

# New Hampshire Energy Forum

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National Grid

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# National Grid's Service Territory

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Operating Division in New Hampshire

- Service Territory
- Operating Centers

National Grid in New Hampshire is part of the North & Granite Division of National Grid

NH ST Map © 2005 National Grid



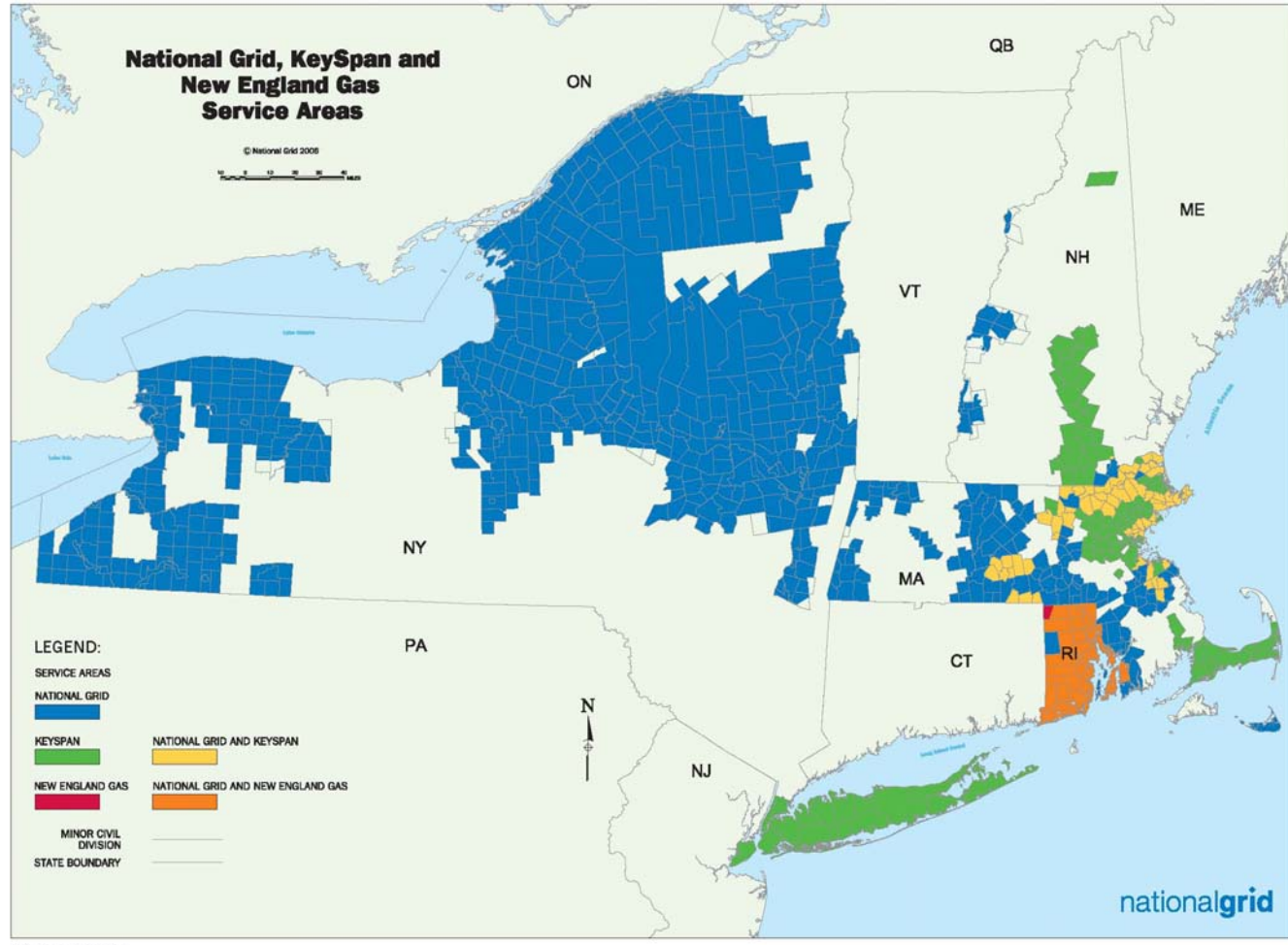
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# National Grid: Who We Are

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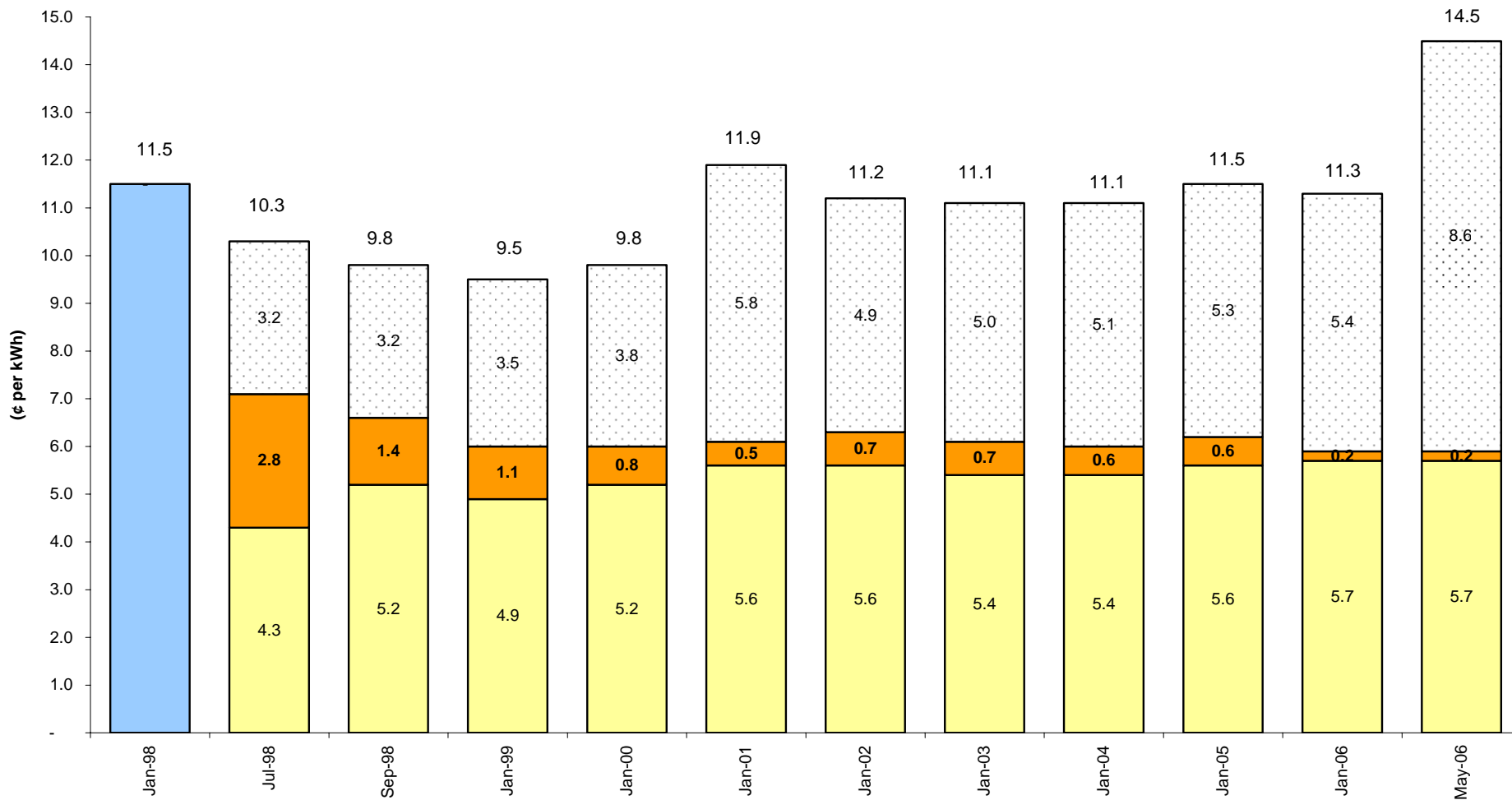
- ◆ International energy delivery company based in UK
  - ◆ **High voltage transmission system in England & Wales**
  - ◆ **11 million natural gas distribution customers in UK**
- ◆ Electric and gas distribution company in NY, MA, RI and NH
  - ◆ **Created by merger of NESS, EUA, NIMO**
  - ◆ **3.3 million electric customers**
  - ◆ **565,000 gas customers in NY**
- ◆ In process of acquiring KeySpan Energy and New England Gas
  - ◆ **2.8 million additional gas customers in NY, MA, RI & NH**

# National Grid's Service Territory



# National Grid Average Residential Rates

- Power Supply Costs
- Stranded Costs
- Delivery Charges

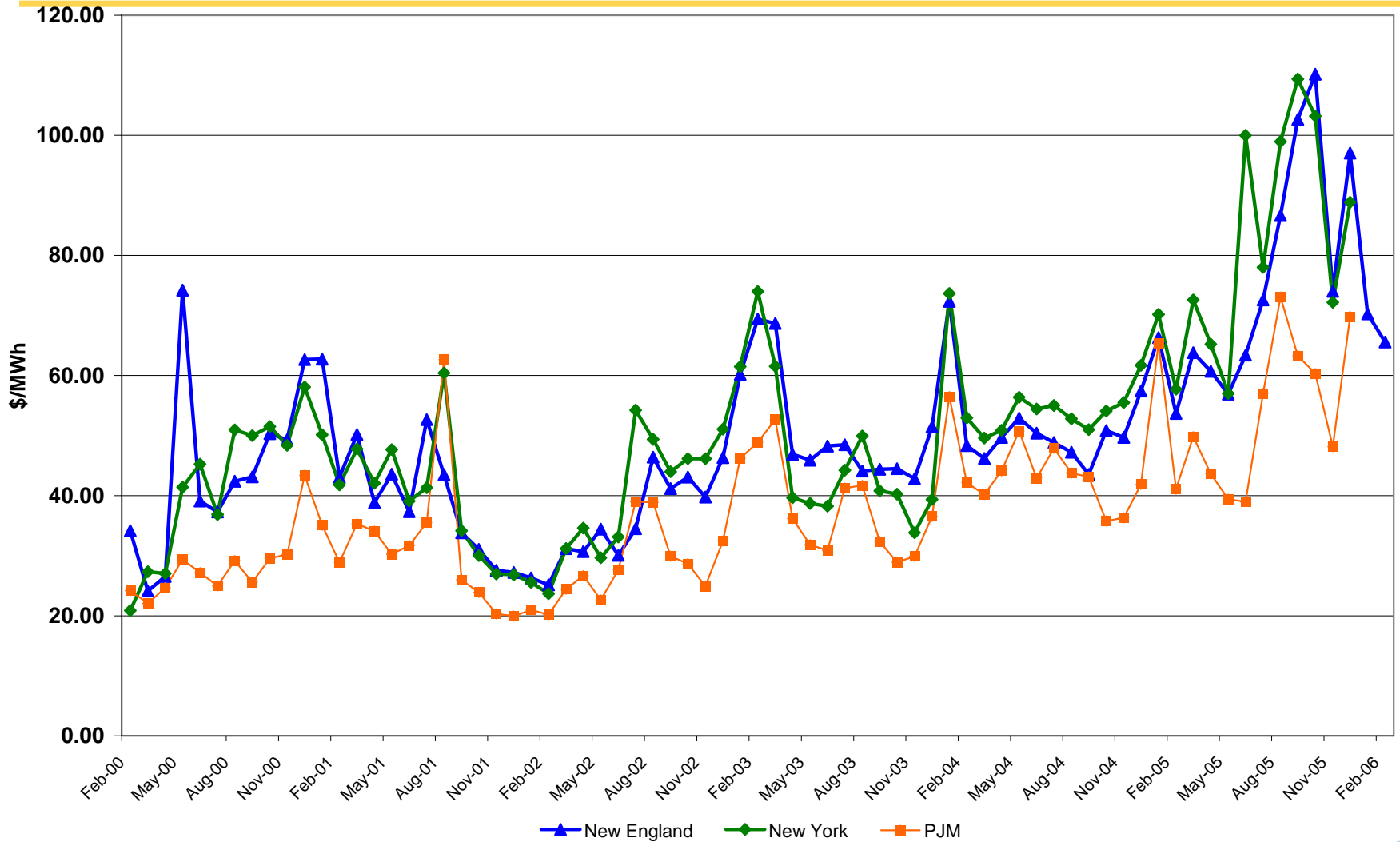


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Note: Granite State Electric Company is now referred to as National Grid. January 1998 is the bundled rate prior to restructuring. Power Supply Costs include the base transition service charge and the transition service adjustment factor. May 2006 is the filed rate and has not received PUC approval. Delivery charges include transmission, distribution, taxes, and the SBC for purposes of this chart.

# Average Monthly Electricity Clearing Prices

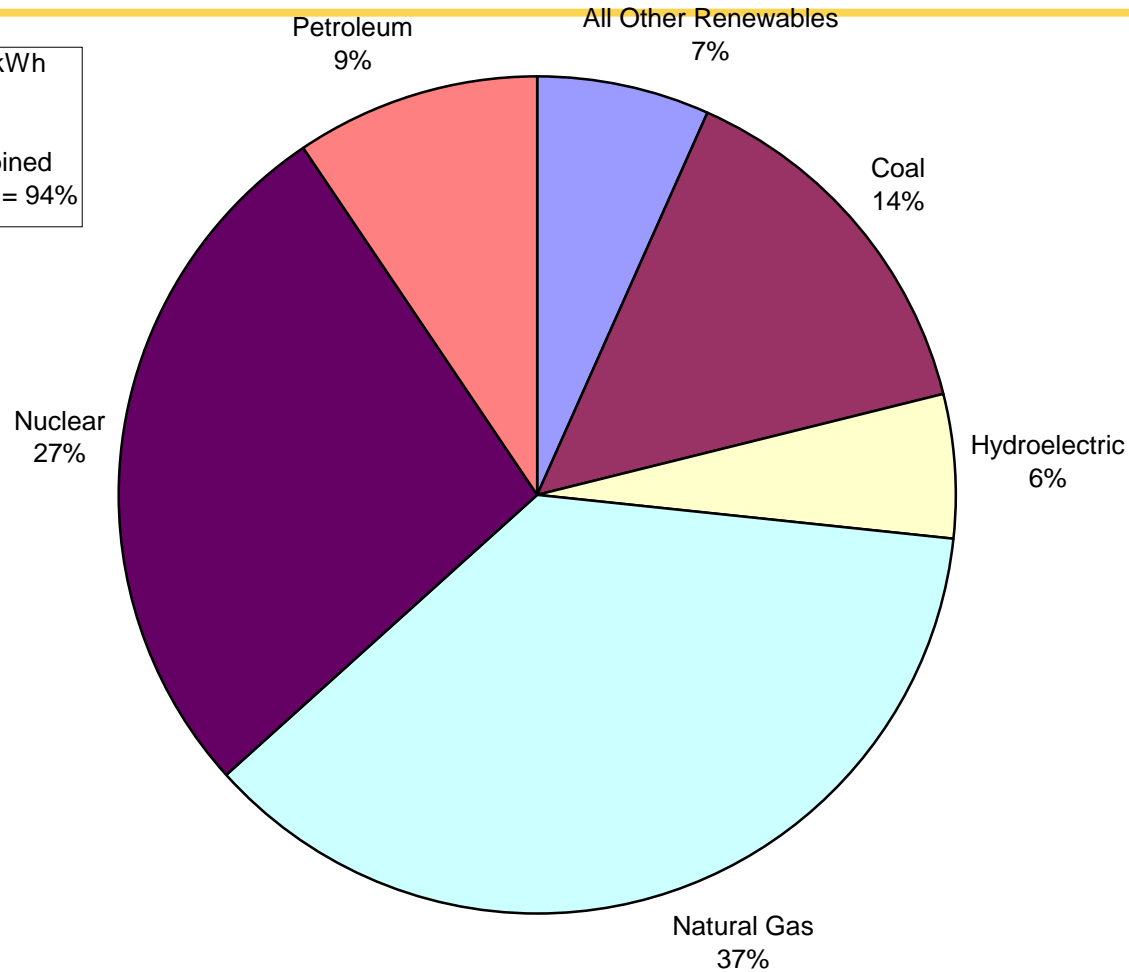
## Commodity Costs have Risen Throughout the Northeast



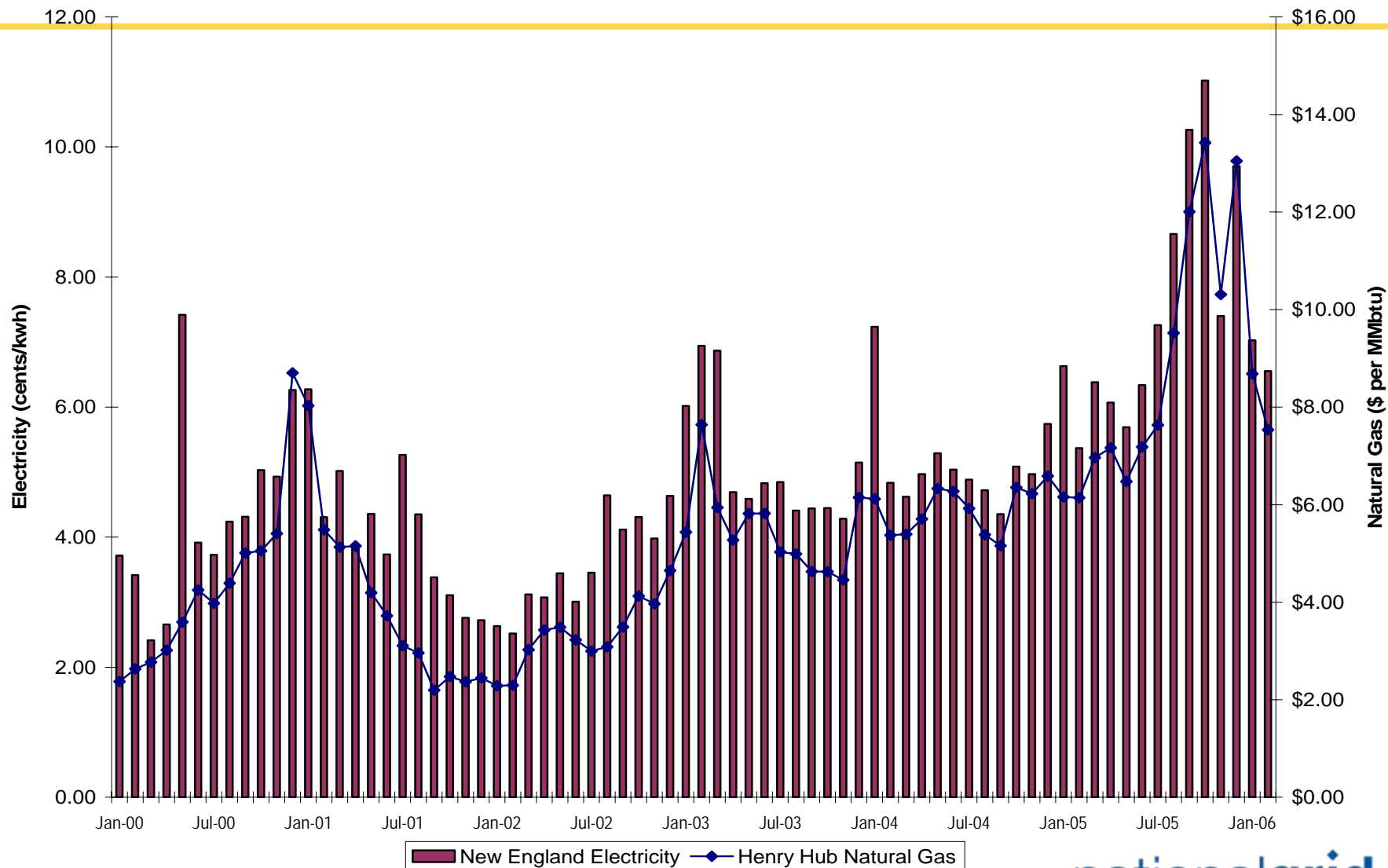
Source: ISO New England Monthly Market Reports, Hourly Real-Time Energy Price Summary, and Monthly Summary of Load, LMP, and Weather Data. Comparison data for New York and PJM is only available through December 2005.

# New England Electric Generation Fuel Mix, 2004

Total = 133.5 Billion kWh  
Utility Plants = 6%  
Independent Power  
Producers and Combined  
Heat & Power Plants = 94%



# Average Monthly Clearing Prices, Electricity v. Gas January 2000 - February 2006





# Regulated Generation Business Model

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- ◆ Customers bore supply cost risk
- ◆ Inefficient price signals to customers
- ◆ Shareholder returns disconnected from performance

**Regulated generation  
model had problems.**

# Competitive Generation Business Model

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- ◆ Generators bear supply cost risk
- ◆ Efficient price signals to customers
- ◆ Shareholder returns linked to performance
- ◆ Reduced air emissions
- ◆ Lower fuel-adjusted wholesale prices

**Competitive generation  
model is better.**

# Complete the Transition

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- ◆ Wholesale Market
  - ◆ Implement forward capacity auction (LICAP settlement)
- ◆ Transmission
  - ◆ Platform for competitive markets
  - ◆ Continue infrastructure expansion
- ◆ Retail Market
  - ◆ Continue energy efficiency programs
  - ◆ Expand real-time pricing