

Exhibit B - Shareholder Incentive Page 1 of 2

National Grid NH Energy Efficiency - Revised

Target Shareholder Incentive Year ONE- January 1, 2011 - December 31, 2011

| Commercial/Industrial Incentive | <u>Planned</u> | <u>Actual</u> |
|---|-----------------------|----------------------|
| 1. Benefit/Cost Ratio | 1.47 | 2.44 |
| 2. Threshold Benefit / Cost Ratio ¹ | 1.00 | |
| 3. Lifetime MMBTU Savings | 1,091,292 | 702,108 |
| 4. Threshold Lifetime MMBTU Savings (65%) ² | 709,340 | |
| 5. Budget / Actual Spend | \$3,174,772 | \$1,137,295 |
| 6. Benefit / Cost Percentage of Budget | 4.00% | |
| 7. Lifetime MMBTU Percentage of Budget | 4.00% | |
| 8. C/I Incentive | \$253,982 | \$75,219 |
| 9. Cap | \$380,973 | |
| Residential Incentive | | |
| 10. Benefit / Cost Ratio | 1.96 | 1.74 |
| 11. Threshold Benefit / Cost Ratio ¹ | 1.00 | |
| 12. Lifetime MMBTU Savings | 736,594 | 555,567 |
| 13. Threshold Lifetime MMBTU Savings (65%) ² | 478,786 | |
| 14. Budget / Actual Spend | \$3,090,674 | \$2,200,565 |
| 15. Benefit / Cost Percentage of Budget | 4.00% | |
| 16. Lifetime MMBTU Percentage of Budget | 4.00% | |
| 17. Residential Incentive | \$247,254 | \$144,594 |
| 18. Cap | \$370,881 | |
| 19. TOTAL INCENTIVE | \$501,236 | \$219,813 |

Exhibit B - Shareholder Incentive Page 2 of 2
National Grid NH Energy Efficiency - Revised
Target Benefit-Cost Ratio by Sector
Year ONE- January 1, 2011 - December 31, 2011

| Commercial & Industrial: | <u>Planned</u> | <u>Actual</u> |
|---|--------------------|--------------------|
| 1. Benefits (Value) From Eligible Programs | \$10,458,821 | \$6,993,689 |
| 2. Implementation Expenses | \$3,174,772 | \$1,137,295 |
| 3. Customer Contribution | \$3,672,739 | \$1,659,450 |
| 4. Shareholder Incentive | \$253,982 | \$75,219 |
| 5. Total Costs Including Shareholder Incentive | \$7,101,493 | \$2,871,964 |
| 6. Benefit/Cost Ratio - C&I Sector | 1.53 | 2.50 |
| 7. Benefit/Cost Ratio including SI in cost | 1.47 | 2.44 |
| | | |
| Residential: | | |
| 8. Benefits (Value) From Eligible Programs | \$7,989,660 | \$4,912,307 |
| 9. Implementation Expenses | \$3,090,674 | \$2,200,565 |
| 10. Customer Contribution | \$748,779 | \$482,955 |
| 11. Shareholder Incentive | \$247,254 | \$144,594 |
| 12. Total Costs Including Shareholder Incentive | \$4,086,707 | \$2,828,114 |
| 13. Benefit/Cost Ratio - Residential Sector | 2.08 | 1.83 |
| 14. Benefit/Cost Ratio including SI in cost | 1.96 | 1.74 |

Shareholder Incentive Template-National Grid
Savings Component

Gas Savings in MMBTU's resulting from Energy Efficiency Measures Installed in the Program Year

| | |
|---|------------------|
| Number of Participants served in the annual program year time period | 2,050 |
| MMBTU Savings per Participant Per Year | 36.95 |
| Total MMBTU Savings Per Year | <u>75,747</u> |
| Measure Life of Measures installed in the annual program year time period | 16.60 |
| Grand Total MMBTU Savings Benchmark for Performance Incentive | <u>1,257,675</u> |

Electric Savings in kWh's resulting from Energy Efficiency Measures Installed in the Program Year

| | |
|---|----------|
| Number of Participants served in the annual program year time period | - |
| kWh Savings per Participant | - |
| Total kWh Savings Per Participant Per Year | <u>-</u> |
| Measure Life of Measures installed in the annual program year time period | - |
| Grand Total kWh Savings Benchmark for Performance Incentive | <u>-</u> |

Benefit Cost (B/C) Benchmark for Computing Shareholder Incentives - National Grid

| | | Low Income | High Efficiency Heating, Water Heating, Controls | Energy Audit w/Home Performance & Weatherization | New Home Construction w/ENERGY STAR | Residential Building Practices & Demo | Residential |
|--|-----------|-------------------|--|--|-------------------------------------|---------------------------------------|---------------------|
| Residential Programs | footnotes | | | | | | Sub-Total |
| Benefits: | | | | | | | |
| Avoided Generation, Transmission & Distributions costs for: | | | | | | | |
| Program Participants | (a) | \$ 560,255 | \$ 1,647,120 | \$ 2,515,160 | \$ 189,773 | | \$ 4,912,307 |
| Market effects (e.g. spillover, post-program adoptions) | (b) | \$ - | \$ - | \$ - | \$ - | | |
| Customer Benefits (including O&M) | (c) | \$ - | \$ - | \$ - | \$ - | | |
| Quantifiable avoided resource costs (e.g. water, electricity) | (d) | \$ - | | | \$ - | | |
| Adder for other non-quantified benefits (e.g. environmental and other) | (e) | | | | | | |
| Total Benefits | | \$ 560,255 | \$ 1,647,120 | \$ 2,515,160 | \$ 189,773 | | \$ 4,912,307 |
| Costs: | | | | | | | |
| Program costs (e.g. incentives, admin, monitoring, evaluation for: | | | | | | | |
| Utility Costs (i.e. for admin, monitoring, evaluation, market) | (f) | \$ 763,214 | \$ 674,097 | \$ 679,842 | \$ 82,781 | \$ 632 | \$ 2,200,565 |
| Program participants (i.e. incremental costs not reimburse) | (g) | \$ - | \$ 207,075 | \$ 224,400 | \$ 51,480 | \$ - | \$ 482,955 |
| Market effects (e.g. spillover, post-program adoptions) | (b) | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Customer Costs (including O&M) | (c) | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Quantifiable additional resource costs (e.g. water, electricity) | (h) | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total Costs | | \$ 763,214 | \$ 881,172 | \$ 904,242 | \$ 134,261 | \$ - | \$ 2,683,520 |
| Utility Shareholder Incentive at the Sector Level* | (i) | n/a | n/a | n/a | n/a | n/a | \$ 144,594 |
| Total Costs Including Utility Shareholder Incentives at Sector Level | | | | | | | \$ 2,828,114 |
| Benefit Cost Ratio by Sector (i.e. B/C Benchmark for Shareholder Incentive Calc.) | | 0.73 | 1.87 | 2.78 | 1.41 | | 1.74 |

Benefit Cost (B/C) Benchmark for Computing Shareholder Incentives - National Grid

C&I Programs

| | footnotes | Large C&I Retrofit Program | New Equipment and Construction Program | Small Business Energy Solutions | C&I Sub-Total |
|--|-----------|----------------------------------|--|------------------------------------|---------------------|
| Benefits: | | | | | |
| Avoided Generation, Transmission & Distributions costs for: | | | | | |
| Program Participants | (a) | \$ 3,053,128 | \$ 2,661,840 | \$ 1,278,720 | \$ 6,993,689 |
| Market effects (e.g. spillover, post-program adoptions) | | | \$ - | \$ - | \$ - |
| Customer Benefits (including O&M) | (c) | 0 | 0 | 0 | 0 |
| Quantifiable avoided resource costs (e.g. water, electricity) | (d) | \$ - | 0 \$ | - \$ | - |
| Adder for other non-quantified benefits (e.g. environmental and other) | (e) | | | | |
| Total Benefits | | \$ 3,053,128 | \$ 2,661,840 | \$ 1,278,720 | \$ 6,993,689 |
| Costs: | | | | | |
| Program costs (e.g. incentives, admin, monitoring, evaluation for: | | | | | |
| Utility Costs (i.e. for admin, monitoring, evaluation, marketing, rebates) | (f) | \$ 593,529 | \$ 320,335 | \$ 223,431 | \$ 1,137,295 |
| Program participants (i.e. incremental costs not reimbursed by rebates) | (g) | \$ 724,441 | \$ 631,597 | \$ 303,412 | \$ 1,659,450 |
| Market effects (e.g. spillover, post-program adoptions) | | \$ - | 0 \$ | - \$ | - |
| Customer Costs (including O&M) | (c) | \$ - | 0 \$ | - \$ | - |
| Quantifiable additional resource costs (e.g. water, electricity) | (h) | \$ - | 0 \$ | - \$ | - |
| Total Costs | | \$ 1,317,970 | \$ 951,932 | \$ 526,844 | \$ 2,796,745 |
| Utility Shareholder Incentive at the Sector Level* | | n/a | n/a | n/a | \$75,219 |
| Total Costs Including Utility Shareholder Incentives at Sector Level | (i) | | | | \$2,871,964 |
| Benefit Cost Ratio by Sector (i.e. B/C Benchmark for Shareholder Incentive Calc.) | | 2.32 | 2.80 | 2.43 | 2.44 |

MMBTU Savings Benchmark for Computing Shareholder Incentives - National Grid

Residential Programs

| | Low Income | High Efficiency Heating, Water Heating, Controls | Energy Audit w/Home Performance & Weatherization | New Home Construction w/ENERGY STAR | Residential Sub-Total |
|--|------------|--|--|-------------------------------------|-----------------------|
| Gas Savings in MMBTU's from Measures Installed in the Program Year | | | | | |
| Number of Participants | 271 | 826 | 748 | 33 | 1,878 |
| MMBTU Savings per Participant Per Year | 12 | 13 | 19 | 27 | 16 |
| Total MMBTU Savings Per Year | 3,182 | 10,914 | 14,287 | 898 | 29,281 |
| Measure Life of Measures installed during the program year | 20 | 17 | 20 | 25 | 19.0 |
| Grand Total MMBTU Savings Benchmark for Performance Incentive | 63,648 | 183,743 | 285,736 | 22,440 | 555,567 |

footnotes

Electric Savings in kWh's from Measures Installed in the Program Year

| | |
|---|--|
| Number of Participants | |
| kWh Savings per Participant | |
| Total kWh Savings Per Participant Per Year | |
| Measure Life of Measures installed in the annual program year time period | |
| Grand Total kWh Savings Benchmark for Performance Incentive | |

C&I Programs

| | Large C&I Retrofit Program | New Equipment and Construction Program | Small Business Energy Solutions | C&I Sub-Total |
|--|----------------------------|--|---------------------------------|---------------|
| Gas Savings in MMBTU's from Measures Installed in the Program Year | | | | |
| Number of Participants | 92 | 48 | 32 | 172 |
| MMBTU Savings per Participant Per Year | 220 | 368 | 265 | 270 |
| Total MMBTU Savings Per Year | 20,285 | 17,685 | 8,496 | 46,466 |
| Measure Life of Measures installed during the program year | 15 | 15 | 15 | 15 |
| Grand Total MMBTU Savings Benchmark for Performance Incentive | 306,509 | 267,227 | 128,373 | 702,108 |

Footnotes for Budget Benefit Cost Ratio-National Grid

| Residential Programs: | Low Income | High Efficiency Heating, Water Heating, Controls | Energy Audit w/Home Performance & Weatherization | New Home Construction w/ENERGY STAR | Residential Sub-Total |
|--|--------------------------|--|--|-------------------------------------|-----------------------|
| | Number of Participants * | 271 | 826 | 748 | 33 |
| MMBTU Savings per Participant per year** | 12 | 13 | 19 | 27 | 16 |
| Total MMBTU Savings Per Year | 3,182 | 10,914 | 14,287 | 898 | 29,281 |
| Number of years in the Measure Life** | 20 | 17 | 20 | 25 | 19 |
| Grand Total MMBTU Lifetime Savings for Benchmark for Performance Incentive | 63,648 | 183,743 | 285,736 | 22,440 | 555,567 |
| Lifetime Therm Savings | 636,480 | 1,837,433 | 2,857,360 | 224,400 | 5,555,673 |
| Rate of Savings per MMBTU *** | \$ 12.45 | \$ 12.45 | \$ 12.45 | \$ 12.45 | \$ 12.45 |
| Grand Total Dollar Savings | \$ 792,418 | \$ 2,287,604 | \$ 3,557,413 | \$ 279,378 | \$ 6,916,813 |

| C&I Programs: | Large C&I Retrofit Program | New Equipment and Construction Program | Small Business Energy Solutions | C&I Sub-Total |
|---|----------------------------|--|---------------------------------|---------------|
| | Number of Participants * | 92 | 48 | 32 |
| MMBTU Savings per Participant per year** | 220 | 368 | 265 | 270 |
| Total MMBTU Savings Per Year | 20,285 | 17,685 | 8,496 | 46,466 |
| Number of years in the Measure Life | 15 | 15 | 15 | 15 |
| Grand Total MMBTU Savings for Benchmark for Performance Incentive | 306,509 | 267,227 | 128,373 | 702,108 |
| Lifetime Therm Savings | 3,065,085 | 2,672,265 | 1,283,728 | 7,021,078 |
| Rate of Savings per MMBTU *** | \$ 12.45 | \$ 12.45 | \$ 12.45 | \$ 12.45 |
| Grand Total Dollar Savings | \$ 3,816,031 | \$ 3,326,970 | \$ 1,598,241 | \$ 8,741,242 |

* In Demand

** The values are variable for program year measurement purposes and based upon the B/C model assumptions.

*** Source: Per email communication with J. Cunningham. Consistent with 2007 Synapse Avoided Cost Study.

| Residential Programs | Low Income | High Efficiency Heating, Water Heating, Controls | Energy Audit w/Home Performance & Weatherization | Residential Building Practices & Demo | New Home Construction w/ENERGY STAR | Residential Sub-Total |
|------------------------------|------------|--|--|---------------------------------------|-------------------------------------|-----------------------|
| Number of Participants | 271 | 826 | 748 | 0 | 33 | 1,878 |
| Participant Incremental Cost | \$ - | \$ 251 | \$ 300 | \$ - | \$ 1,560 | \$ - |
| Program Participant Cost | \$ - | \$ 207,075 | \$ 224,400 | \$ - | \$ 51,480 | \$ - |

| C&I Programs | Large C&I Retrofit Program | New Equipment and Construction Program | Small Business Energy Solutions | C&I Sub-Total |
|------------------------------|----------------------------|--|---------------------------------|---------------|
| Number of Participants | 92 | 48 | 32 | 172 |
| Participant Incremental Cost | \$ 7,874 | \$ 13,158 | \$ 9,482 | \$ - |
| Program Participant Cost | \$ 724,441 | \$ 631,597 | \$ 303,412 | \$ 1,659,450 |