
Growing Trends in Energy Efficiency Program Planning

Impact of RGGI on Massachusetts EE Programs

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RGGI is one of several policy reforms in place and working in MA

- State Procurement Mandate: Purchase All Cost-effective EE First (MA, CT, RI, ME)
- Decoupling and Performance Incentives
- Carbon \$: Regional Greenhouse Gas Initiative (RGGI) and Regional Capacity Market
- State/Regional Efficiency Link to Federal Climate Legislation

RGGI is one of several sources of funding for MA EE programs

- Traditional systems benefit charge – 46%
- Forward capacity market – 5 %
- RGGI – 28%
- Energy Efficiency Recovery Factor (EERF) – Balance – 22%

RGGI forecast process for MA 3-yr plans

- MA developed common assumptions amongst PAs
- NSTAR Energy Supply staff developed assumptions
- Developed projections of:
 - MA CO2 allowances
 - Distribution of allowances over Compliance Periods
 - Compliance Period (CP) duration is 3 years
 - CP1 (2009-2011), CP2 (2012-2014), etc
 - Allowance Prices
- 80% to flow back in to utility administered EE programs
- Allocated to each electric PA in MA from DOER

Current RGGI paperwork and procedures

- Contract between PA and DOER for RGGI disbursement
- Contract is reviewed, processed and approved by PA
- Contract approved by DOER
- Check for RGGI auction proceeds to PA
- Cycle time for process is currently 6 months
- DOER working to streamline

RGGI topic of DPU and AG discovery

- Many information requests regarding RGGI
- Topics:
 - DOER process for apportioning funds
 - Administrative lag in receiving funds
 - NSTAR estimate of RGGI proceeds:
 - Calculation, assumptions, and documentation
 - Impact of change in estimate on EERF
 - Method of allocating funds to customer class

RGGI projections for MA - 2010

| Auction Projections | Auction 1 | | Auction 2 | | Auction 3 | | Auction 4 | | TOTAL |
|-----------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| | Compliance Period 1 | Compliance Period 2 | Compliance Period 1 | Compliance Period 2 | Compliance Period 1 | Compliance Period 2 | Compliance Period 1 | Compliance Period 2 | |
| MA Proceeds | | | | | | | | | |
| MA Allowances Sold | 6,578,405 | 328,921 | 6,578,405 | 328,921 | 6,578,405 | 328,921 | 6,578,405 | 328,921 | |
| Auction Clearing Price | \$2.38 | \$1.90 | \$2.39 | \$1.90 | \$2.41 | \$1.90 | \$2.42 | \$1.90 | |
| Total Proceeds to MA | \$15,656,604 | \$624,950 | \$15,722,388 | \$624,950 | \$15,853,956 | \$624,950 | \$15,919,740 | \$624,950 | \$65,652,488 |
| Proceeds to MA EE Plan | | | | | | | | | |
| Percent of MA Funds to EE Plans (e.g., >=80%) | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | |
| Total \$ to MA Energy Efficiency Plans | \$12,525,283 | \$499,960 | \$12,577,910 | \$499,960 | \$12,683,165 | \$499,960 | \$12,735,792 | \$499,960 | \$52,521,990 |
| Allocation to PA | | | | | | | | | |
| Total MA kWh | | | | | | | | | |
| PA kWh | | | | | | | | | |
| % PA kWh of State | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | |
| TOTAL \$ to PA | \$12,525,283 | \$499,960 | \$12,577,910 | \$499,960 | \$12,683,165 | \$499,960 | \$12,735,792 | \$499,960 | \$52,521,990 |

Allocation of RGGI proceeds – 3 yr plans

| Sector | 2010 | | 2011 | | 2012 | | TOTAL | |
|-------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|----------------------|-----------------------|
| | RGGI Funds | % of Total RGGI Funds | RGGI Funds | % of Total RGGI Funds | RGGI Funds | % of Total RGGI Funds | RGGI Funds | % of Total RGGI Funds |
| Residential | \$14,129,508 | 26.9% | \$14,400,515 | 27.0% | \$10,831,509 | 27.1% | \$39,361,532 | 27.0% |
| Low Income | \$5,898,132 | 11.2% | \$6,014,032 | 11.3% | \$4,516,901 | 11.3% | \$16,429,065 | 11.3% |
| Commercial & Industrial | \$32,494,350 | 61.9% | \$33,002,106 | 61.8% | \$24,618,821 | 61.6% | \$90,115,278 | 61.7% |
| TOTAL | \$52,521,990 | 100.0% | \$53,416,653 | 100.0% | \$39,967,231 | 100.0% | \$145,905,874 | 100.0% |

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