

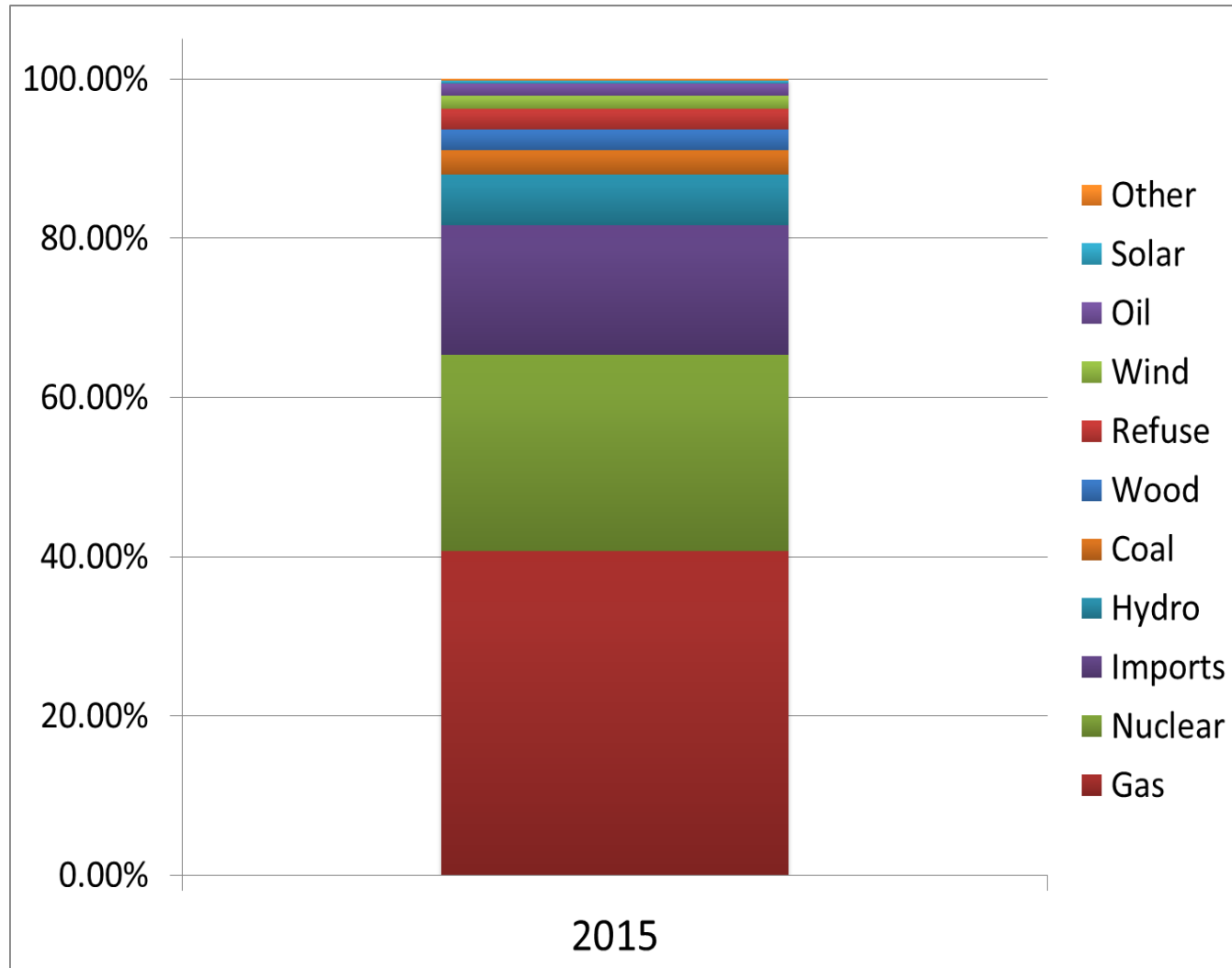
Eversource CT Generation Service Charge

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Today's Discussion

- New England Energy Mix
- What is the Eversource CT Generation Service Charge
- Forecasted Eversource CT Generation Service Charge
- Key Observations
- Conclusion

New England Energy Mix



CT Generation Rate (January 1st, 2017)

Product	Basis/Type	Description	¢/kWh
Load Following Energy	Market	Average cost for providing energy for all hours	5.43
RPS	Market	Cost to acquire State-mandated Renewable Energy Certificates	0.52
Capacity	ISO Charge	ISO-NE payments made to capacity resources for long-term reliability needs	1.42
Short-Term Reliability Charge	ISO Charge	ISO-NE payments made to generation resources dispatched to provide such services (Automatic Generation Control, Locational Forward Reserves and Winter Reliability Program)	0.50
Total			7.87

Where are Prices Headed?

Components of the Generation Service Price - (¢/kWh)

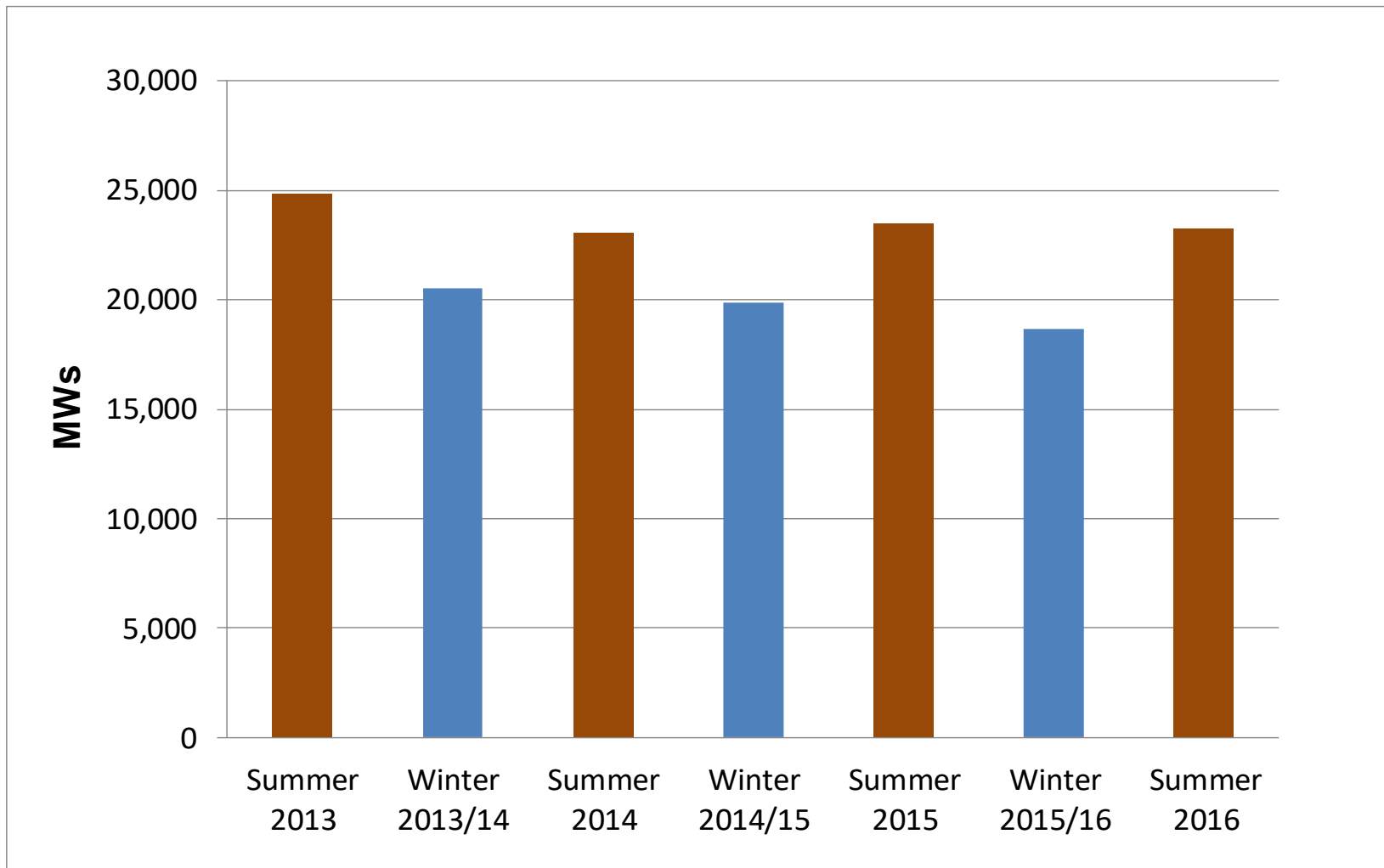
Eversource Connecticut

	<u>1H-2016</u>	<u>2H-2016</u>	<u>1H-2017</u>	<u>2H-2017</u>	<u>1H-2018</u>	<u>2H-2018</u>	<u>1H-2019</u>	<u>2H-2019</u>	<u>1H-2020</u>
Load Following Energy	7.25	4.43	5.43	3.94	5.64	3.71	5.27	3.53	5.18
RPS	0.53	0.53	0.52	0.52	0.62	0.62	0.71	0.71	0.76
Capacity	1.28	1.15	1.42	2.63	2.87	3.55	3.59	2.70	2.74
Other	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>
Total	9.56	6.61	7.87	7.59	9.63	8.38	10.07	7.44	9.18

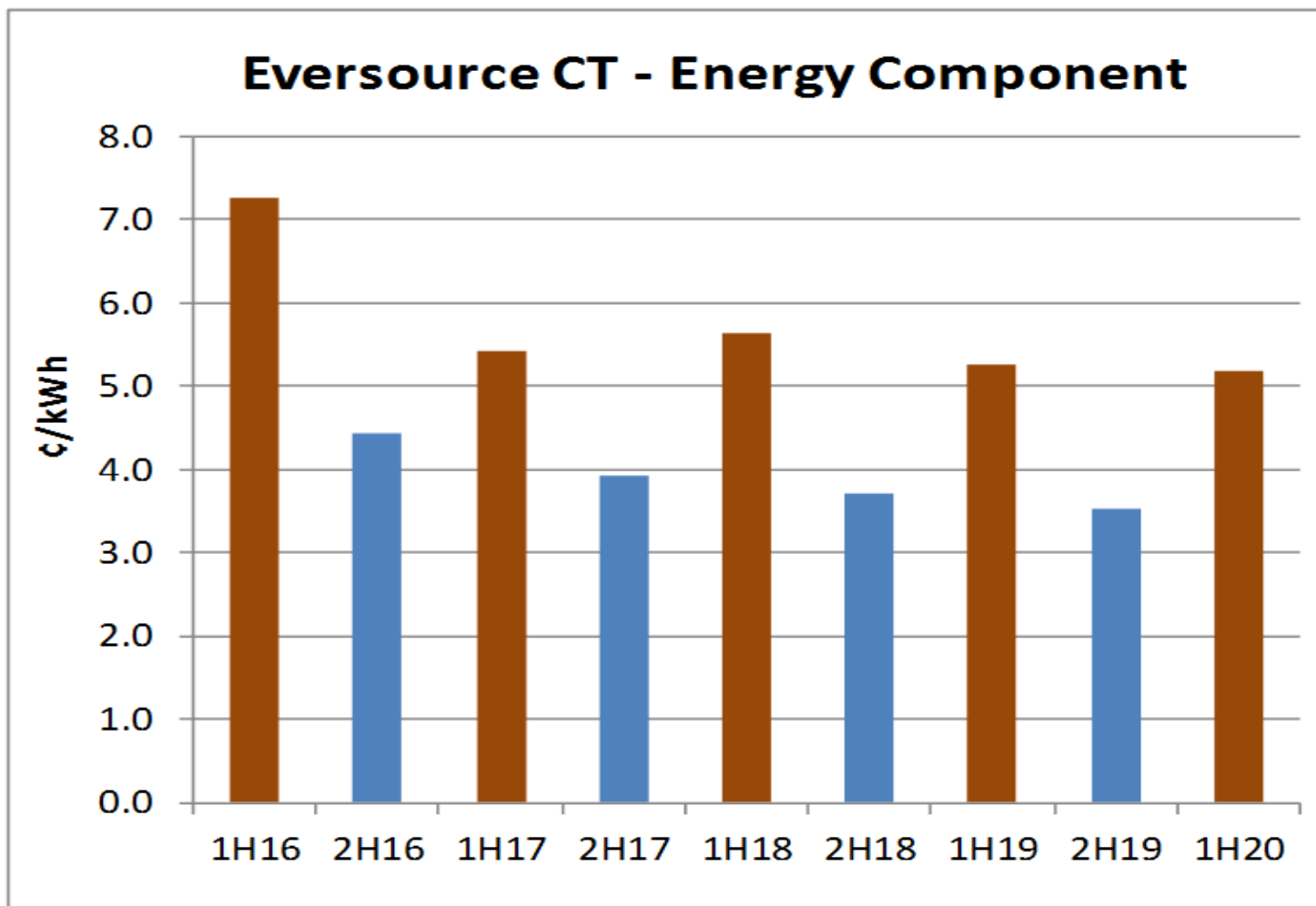
1. Key Observation – Price Differentiation between Summer and Winter

Eversource predicts high winter prices compared to summer prices over the next few years due to limited natural gas supply pipeline for natural gas generators.

New England Averages of Monthly Peak Load by Period



Energy Component of Generation Service Price



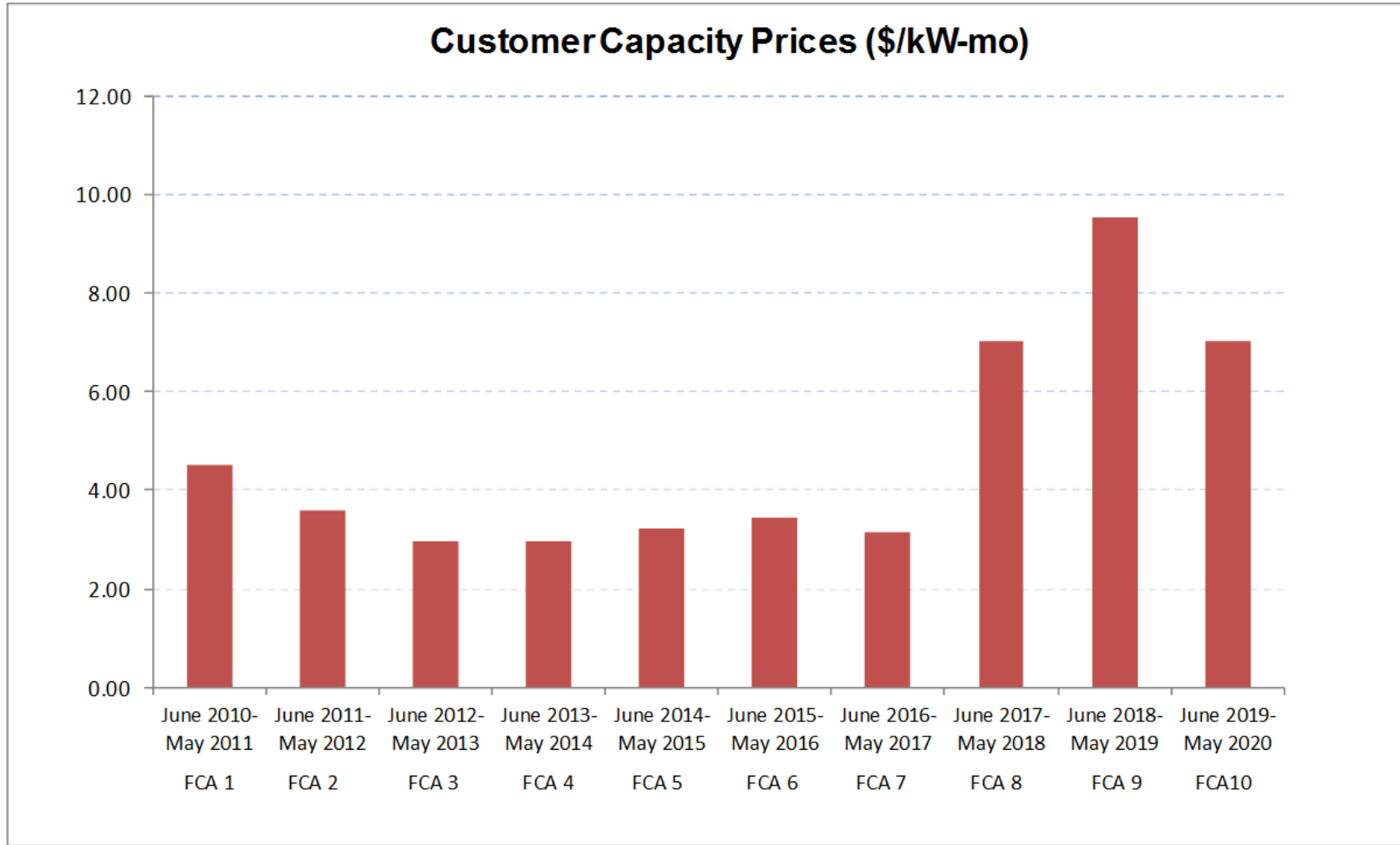
2. Key Observation – Capacity Prices are Increasing

Capacity price increases reflect

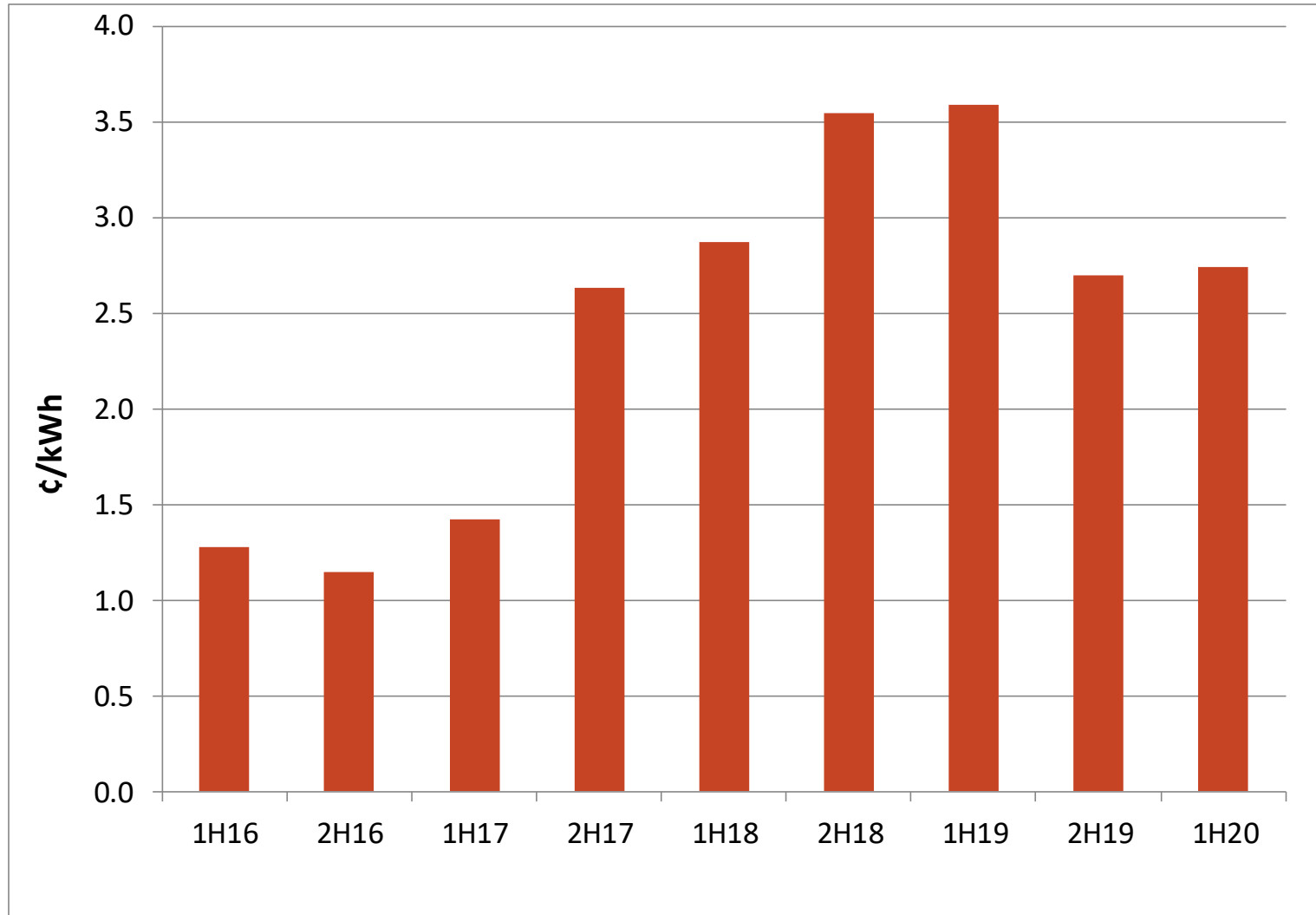
- Prior to 2017, there was surplus capacity within New England
- Retirement of existing units has resulted in less resources

<u>Unit</u>	<u>Type</u>	<u>Retirement Date</u>	<u>MW</u>
VT Yankee	Nuclear	December 2014	600
Salem Harbor	Coal	June 2014	750
Brayton Point	Coal	June 2017	1,535
Pilgrim	Nuclear	June 2019	680
			<hr/> 3,565

Connecticut Capacity Prices



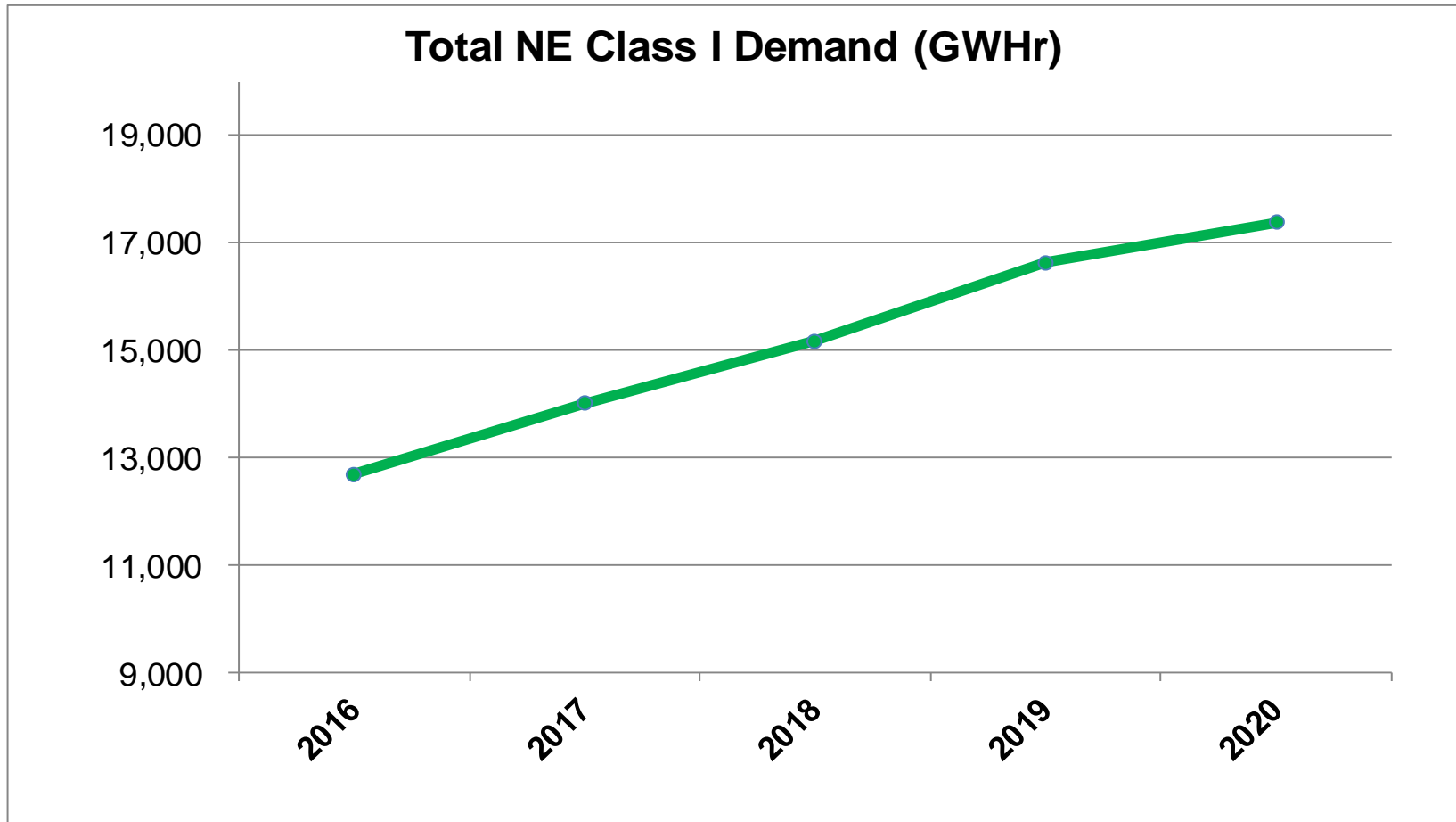
Capacity Component of Generation Service Price



3. Key Observation – Renewable Energy Prices are Increasing

Demand for renewable energy is increasing each year going forward, thereby increasing price pressures.

New England's Demand for Renewable Energy by 4,000 GWhr Over Next 3 Years

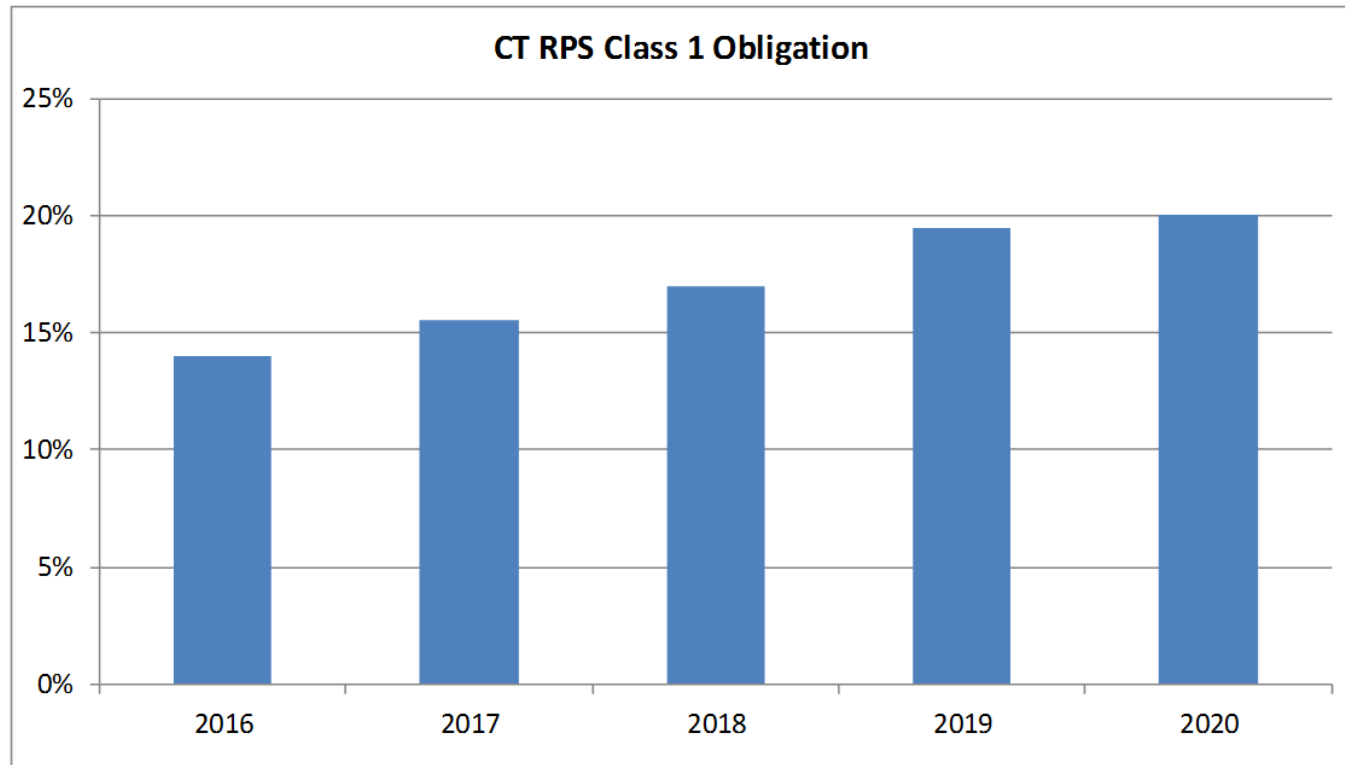


Total New England Energy Requirements 2015 = 128,000,000 MWh.

CT RPS Class 1 Obligation

Connecticut's RPS requires electric suppliers to procure increasing shares of their sales from qualifying renewable resources.

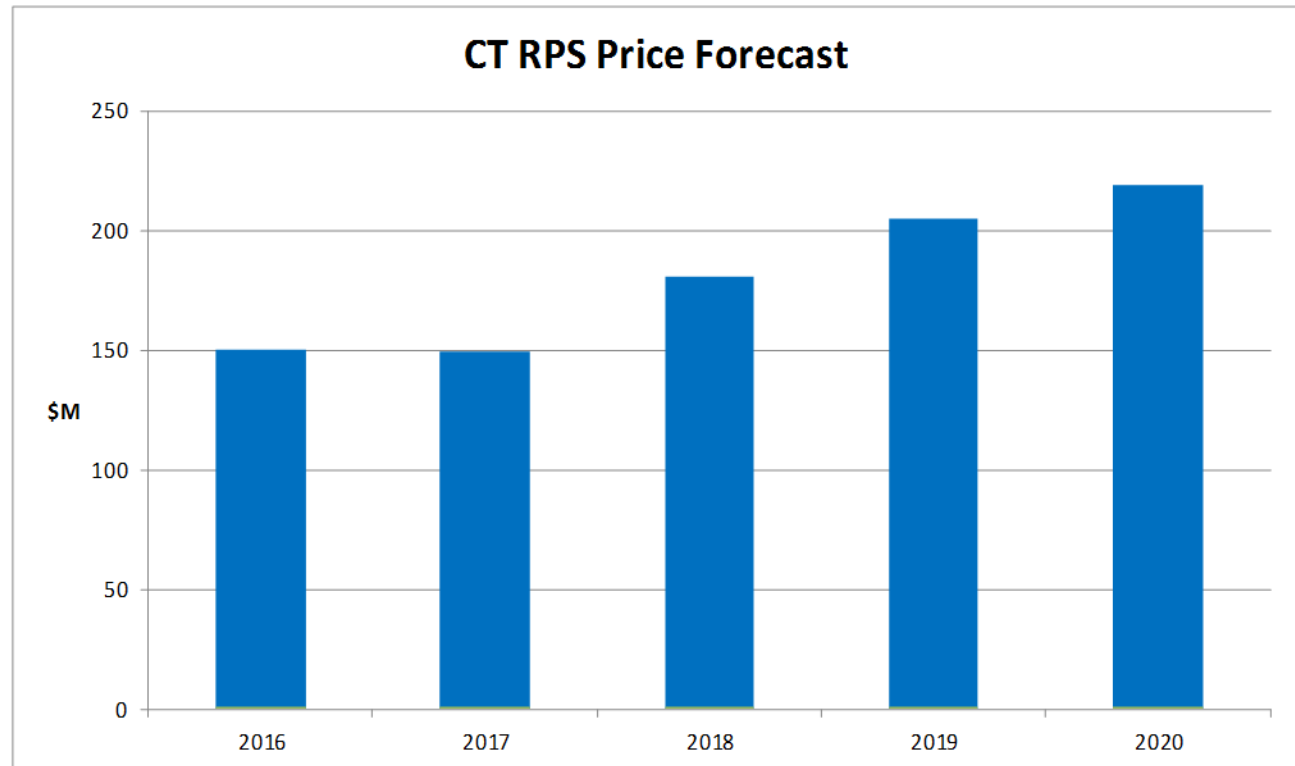
Class 1	
2016	14.0%
2017	15.5%
2018	17.0%
2019	19.5%
2020	20.0%



CT RPS Price Forecast

RPS costs continue to grow

CT RPS		
Yr	\$M	¢/kWh
2016	150	0.5
2017	150	0.5
2018	180	0.6
2019	205	0.7
2020	219	0.8



Conclusion

Generation Service Prices are increasing from 2016 over the next 3 years due to:

1. Constrained natural gas pipelines in New England keeping winter energy prices high.
2. Retirement of large generation resources, thereby reducing supply and increasing capacity cost.
3. Increasing State-mandated renewable energy requirements creating upward pressure on generation charges.