Message

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Sent: 2016-11-29 2:19:55 PM
To: Terry Young [/O=IMO/OU=MSX1/cn=Recipients/cn=Terry Young]
CC: Jordan Penic [/O=IMO/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Penicj]; Katherine Sparkes [/O=IMO/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Katherine Sparkes6f0]; Alexandra Campbell [/O=IMO/OU=MSX1/cn=Recipients/cn=Alexandra Campbell]
Subject: Conservation Rate Mitigation Options
Attachments: CDM Cost Savings Analysis_draft_v5_20161129.xlsx

Terry,

As requested, I've pulled together a few options and scenarios for rate mitigation opportunities for Conservation.

There are currently 8 mitigation activities that are being suggested varying between $3M (peaksaver) to $290M (1.3 TWh target reduction based on unassigned & proposed programs). I've combined them into 3 different scenarios listed below, based on activities that impact target vs. which ones can be implemented in 2017.

All the details have been included in the attached spreadsheet – but I would refer only to the summary tab (printed for you).

Note, I've included the cost amortization which has in-year savings from 2018-2020 of $1.2B, however beginning in 2021, the costs increase resulting in an net increase of $380M over the 10 years. I haven't included it in the scenarios below since it would need to be separately calculated each time.

Scenarios		Details	Total Cost Savings	Target Implications (TWh)	Notes
1	No impact on target of 7 TWh	Reduced LDC Performance Incentives + Central Services reduction + peaksaver cancelled + Central P4P for 2018-2020 target + CFund reduced	$328,577,878	Minor	Target remains the same (centrally procured), although could be challenged due to less innovation and lack of LDC performance incentives
2	2020 Target Impacted	CHP cancelled + Reduced LDC Performance Incentives + Central Services reduction + peaksaverPLUS cancelled + Target Reduction + CFund reduced	$514,092,882	2.00	Target reduced by 2 TWh (CHP + EE target reduced)
3	Implementing cost savings today (no EE adjustment, just CHP)	CHP cancelled + Reduced LDC Performance Incentives + Central Services reduction + PeaksaverPLUS cancelled +CFund reduced	$223,391,326	0.72	Implement cost saving measures today (rather than waiting post mid-term) - only CHP adjustments to target

Let me know if you have any questions,

Thanks
Nik

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