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National Grid: What You Need to Know

Winter Energy Prices, Distribution Rates, Grid Modernization



- **Winter Electricity Supply Prices for 2015/2016**
- **Updating Electricity Distribution Rates**
- **Grid Modernization Submission**

Winter Electricity Supply Prices 2015/2016



What are supply prices?

- Electricity supply prices are set by the market and passed onto customers, without markup, as basic service rates
- Electricity supply prices are set twice a year for residential and small C&I customers, as required by DPU
- Represents up to two-thirds of an electricity bill

- Due to continued natural gas pipeline constraints in the region, market supply prices for electricity remain volatile and relatively high this winter.
- Although winter electric prices are down over last winter, customers in Massachusetts remain subject to unpredictable changes in electricity supply prices twice a year. National Grid filed new electric supply prices September 15.
- If approved, this winter's supply price for Massachusetts electric customers is 13 cents per kilowatt hour. This represents a 41.8% increase from current prices and a 19.3% decrease from last winter's prices.
 - A typical residential customer will see an electric bill that is 21.3% percent higher than current bills for the same amount of electricity used.
 - A typical residential customer will see an electric bill that is 9.1% lower than last winter (when accounting for additional bill adjustments made throughout the year).
 - A typical residential customer's monthly bill will be \$110.18, compared with an average spring bill of \$90.82 or an average November 2014 bill of \$121.20.

Typical MA Residential Electric Customer

Current Bill - Summer 2015 (May 2015 – October 2015)

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Customers taking
“basic” or “default”
service for their supply
needs

Distribution
4.8¢
26.3%

Transmission
2.6¢
14.4%

**Renewables,
Energy
Efficiency**
1.7¢
9.2%

Transition
-0.2¢
-0.9%

Supply
9.3¢
51.0%

Total:

18.2¢ kWh

Mass Electric Company
Residential Rate R-1
(500 kWh)



Typical MA Residential Electric Customer

Winter Bill 2015/2016 (beginning November 2016)

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Customers taking
“basic” or “default”
service for their supply
needs

Distribution
4.8¢
21.7%

Transmission
2.6¢
11.8%

**Renewables,
Energy
Efficiency**
1.7¢
7.6%

Supply
13.1¢
59.6%

Transition
-0.2¢
-0.7%

Total:

22.0¢ kWh

Massachusetts Electric Company
Residential Rate R-1
(500 kWh)

Take Control of Energy Costs

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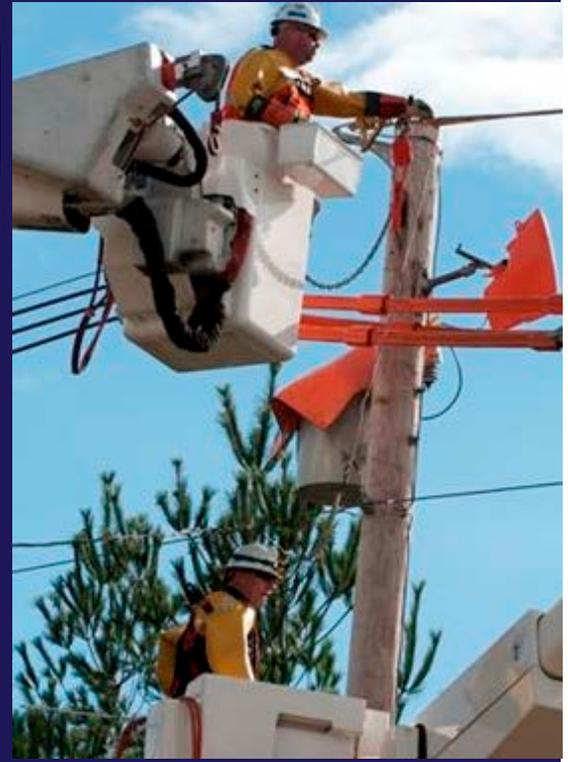
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- **Energy Efficiency:** We urge customers to take advantage of energy savings tips and incentives on a wide variety of energy efficient home equipment, from smart power strips and programmable thermostats to high-efficiency furnaces and boilers. Customers should visit www.ngrid.com/billhelp for more information.
- **Billing Options:** Customers should contact National Grid at 800-322-3223 or visit www.ngrid.com/billhelp to learn about bill programs that spread payments out more evenly across the year, as well as discounted rates for eligible customers. National Grid also supports initiatives such as the Low Income Home Energy Assistance Program (LIHEAP), which provide additional help to those in need.
- In addition, National Grid encourages customers to consider all available energy supply options. You may learn more about alternative suppliers by visiting www.ngrid.com/masschoice. Regardless of your chosen supplier, National Grid will continue to deliver reliable energy, respond to service and emergency needs and provide storm restoration services.

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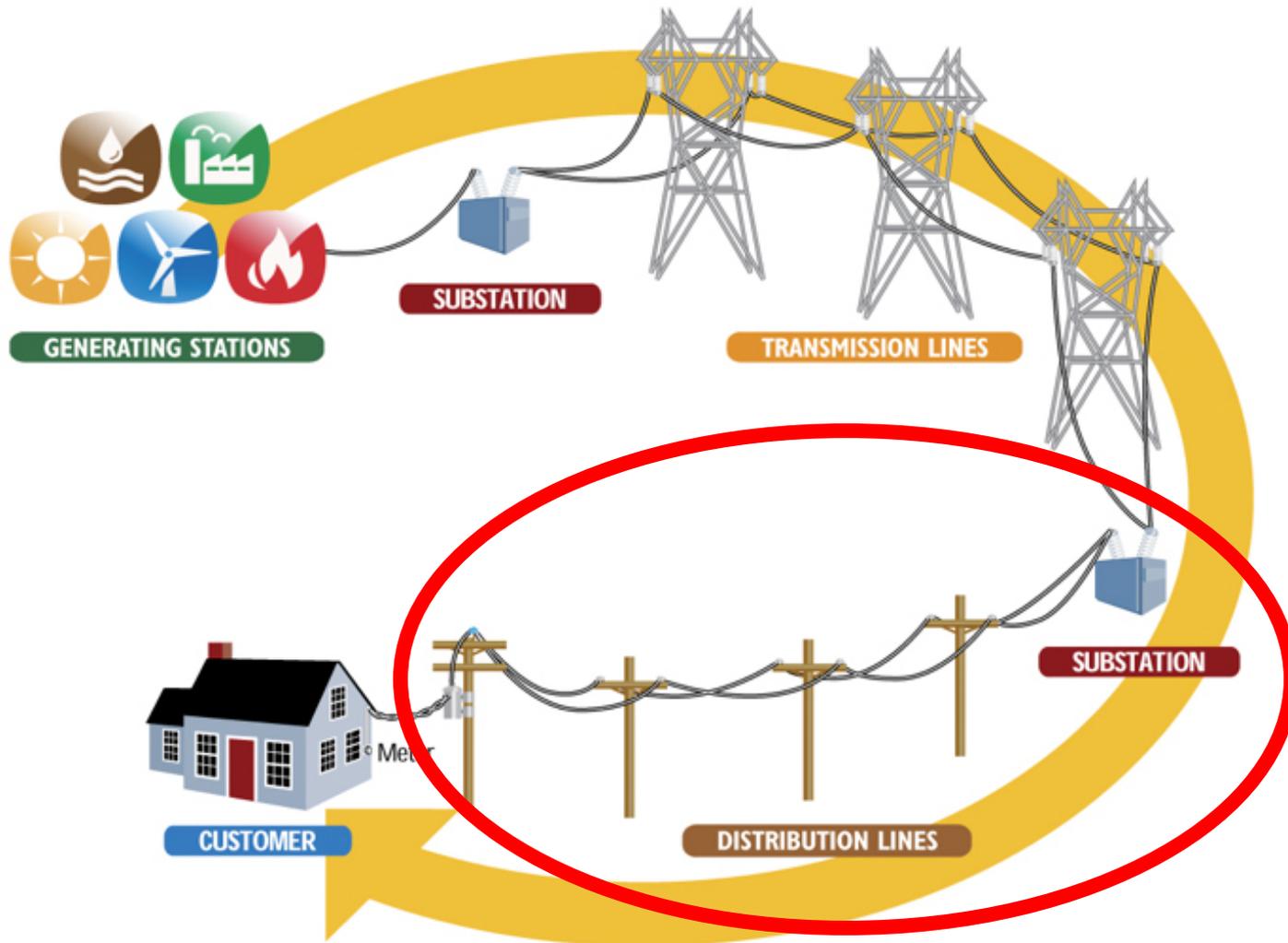
Updating Distribution Rates



National Grid Distribution Services

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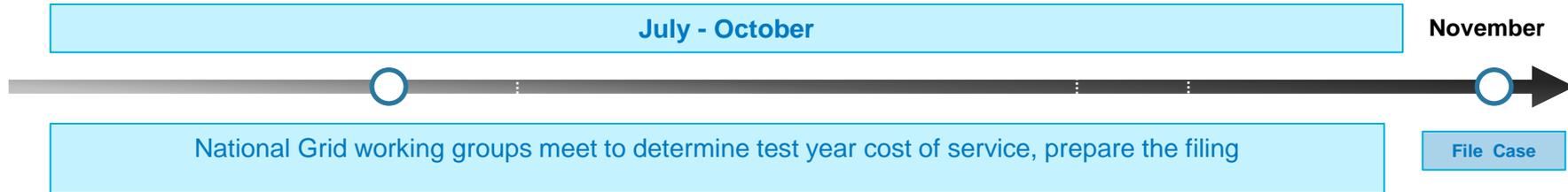
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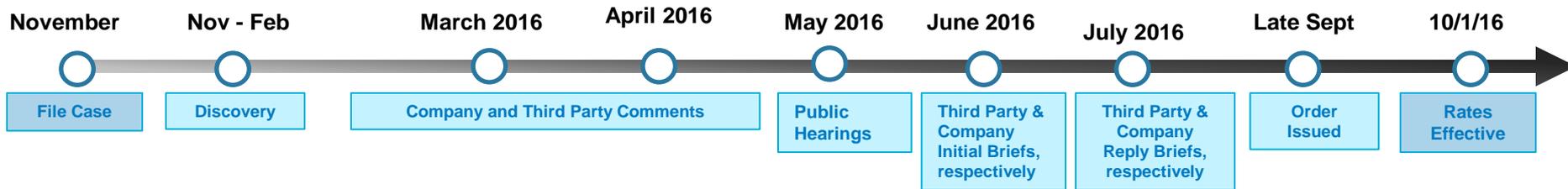
- Rates need to be updated based on real costs in 2015 vs. 2008 costs currently being charged
- Increased cost of doing business (inflation, taxes, healthcare)
 - Property taxes doubled since 2008 (\$29M in 2008; \$58M in 2014)
 - Pole cost: \$355 in 2008, \$387 in 2015 = 9% increase
 - Transformer cost: \$435 in 2006, \$569 in 2015 = 30% increase
- Investments in the system – More than \$200M in 2014 and 2015
 - Improved reliability
 - Improved customer service
- Department of Public Utilities review ensures National Grid invested in, operated and maintained our system wisely

Rate Case Timeline

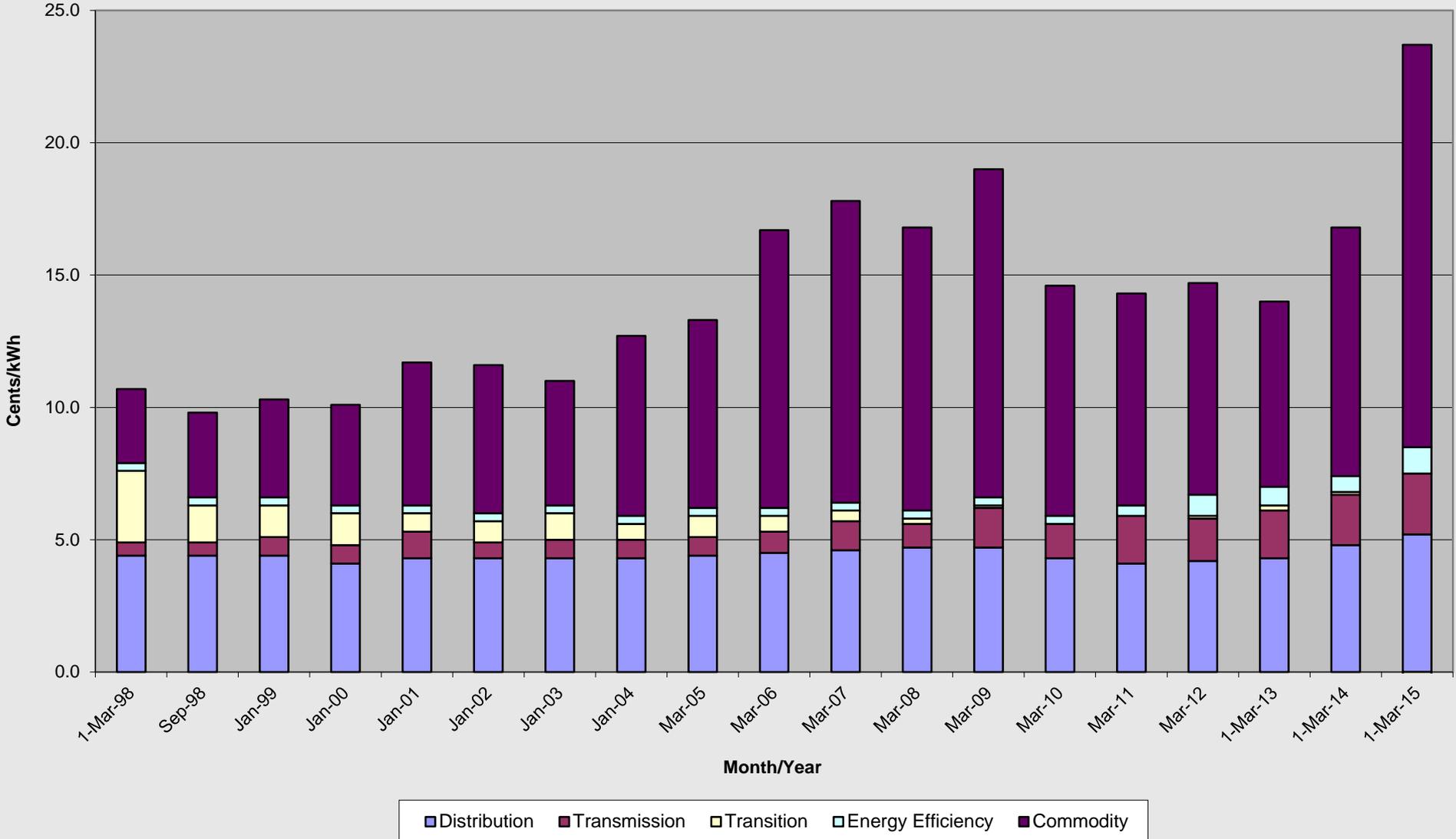
Pre-Filing



Potential Post-Filing Timeline



**National Grid - Massachusetts Electric Company
Small General Service (Rate G-1) Rates from 1998 to Present
(1,500 kWh)**



Grid Modernization



What is Grid Modernization?

- Upgraded, modernized electricity grid leads to fewer, shorter power outages
- Installing new technology and two-way communications devices to more quickly identify location and cause of outages
- Energy management technologies, web-based applications to manage energy use, save money
- Time-varying rates
- Enable more renewable energy in state's energy mix

- Summer 2014: DPU directed all utilities to develop and submit Grid Modernization proposals in August 2015
- National Grid submitted plan August 19
 - Four options
 - Wide range of investment levels over five years:
\$225M - \$830M
 - **Contingent on DPU approval**
- No deadline for DPU review/approval

Thank you!!

