

Impact of Renewables and Efficiency on Consumer Bills

For Energy Policy Review Commission
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Office of Ratepayer Advocacy

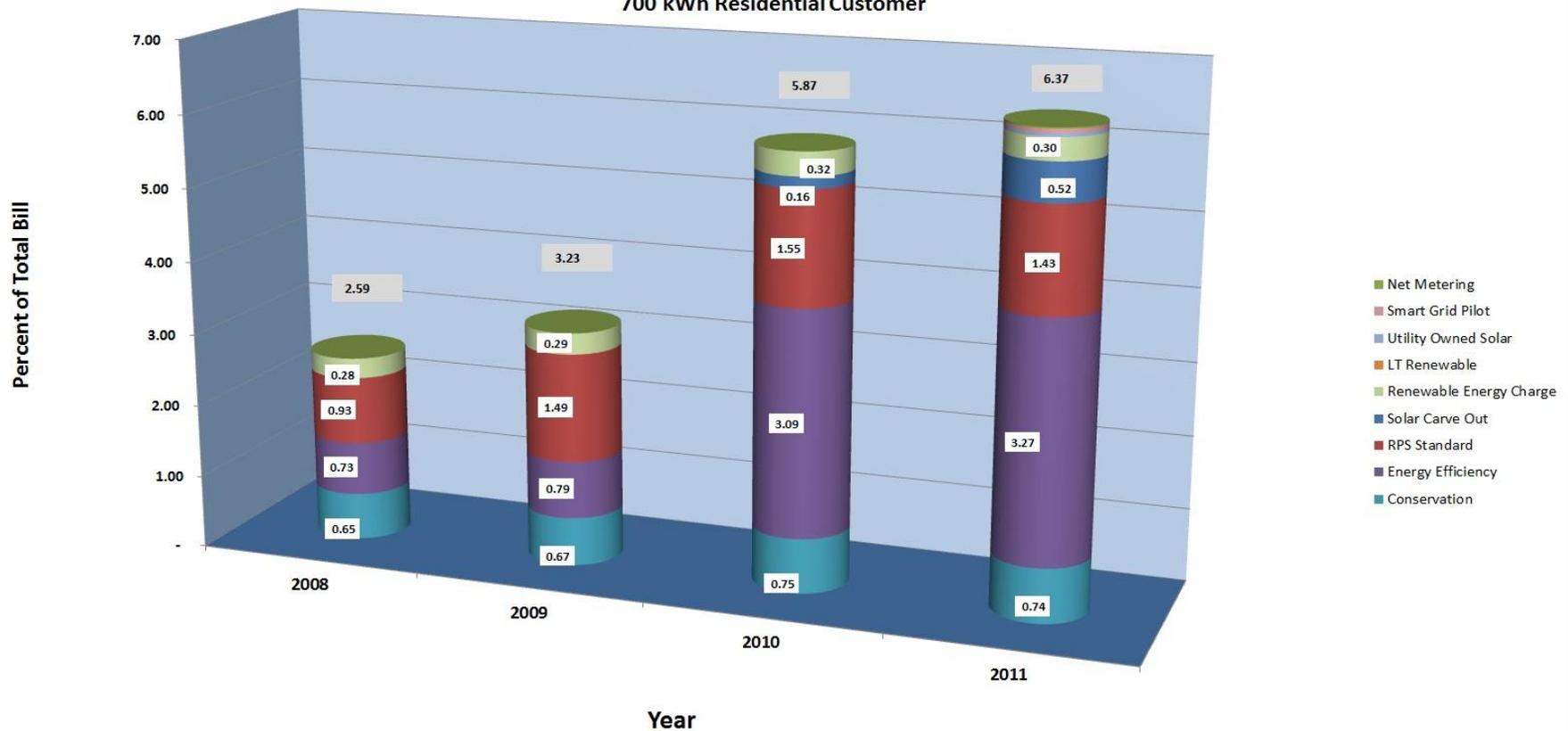


Customer Bills Have Increased Since 2008

- Overall, Massachusetts' residential, commercial, and industrial electric customers pay some of the highest electricity rates in the country.
- The following slides show efficiency and renewable cost increases from 2008 to 2011. We are gathering data for 2012.
- In addition, we discuss bill impacts from the approved Three-Year Electric and Gas Energy Efficiency Plans.
- We also discuss upcoming bill impacts.

Residential

Massachusetts Electric Utilities
Efficiency and Renewables Costs As a Percent of the Total Bill
700 kWh Residential Customer

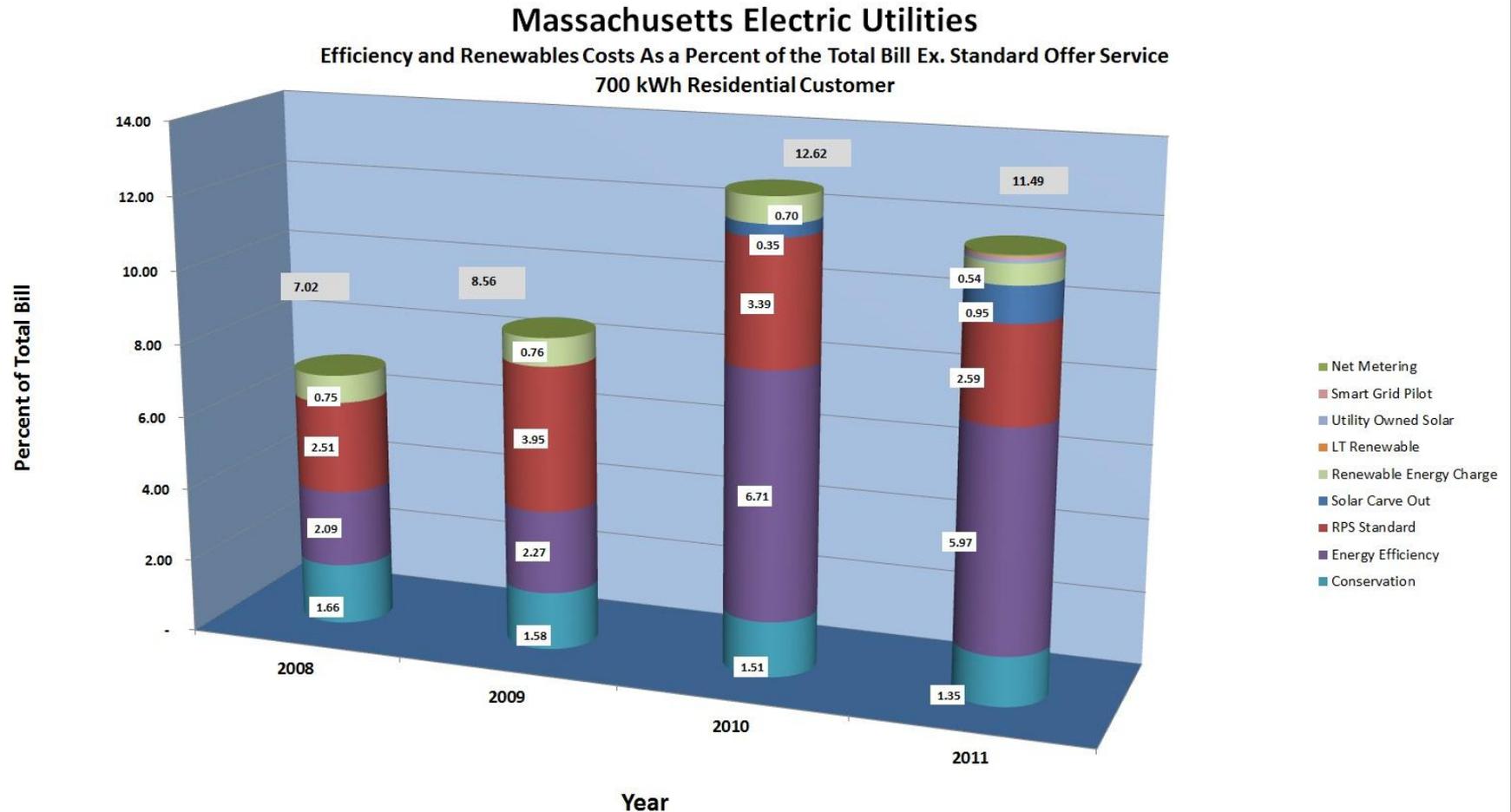




LDCs Control Much of Customers' Bills

- The Attorney General's Office obtained the cost data shown in these slides from the local distribution companies.
- In the next slide, we exclude Standard Offer or Basic Service to show how much of customers' bills are controlled by each local distribution company.

Residential





Electricity Costs Are High in Mass. But Only Part of the Story

- The Attorney General's Office is concerned that continued increases in rates will have a negative impact on our existing industries and jobs.
- Massachusetts ranked 44th according to the 2012 Small Business Entrepreneurship Council's Energy Cost Index, which shows the state average revenue per kilowatt-hour for electricity utilities relative to the U.S. average—meaning only 6 states had higher rates. See <http://www.sbecouncil.org/wp-content/uploads/2012/12/USBPI2012.pdf>

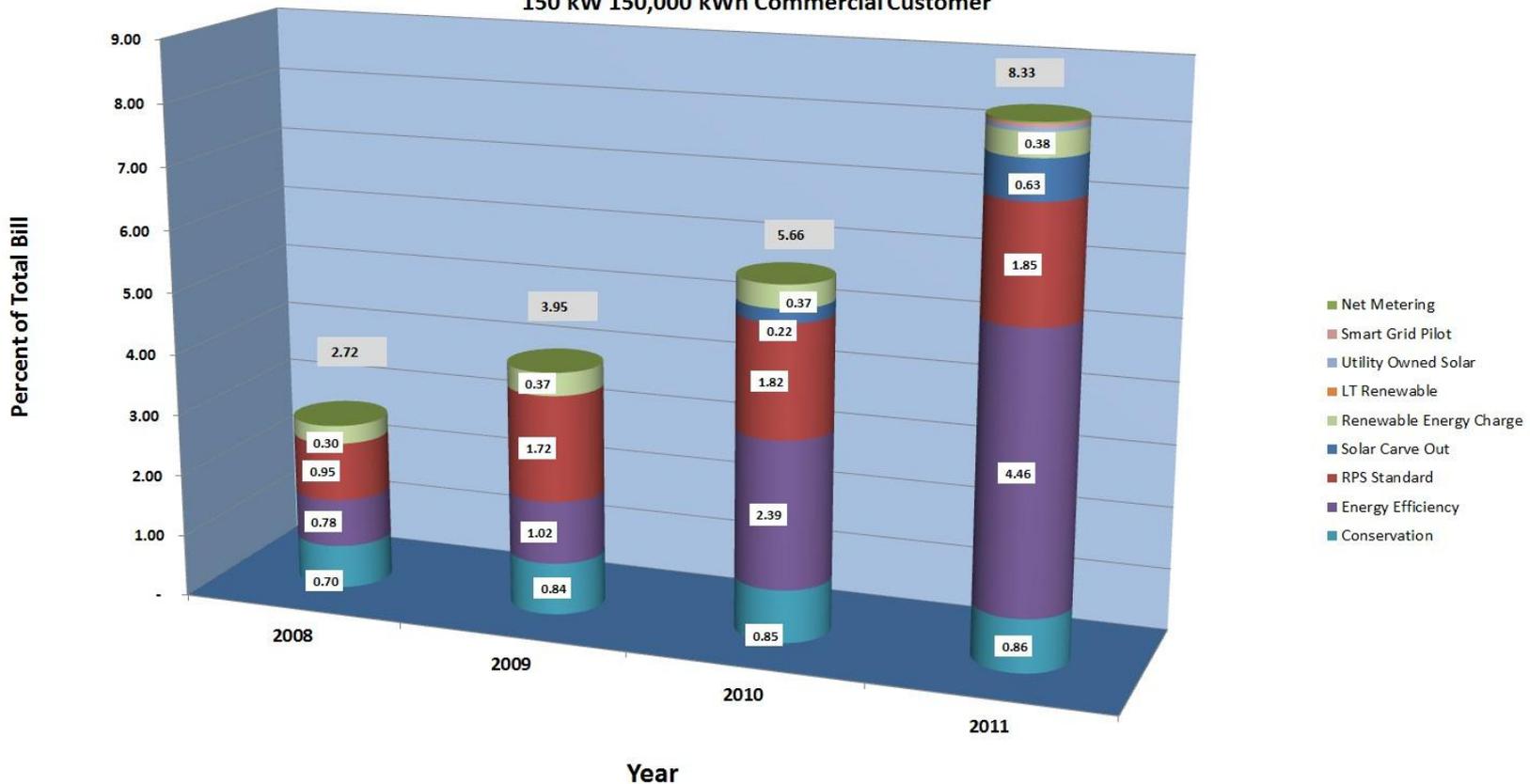


Electricity Costs Are High in Mass. But Only Part of the Story

- The Attorney General's Office agrees with the ambitious energy savings goals of the 2013-15 Massachusetts Joint Statewide 3-Year Efficiency Investment plans confirming that they provide sensible program budgets and substantial benefits.
- Note the benefits stated in the plans are based on current assumptions. These assumptions and the calculation of benefits are areas that the Attorney General's Office continues to review.

Commercial

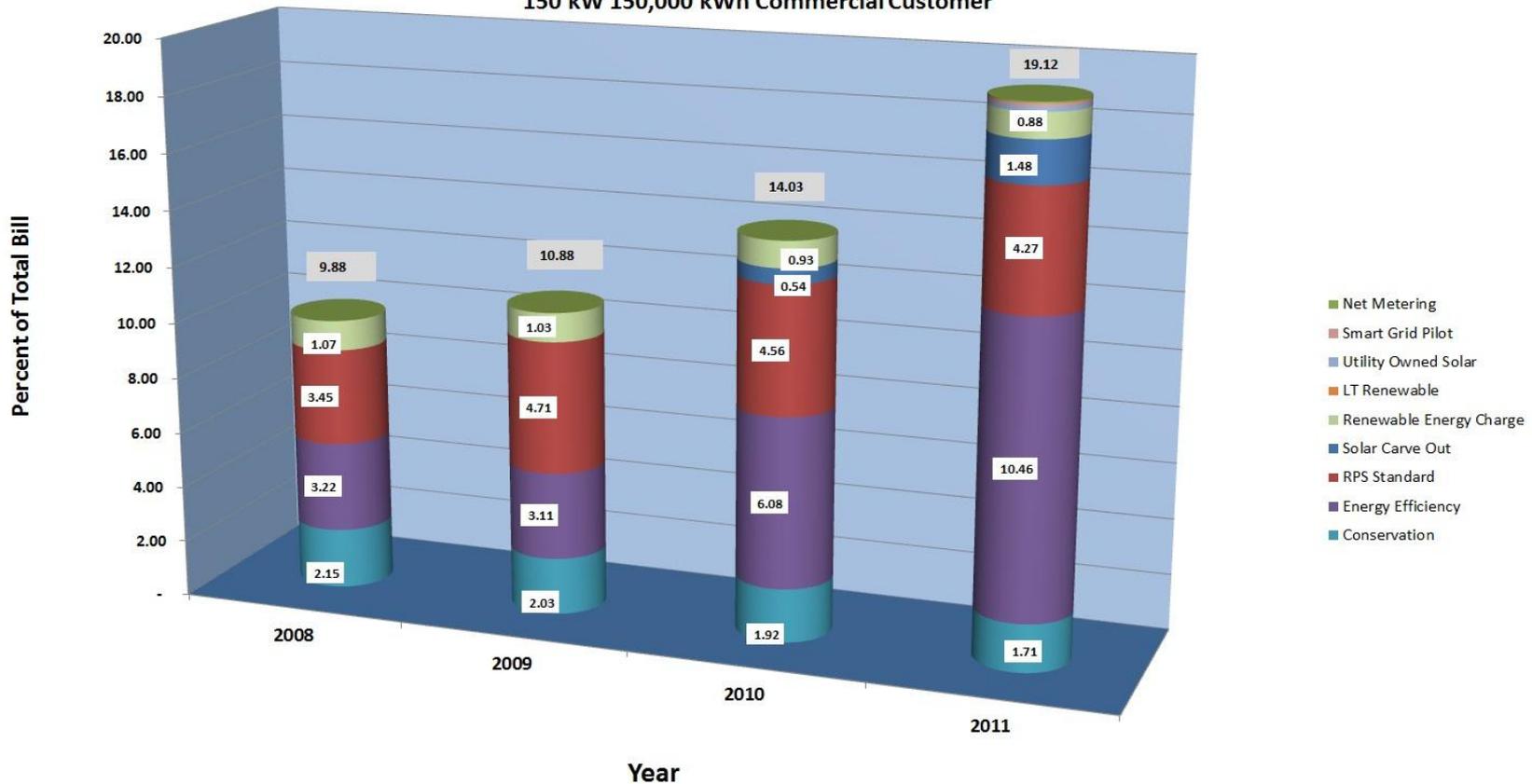
Massachusetts Electric Utilities
Efficiency and Renewables Costs As a Percent of the Total Bill
150 kW 150,000 kWh Commercial Customer



Commercial

Massachusetts Electric Utilities

Efficiency and Renewables Costs As a Percent of the Total Bill Ex. Standard Offer Service
150 kW 150,000 kWh Commercial Customer





Costs to Customers for Energy Efficiency 3 -Year Plans

- The newly approved Three-Year Electric and Gas Energy Efficiency Plans will cost an average gas heating customer served by the state's public utilities over \$500 during the three years these energy efficiency programs are in effect.



Costs to Customers for Energy Efficiency 3 -Year Plans

- A typical residential gas heating customer served by National Grid in Boston who receives their electric service from NSTAR will pay approximately \$585 for gas and electric energy efficiency programs over the three years.



Costs to Customers for Energy Efficiency 3-Year Plans

- A typical residential Fitchburg Gas & Electric Light customer who receives both natural gas for heating and electricity service from the Company will pay an estimated \$505 to fund energy efficiency programs whether or not they participate in the Company's program offerings.



Legislation Requiring Reallocation Of Reconciling Mechanisms

- Rates Must Change Before January 1, 2014 (per section 51 of C. 209 of the Acts of 2012 docketed as DPU 12-126)
- Proposed rate decreases for Large Electric C&I will vary by customer
- Proposed rate increases for Residential and Small C&I Electric Customers will increase on average about 5 percent
- Proposed rate decreases for Large Gas C&I will vary by customer
- Proposed rate increases for Residential and Small C&I Gas Customers will increase on average about 2 percent



Conclusion

- The Attorney General's Office is very grateful to participate in the Energy Policy Review Commission.
- We look forward to discussing ways to lower energy prices while pursuing the state's future energy goals.



Energy Policy Review Commission's Mandate

- The Energy Policy Review Commission was established under Section 41 of Chapter 209 of the Acts of 2012. Relevant sections are below.
- SECTION 41. (a) There shall be an energy policy review commission established to research and review the economic and environmental benefits, as well as, the economic and electricity cost implications of energy and electricity policies in the commonwealth. The commission shall report to the legislature recommendations on how to: (i) further expand the commonwealth's renewable energy portfolio and promote energy-efficiency; (ii) encourage business development and job creation; (iii) reduce the costs associated with energy programs funded, in whole or in part, by the commonwealth, while maximizing the benefit of these programs; (iv) reduce the cost of electricity for commercial, industrial and residential customers; and (v) increase electricity reliability.



Energy Policy Review Commission's Mandate

- SECTION 41. (5) The commission shall issue a report which shall include, but not be limited to, an analysis of the estimated or actual economic and environmental benefits, as well as, economic cost, electricity cost and implication for electricity reliability of: (i) implementing administrative, regulatory and legislative rulemaking as it pertains to electricity and the structure of the wholesale electricity market; and (ii) meeting legislative and administrative goals and requirements related to greenhouse gas reductions, energy efficiency and renewable energy generation.



Energy Policy Review Commission's Mandate

- SECTION 41. (6) The commission shall, at minimum, research, evaluate, consider and report on: (i) determining consistent metrics to be utilized to evaluate the success and cost-effectiveness of programs under chapter 169 of the acts of 2008; (ii) the associated economic and environmental impact of scheduled increases in demand resources, aggregate net metering capacity and renewable energy capacity; (iii) the structure of the regional wholesale electricity market and its impact on retail electricity costs; and (iv) the overall impact of the commonwealth's energy and electricity policies on economic growth in the commonwealth, specifically net job creation and business development, establishment and retention.