

Exhibit B: Benefit Cost Analysis

National Grid NH Gas Energy Efficiency Benefit Cost Analysis New Hampshire Program Year TWO (January 1, 2010 - December 31, 2010)

Sector	BCR Activity	Program Year 2010					
		Administration	Rebates/ Services	Evaluation	Participant Cost	Incentive	Total Cost
Residential		\$ 748,115	\$ 1,778,189	\$ 48,822	\$ 1,248,016	\$ 206,010	\$ 4,029,152
	Low Income	\$ 228,182	\$ 397,977	\$ 9,838	\$ -	\$ -	\$ 635,997
	Residential Weatherization	\$ 227,201	\$ 917,491	\$ 3,380	\$ 676,500	\$ -	\$ 1,824,572
	Residential High-Efficiency Heating, Water-Heating, Controls Program	\$ 240,545	\$ 361,300	\$ 24,555	\$ 524,716	\$ -	\$ 1,151,116
	New Home Construction with Energy Star	\$ 8,400	\$ 14,400	\$ 2,044	\$ 46,800	\$ -	\$ 71,644
	Energy Audit and Home Performance	\$ 26,287	\$ 57,020	\$ 5,893	\$ -	\$ -	\$ 89,200
	Res Building Practices and Demo	\$ 17,500	\$ 30,000	\$ 3,112	\$ -	\$ -	\$ 50,612
Commercial & Industrial		\$ 590,320	\$ 1,705,581	\$ 115,389	\$ 2,893,873	\$ 192,903	\$ 5,498,066
	Commercial Energy Efficiency	\$ 387,820	\$ 1,274,737	\$ 72,038	\$ 2,465,728	\$ -	\$ 4,200,323
	Comm High Efficiency Heating	\$ 80,000	\$ 260,844	\$ 20,851	\$ 318,720	\$ -	\$ 680,415
	Comm Building Practices and Demo	\$ 77,500	\$ 150,000	\$ 22,500	\$ 109,425	\$ -	\$ 359,425
	Com Energy Analysis: Internet Audit	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
	Building Operator Certification	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ 40,000
Grand Total		\$ 1,338,435	\$ 3,483,770	\$ 164,211	\$ 4,141,890	\$ 398,913	\$ 9,527,218

Sector	BCR Activity	Total Benefits	Sector Benefit/Cost	Participants	Annual MMBTU Savings	Lifetime MMBTU Savings
Residential		\$ 10,939,358	2.72	4,875	47,564	885,455
	Low Income	\$ 2,036,754		260	8,274	165,478
	Residential Weatherization	\$ 5,173,513		2,153	21,016	420,327
	Residential High-Efficiency Heating, Water-Heating, Controls Program	\$ 3,528,716		1,512	17,610	283,057
	New Home Construction with Energy Star	\$ 200,375		30	664	16,594
	Energy Audit and Home Performance	\$ -		900	0	0
	Res Building Practices and Demo	\$ -		20	0	0
Commercial & Industrial		\$ 13,767,617	2.50	540	76,754	1,236,404
	Commercial Energy Efficiency	\$ 9,132,203		257	54,428	816,422
	Comm High Efficiency Heating	\$ 3,744,667		160	17,017	340,348
	Comm Building Practices and Demo	\$ 890,748		3	5,309	79,633
	Com Energy Analysis: Internet Audit	\$ -		60	0	0
	Building Operator Certification	\$ -		60	0	0
Grand Total		\$ 24,706,976	2.59	5,415	124,319	2,121,859

Exhibit D - Shareholder Incentive Page 3 of 4

National Grid Gas Energy Efficiency

Target Shareholder Incentive Year TWO- January 1, 2010 - December 31, 2010

Commercial/Industrial Incentive

1. Target Benefit/Cost Ratio	2.50
2. Threshold Benefit/Cost Ratio	1.00
3. Target lifetime MMBTU	1,236,404
4. Threshold MMBTU	803,663
5. Budget	\$2,411,290
6. CE Percentage	4.00%
7. Lifetime kWh Percentage	4.00%
8. Target C/I Incentive	\$192,903
9. Cap	\$289,355

Residential Incentive

10. Target Benefit/Cost Ratio	2.72
11. Threshold Benefit/Cost Ratio	1.00
12. Target lifetime MMBTU	885,455
13. Threshold MMBTU	575,546
14. Budget	\$2,575,126
15. CE Percentage	4.00%
16. Lifetime kWh Percentage	4.00%
17. Target Residential Incentive	\$206,010
18. Cap	\$309,015
19. TOTAL TARGET INCENTIVE	\$398,913

Line No. Notes:

- 1, 3, 5, 10, 12, and 14. See Exhibit B
- 2, 6, 7, 11, 15, and 16. Report to the New Hampshire Public Utilities Commission on Ratepayer-Funded Energy Efficiency Issues in New Hampshire, Docket No. DR 96-150, page 21.
- 4. 65% of line 3.
- 8. 8% of line 5.
- 9. 12% of line 5.
- 13. 65% of line 12.
- 17. 8% of line 14.
- 18. 12% of line 14.
- 19. Line 8 plus line 17.

Exhibit D - Shareholder Incentive Page 4 of 4

National Grid Gas Energy Efficiency Target Benefit-Cost Ratio by Sector Year TWO- January 1, 2010 - December 31, 2010

Commercial & Industrial:	<u>Planned</u>
1. Benefits (Value) From Eligible Programs	\$13,767,617
2. Implementation Expenses	\$2,295,901
3. Customer Contribution	\$2,893,873
4. Evaluation Expense	\$115,389
5. Shareholder Incentive	\$192,903
6. Total Costs Including Shareholder Incentive	\$5,498,066
7. Benefit/Cost Ratio - C&I Sector	2.50
8. Implementation Plus Evaluation Expense - C&I Sector	\$2,411,290
Residential:	
9. Benefits (Value) From Eligible Programs	\$10,939,358
10. Implementation Expenses	\$2,526,304
11. Customer Contribution	\$1,248,016
12. Evaluation Expense	\$48,822
13. Shareholder Incentive	\$206,010
14. Total Costs Including Shareholder Incentive	\$4,029,152
15. Benefit/Cost Ratio - Residential Sector	2.72
16. Implementation Plus Evaluation Expense - Residential Sector	\$2,575,126

Line No. Notes:

1 - 5 and 9-13. See Exhibit B.

5. Sum of lines 2-5.

6. Line 1 divided by line 6. The shareholder incentive mechanism described by the New Hampshire Energy Efficiency Working Group and approved by the Commission in Order No. 23,574 includes a circular calculation. A portion of the earned shareholder incentive is related to the benefit/cost ratio (BCR). However, the shareholder incentive is supposed to be included as an EE cost in determining the BCR. For the purpose of calculating the shareholder incentive, the Company has calculated the planned BCR including the shareholder incentive for one iteration and will compare the actual BCR including the shareholder incentive to the planned BCR including shareholder incentives when determining the earned incentive.

7. Sum of lines 2 and 5. These are the C&I sector funds on which the Company may calculate its earned shareholder incentive.

14. Sum of lines 10 - 13.

15. Line 9 divided by line 14. The shareholder incentive mechanism described by the New Hampshire Energy Efficiency Working Group and approved by the Commission in Order No. 23,574 includes a circular calculation. A portion of the earned shareholder incentive is related to the benefit/cost ratio. However, the shareholder incentive is supposed to be included as an EE cost in determining the benefit/cost ratio. For the purpose of calculating the shareholder incentive, the Company has calculated the planned benefit/cost ratio including the shareholder incentive for one iteration and will compare the actual benefit/cost ratio including the shareholder incentive to the planned benefit/cost ratio including shareholder incentives when determining the earned shareholder incentive.

16. Sum of lines 10 and 13. These are the Residential sector funds on which the Company may calculate its earned shareholder incentive.