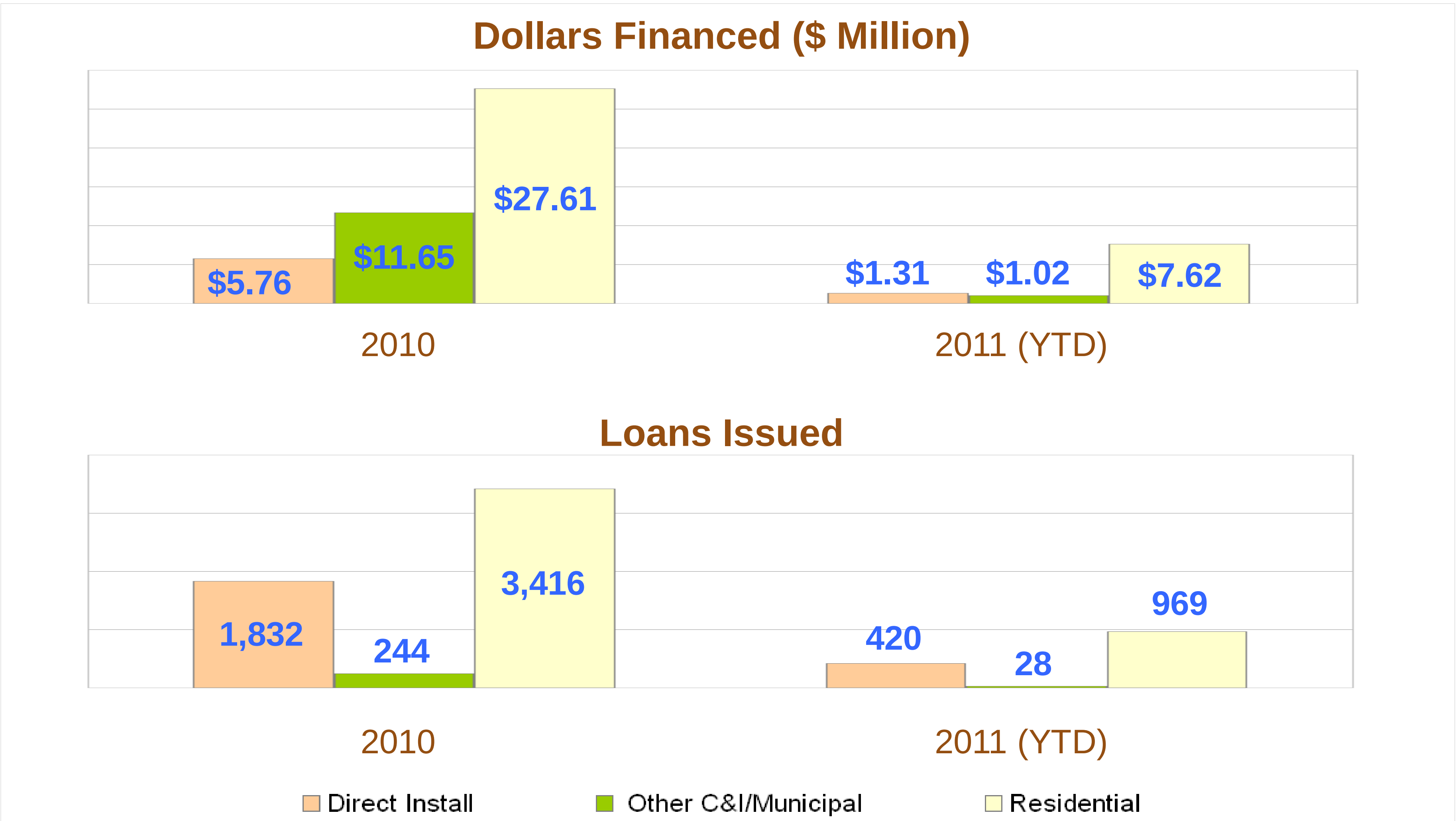
- **Marketing Strategy:**
  - Build awareness of availability of financing
  - New link and landing pages for financing on MassSave.com
  - Employ paid advertising, public relations & partner activation

Mass Save® Product Matrix

Sector	Product	Min Loan Amt	Max Loan Amt	Max Term (mo)
Owner Occupied Residential (1-4 units)	Micro	$500	$2,000	24
	Standard	$2,001	$15,000	84
	Extended	$15,001	$25,000	84
Non-Owner Occupied Residential (1-4 units)	Standard	$5,000	$25,000	84
C&I, Multi-family (5+ units), Non-Profits	Standard	$5,000	$25,000	84
	Large	$25,001	$100,000	84

Note: Interest rate paid by EE program is generally Prime plus 100 basis points with a floor of 5.00% for Owner Occupied Residential, 5.75% for Non-Owner Occupied Residential and 6.25% for C&I. Interest rate charged to customer will be 0.00%. PAs to pre-pay interest expense when loan appropriated.

2010 & 2011 (YTD) Financing



Marketing Strategy

- PAs have developed a marketing campaign with Cadmus
- Leverage current Residential and C&I marketing (radio, print, online)
- Multiple Press Releases (PAs & Lenders)
- Financing specific paid advertising
  - WBZ New England Expo for Business
  - Radio ads
  - Print ads (BBJ, WBJ)
- Collateral and creative support for trade allies & Lenders
- PR events for Residential & Business customers
  - Finance track at NE Energy Efficiency Conference & Expo
  - Community Outreach
- Outreach and training for vendors, trade allies, business/trade organizations
- Develop MassSave.com/financing as main repository for financing related information

“Become a Star” Ad Campaign

Campaign Goals:

- Raise overall awareness of financing options
- Direct public to website to learn more
- Increase number of customers investing in EE

Campaign Highlights:

- An Investment Premiere
- Interest Free Financing
- Investing in your future
- Increasing your bottom line