

RAP State Energy Efficiency Policy Inventory

Updated through
December 2010

Mid-Atlantic Region: DE, KY, MD, NJ, NY, PA, VA, Washington DC, WV

STATE	POLICY YEAR
Delaware	2010

QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

Delaware's Energy Conservation and Efficiency Act of 2009 (Efficiency Act) created an Energy Efficiency Resource Standards (EERS), setting goals for consumption and peak demand for electricity and natural gas utilities. The goals are 15% electricity consumption savings and 10% natural gas consumption savings by 2015 (Senate Bill 106). The Act also requires utilities to preferentially obtain demand response and renewable energy resources before considering fossil fuel-based supply.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Delaware's Energy Conservation and Efficiency Act of 2009 (Efficiency Act) created an Energy Efficiency Resource Standards (EERS), setting goals for consumption and peak demand for electricity and natural gas utilities. The goals are 15% electricity consumption savings and 10% natural gas consumption savings by 2015 (Senate Bill 106).

NATURAL GAS RECOMMENDATION Y-

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

The Electric Utility Retail Customer Supply Act of 2006 requires Delmarva Power and Light (DPL) to use an IRP process for procurement of Standard Offer Service. The Efficiency Act requires that the utility first consider electricity demand response and demand-side management strategies for meeting base load and load growth needs and shall preferentially obtain electricity demand response resources... before considering traditional fossil fuel-based electric supply services (Senate Bill 106).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
Delaware

POLICY YEAR
2010

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

Current IRP rules do not require EE to be considered as an alternative to transmission.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

In its 2010 IRP, DLP states that the Sustainable Energy Utility (SEU) is responsible for determining which energy savings measures will be targeted and the criteria used to select measures and programs. DLP also states that SEU is not constrained by traditional utility cost-effectiveness process because it does not use ratepayer funds, use direct rebates, and its screening is based on insuring availability of programs for all market segments.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

SB 18 creates a Contract Administrator, responsible for undertaking a comprehensive resource analysis of energy efficiency potential by which program designs will be guided. Applied Energy Group had won the bid for Contract Administer as of February 2009, but no stand alone potential study for DE was conducted in 2009.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Delaware	2010

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

Delaware's Energy Conservation and Efficiency Act of 2009 (Efficiency Act) created an Energy Efficiency Resource Standards (EERS), setting goals for consumption and peak demand for electricity and natural gas utilities. The goals are 15% electricity consumption savings and 10% natural gas consumption savings by 2015 (Senate Bill 106). The Act also requires utilities to preferentially obtain demand response and renewable energy resources before considering fossil fuel-based supply.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Delaware's Energy Conservation and Efficiency Act of 2009 (Efficiency Act) created an Energy Efficiency Resource Standards (EERS), setting goals for consumption and peak demand for electricity and natural gas utilities. The goals are 15% electricity consumption savings and 10% natural gas consumption savings by 2015 (Senate Bill 106). The Act also requires utilities to preferentially obtain demand response and renewable energy resources before considering fossil fuel-based supply.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPs or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION -b-

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

Delaware has an RPS, but EE is not an eligible resource, except for municipal electric companies and rural electric suppliers, which may elect to be exempt from the REPS by creating a fund to be used in support of energy efficiency technologies among others (DE Gen Assembly, Senate Bill 74).

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Delaware	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

The Energy Conservation and Efficiency Act of 2009 required the Secretary, with the cooperation of affected energy providers, to establish measurement and verification procedures and standards within 1 year.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Delaware established a Sustainable Energy Utility (SEU) through Senate Bill 18. The SEU, monitored by the Delaware Energy Office, is responsible for achieving an average 30% reduction in annual energy usage for participants. The bill also states that demand response programs shall be implemented by the utility and demand-side management and other EE activities shall be implemented by the SEU.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Delaware established a Sustainable Energy Utility (SEU) through Senate Bill 18. The SEU, monitored by the Delaware Energy Office, is responsible for achieving an average 30% reduction in annual energy usage for participants. The bill also states that demand response programs shall be implemented by the utility and demand-side management and other EE activities shall be implemented by the SEU.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Delaware	2010

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

NATURAL GAS RECOMMENDATION -C-

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

IRP Rules require that the utility file an IRP every other year.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

The Sustainable Energy Utility (SEU) is responsible for all EE programs and is funded through the following sources: tax-exempt bonds and leases, Regional Greenhouse Gas Initiative, federal stimulus funding, and fees and interest on financing (Energize Delaware).

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

The Sustainable Energy Utility (SEU) is responsible for all EE programs and is funded through the following sources: tax-exempt bonds and leases, Regional Greenhouse Gas Initiative, federal stimulus funding, and fees and interest on financing (Energize Delaware).

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Delaware	2010

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The Sustainable Energy Utility is responsible for administering all EE programs (see 2.7.1). The Public Service Commission (PSC) is considering the adoption of a modified fixed/variable rate design in Docket No. 09-414.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Sustainable Energy Utility is responsible for administering all EE programs (see 2.7.1). The PSC is examining the adoption of a modified fixed/variable rate design for Delmarva Power's natural gas business in Docket No. 09-277T.

NATURAL GAS RECOMMENDATION Y

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

NATURAL GAS RECOMMENDATION -C-

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

SB 18 requires the Sustainable Energy Utility to achieve an average 30% reduction in annual energy usage for SEU participants, targeted at 33% of Delawareans, by 2015. There are reward/penalty incentives in place for meeting/missing targets. SB 18 states: "the Energy Office shall define performance incentives such that if the SEU exceeds program targets by 120% it shall receive a bonus, and if the SEU achieves less than 80% of program targets it shall be charged a penalty."

ELECTRIC RECOMMENDATION Y

NATURAL GAS

SB 18 requires the Sustainable Energy Utility to achieve an average 30% reduction in annual energy usage for SEU participants, targeted at 33% of Delawareans, by 2015. There are reward/penalty incentives in place for meeting/missing targets. SB 18 states: "the Energy Office shall define performance incentives such that if the SEU exceeds program targets by 120% it shall receive a bonus, and if the SEU achieves less than 80% of program targets it shall be charged a penalty."

NATURAL GAS RECOMMENDATION Y

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CITATIONS: Delaware

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QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

Kentucky utilities are obligated to file triennial IRPs, which must address the utilities' acquisition of demand side resources to meet load growth. (807 KAR 5:058). The Commission has the authority to determine whether companies' DSM (including EE) programs harmonize with their IRPs. (KRS 278.285).

Docket 2008-00408 was opened on 11/13/08 to consider several requirements of the Energy Independence and Security Act of 2007, including potential impacts to Integrated Resource Planning for electric utilities. This docket is ongoing through the end of 2010.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

Rules adopted in 1990 establish an Integrated Resource Planning process, which must include a summary of existing DSM activities and consideration of new DSM activities. The Commission has the authority to determine whether companies' DSM programs (including EE) harmonize with their IRPs. (KRS 278.285).

Docket 2008-00408 was opened on 11/13/08 to consider several requirements of the Energy Independence and Security Act of 2007, including potential impacts to Integrated Resource Planning for electric utilities. This docket is ongoing through the end of 2010.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

While utilities must justify the inclusion of certain measures in DSM programs, no specific test to evaluate EE programs is mandated; thus, a number of types are used. (807 KAR 5:058). For example, in a recent Kentucky Power case, the utility evaluated EE programs using the Utility Cost Test, the TRC, and the Ratepayer Impact Measure Test. (Case No. 2009-00339).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

While utilities must justify the inclusion of certain measures in DSM programs, no specific test to evaluate EE programs is mandated; thus, a number of types are used. (807 KAR 5:058).

NATURAL GAS RECOMMENDATION

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

In August 2007, the Kentucky Pollution Prevention Center, located at the University of Louisville, and ACEEE conducted a potential study entitled An Overview of Kentucky's Energy Consumption and Energy Efficiency Potential.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

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NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Kentucky	2010

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

No renewable or efficiency standard is in place as of the end of 2010. However, an energy plan released by the Governor in 11/08 calls for a Renewable and Efficiency Portfolio Standard (REPS), whereby 25 percent of Kentucky's energy needs in 2025 will be met by reductions through EE, conservation, and renewable energy. An Energy Efficiency Resource Standard is called for to achieve a portion of the REPS, with a goal of reducing energy consumption by 16% below projected 2025 energy consumption.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
Kentucky

POLICY YEAR
2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

Kentucky has no standard M&V process in place.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

EE is delivered by individual Kentucky utilities upon their own election and in the manner they choose.

ELECTRIC RECOMMENDATION N

NATURAL GAS

EE is delivered by individual Kentucky utilities upon their own election and in the manner they choose.

NATURAL GAS RECOMMENDATION N

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

EE delivery is administered by individual Kentucky utilities using third party contractors.

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

EE delivery is administered by individual Kentucky utilities using third party contractors.

NATURAL GAS RECOMMENDATION -a-

STATE
Kentucky

POLICY YEAR
2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

Each electric utility must file an IRP with the Commission every 3 years. (807 KAR 5:058).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Statute allows the Commission to approve cost recovery for proposed DSM plans it considers to be reasonable. Cost recovery is done through a rider. (KRS 278.285).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Statute allows the Commission to approve cost recovery for proposed DSM plans it considers to be reasonable. Cost recovery is done through a rider. (KRS 278.285).

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

STATE
Kentucky

POLICY YEAR
2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Kentucky allows lost revenue recovery for electric DSM programs. (KRS 278.285). Recovery mechanisms are determined on a case-by-case basis. The Commission is currently considering making modifications to the rate designs for recovery associated with DSM. (Docket No. 2008-00408). The case is still pending.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Kentucky allows lost revenue recovery for DSM programs. (KRS 278.285). Recovery mechanisms are determined on a case-by-case basis. The Commission is currently considering making modifications to the rate designs for recovery associated with DSM. (Docket No. 2008-00408). The case is still pending.

NATURAL GAS RECOMMENDATION Y-

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION -b-

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

The Commission may approve incentive mechanisms on a case-by case basis. (KRS 278.285). The statute specifically allows incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective demand-side management programs.

Docket 2008-00408 was opened on 11/13/08 to consider several requirements of the Energy Independence and Security Act of 2007, including rate design modifications to promote EE investments. This docket is ongoing through the end of 2010.

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

Kentucky statute 278.285 states that the Commission may approve incentive mechanisms on a case-by case basis. The statute specifically allows incentives designed to provide positive financial rewards to a utility to encourage implementation of cost-effective demand-side management programs.

Docket 2008-00408 was opened on 11/13/08 to consider several requirements of the Energy Independence and Security Act of 2007, including rate design modifications to promote EE investments. This docket is ongoing through the end of 2010.

NATURAL GAS RECOMMENDATION

Y-

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CITATIONS: Kentucky

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SB 83 is available here: <http://www.lrc.ky.gov/record/08RS/SB83/bill.doc>

QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

Legislation passed in 2008 (EmPOWER MD Energy Efficiency Act, HB 374) sets a goal of reducing statewide per capita electricity consumption and per capita peak demand by 15% by 2015 compared to 2007 levels. Utilities are responsible for providing EE programs that achieve 5% per capita electricity savings by the end of 2011 and 10% savings by the end of 2015. The Maryland Energy Administration is responsible for achieving the additional 5% savings by 2015.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

A 2007 Order (Order 81637 in Case 9111) requires utilities to use four tests (societal, utility, participant, and RIM), and states that the Commission will consider and weigh all of the tests. In several Orders on 12/31/08 (Case 9156, Order on 12/31/08), the Commission states that it views cost-effectiveness as requiring a real rate of return on ratepayers' investment, measured by meaningful bill savings for all ratepayers, and we do not view the outcomes of the TRC or other California Manual tests as dispositive or binding.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

ACEEE estimated potential of EE programs to reduce consumer use of electricity in February 2008.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

Legislation passed in 2008 (HB 374) sets a goal of reducing statewide per capita electricity consumption and per capita peak demand by 15% by 2015 compared to 2007 levels. Utilities are responsible for providing EE programs that achieve 5% per capita electricity savings by the end of 2011 and 10% savings by the end of 2015. The Maryland Energy Administration is responsible for achieving the additional 5% savings by 2015. Utilities must reduce per capita peak demand by 5% by 2011, 10% by 2013, and 15% by 2015 compared to 2007 levels.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
Maryland

POLICY YEAR
2010

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

MD has an RPS, but EE is not a qualifying resource.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

The Commission issued an Order in 2009 that establishes an M& V process in which an M& V Contractor provides services to the EmPower MD utilities, and an M& V Evaluator assists the Commission with overseeing and coordinating the utilities and their M& V contractor (Cases 9153-9157, Order 82869, 8/31/09). Demand response programs are also included in this process.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
Maryland

POLICY YEAR
2010

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

The EmPOWER MD Energy Efficiency Act of 2008 requires electric companies utilities to provide EE programs that achieve 5% per capita electricity savings by the end of 2011 and 10% savings by the end of 2015. Utilities are the primary administrators of the EmPower MD programs, and all except Allegheny Power have program implementation contractors, according to C. Godfrey, MD PSC. The Maryland Energy Administration is responsible for achieving 5% savings by 2015.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION ac

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

There is no resource planning requirement in MD. The EmPOWER MD Energy Efficiency Act of 2008 requires electric companies to submit an energy efficiency plan to the Commission every 3 years.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
Maryland

POLICY YEAR
2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

The EmPower MD legislation requires the Commission to adopt rate-making policies that provide cost recovery and... financial incentives for gas companies and electric companies to ...promote the efficient use and conservation of energy. A 2007 Order (Case 9111, Order 81637) established that costs must be recovered through a distribution rate surcharge, with annual true-ups. A per kWh surcharge is used to fund EmPower MD programs (state reviewer).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The EmPower MD legislation requires the Commission to adopt rate-making policies that provide cost recovery and... financial incentives for gas companies and electric companies to ...promote the efficient use and conservation of energy. The three largest LDCs have surcharge cost recovery for their low-income weatherization programs and Baltimore Gas and Electric had gas conservation programs approved for cost recovery in 2009 (Case 9154, Letter Order 2/6/09, ML #114429).

NATURAL GAS RECOMMENDATION Y-

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

A per kWh surcharge is used to fund EmPower MD programs (state reviewer). Riders are trued up at the end of every year, according to C. Godfrey, MD PSC.

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

STATE
Maryland

POLICY YEAR
2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Bill Stabilization Adjustments (BSA) were approved for Delmarva and PEPCO in 2007 (Order 81518 in Case 9093 and Order 81517 in Case 9092). The monthly BSA are capped at 10 percent of the test-year average base rate, with amounts over that level to be set-aside to offset further over- or under-collections. The Commission approved decoupling for BGE's residential and small commercial customers in 2007 (ML #108061, Letter Order 11/30/07; also see Rider 25 in BGE filing). SMECO has a lost revenue recovery in Rider EMC - EmPower Maryland Charge, according to C. Godfrey, MD PSC.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Baltimore Gas and Electric received approval for a decoupling mechanism in 1998 that applies to residential and general service firm customers (Case 8780; and Case 9036, Order 80460 on 12/21/05)). The mechanism uses a balancing account that returns to customers excess margin when revenues exceed authorized levels. Washington Gas Light has a decoupling mechanism (Docket 8990, Order 80130 on 10/05) that is similar to the BGE mechanism.

NATURAL GAS RECOMMENDATION Y-

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

ELECTRIC RECOMMENDATION ab

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

STATE
Maryland

POLICY YEAR
2010

QUESTION **5.2.1**

Utility/shareholder EE incentives are provided

ELECTRIC

MD law states The Commission shall adopt rate-making policies that provide ..., in appropriate circumstances, reasonable financial incentives for gas companies and electric companies to establish programs and services that encourage and promote the efficient use and conservation of energy (MD Code 7-211). A 2007 Order (Case 9111, Order 81637) allows EE, Conservation and Demand Reduction Plans to propose incentive mechanisms.

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

MD law states "The Commission shall adopt rate-making policies that provide ..., in appropriate circumstances, reasonable financial incentives for gas companies and electric companies to establish programs and services that encourage and promote the efficient use and conservation of energy" (MD Code 7-211).

NATURAL GAS RECOMMENDATION

Y-

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QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

New Jersey's restructuring statute requires that the BPU perform "comprehensive resource assessments" for energy efficiency and renewable energy resources, which account for system needs and costs (see 1.2.1). RAP considers this process to be akin to an IRP process.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

New Jersey's restructuring statute requires that the BPU perform "comprehensive resource assessments" for energy efficiency and renewable energy resources, which account for system needs and costs (see 1.2.1). RAP considers this process to be akin to an IRP process.

NATURAL GAS RECOMMENDATION Y-

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

New Jersey's restructuring statute requires that the Board of Public Utilities perform "comprehensive resource assessments" for energy efficiency and renewable energy resources, which account for system needs and costs (NJ Statutes 48: 3-60). According to a state reviewer, the comprehensive resource analysis (CRA) incorporates many features of an IRP or portfolio management process. Within the CRA, the Board assesses the potential for energy efficiency and sets funding levels for four years taking into consideration the costs and benefits of energy efficiency vs. other supply options. RAP considers New Jersey's comprehensive resource assessments to be akin to an IRP or like planning process.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

New Jersey's restructuring statute requires that the Board of Public Utilities perform "comprehensive resource assessments" for energy efficiency and renewable energy resources, which account for system needs and costs. According to a state reviewer, the comprehensive resource analysis (CRA) incorporates many features of an IRP or portfolio management process. Within the CRA, the Board assesses the potential for energy efficiency and sets funding levels for four years taking into consideration the costs and benefits of energy efficiency vs. other supply options. RAP considers New Jersey's comprehensive resource assessments to be akin to an IRP or like planning process.

NATURAL GAS RECOMMENDATION Y-

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

In the past, a net present value test (difference between net present value and net present costs) was used in the DSM Plan to select programs. However, the provision regarding this test in the Administrative Code apparently expired and was not replaced. According to state reviewer Mike Ambrosio, the BPU has issued several orders that require program implementers to include a cost-benefit analysis with any new program proposal including both the TRC and societal tests. RAP has not been able to locate these orders.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

In the past, a net present value test (difference between net present value and net present costs) was used in the DSM Plan to select programs. However, the provision regarding this test in the Administrative Code apparently expired and was not replaced. According to state reviewer Mike Ambrosio, the BPU has issued several orders that require program implementers to include a cost-benefit analysis with any new program proposal including both the TRC and societal tests. RAP has not been able to locate these orders.

NATURAL GAS RECOMMENDATION Y-

STATE

New Jersey

POLICY YEAR

2010

QUESTION 2.3.1**Potential for cost-effective EE has been established through a potential study****ELECTRIC**

A potential study considering technical, economic and market potential of electric and gas efficiency was done in 2004 (KEMA, 2004). In 2008, that potential study was updated through 2012 (Rutgers Center for Energy, Economic and Environmental Policy, 2008).

ELECTRIC RECOMMENDATION

Y

NATURAL GAS

A potential study considering technical, economic and market potential of electric and gas efficiency was done in 2004 (KEMA, 2004). In 2008, that potential study was updated through 2012 (Rutgers Center for Energy, Economic and Environmental Policy, 2008).

NATURAL GAS RECOMMENDATION

Y

QUESTION 2.5.1**Quantitative MW and MWh savings goals have been established and are producing incremental investment.****ELECTRIC**

Since 2007, the BPU has been authorized (but not required) to adopt an electric and gas EEPS with goals as high as 20% savings by 2020 relative to predicted consumption in 2020. NJ established non-binding savings goals in the Energy Master Plan issued in 2008 (NJ, 2008). However, the goals are advisory, and the BPU has not established binding goals on the utilities. In 2010, the Energy Master Plan was being revised by the new administration that was elected in 2009.

ELECTRIC RECOMMENDATION

N

NATURAL GAS

NATURAL GAS RECOMMENDATION

N

QUESTION 2.5.2**Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other****ELECTRIC**

ELECTRIC RECOMMENDATION

N/A

NATURAL GAS

NATURAL GAS RECOMMENDATION

N/A

STATE

New Jersey

POLICY YEAR

2010

QUESTION 2.5.3**Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard****ELECTRIC**

NJ has an RPS, but energy efficiency is not an eligible resource under the standard.

ELECTRIC RECOMMENDATION

N

NATURAL GAS**NATURAL GAS RECOMMENDATION**

QUESTION 2.6.1**A robust M&V process has been established****ELECTRIC**

The Office of Clean Energy which administers the Clean Energy Program submits proposed evaluation plans to the BPU yearly for consideration as part of the program and budget planning process. The latest plan of evaluation activities was dated January 2010 (NJ Clean Energy Program, 2010). New Jersey's evaluation activities have been extensive in past years. In 2010, NJ's Governor took \$158 million targeted for clean energy programs to use to balance the state's budget; evaluation activities were later reduced to adjust to this cutback (NJ BPU, Docket EO07030203, Order on 4/21/10).

ELECTRIC RECOMMENDATION

Y

NATURAL GAS

In 2009, the BPU approved six EE programs for Elizabethtown Gas Company, in which EM& V activities are discussed (NJ BPU, Docket EO0910056, 8/3/09).

The Office of Clean Energy which administers the Clean Energy Program submits proposed evaluation plans to the BPU yearly for consideration as part of the program and budget planning process. The latest plan of evaluation activities was dated January 2010 (NJ Clean Energy Program, 2010). New Jersey's evaluation activities have been extensive in past years. In 2010, NJ's Governor took \$158 million targeted for clean energy programs to use to balance the state's budget; evaluation activities were later reduced to adjust to this cutback (NJ BPU, Docket EO07030203, Order on 4/21/10).

NATURAL GAS RECOMMENDATIONY

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Prior to 2003, utilities were responsible for administering EE programs. In 2003, administration of the EE programs (called the NJ Clean Energy Program) was transferred to the NJ Office of Clean Energy within the Board of Public Utilities. The NJ Clean Energy Council, a stakeholder group, advises the BPU on clean energy issues.

Plans have been underway to change the delivery structure during various years since the Office of Clean Energy assumed control. Regulators announced in 2010 that another shift may occur.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Prior to 2003, utilities were responsible for administering EE programs. In 2003, administration of the EE programs (called the NJ Clean Energy Program) was transferred to the NJ Office of Clean Energy within the Board of Public Utilities. The NJ Clean Energy Council, a stakeholder group, advises the BPU on clean energy issues.

Plans have been underway to change the delivery structure during various years since the Office of Clean Energy assumed control. Regulators announced in 2010 that another shift may occur.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

NATURAL GAS RECOMMENDATION -C-

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

The Comprehensive Resource Analyses (discussed under 1.2.1) are updated every 4 years (NJ Statutes 48: 3-60).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Comprehensive Resource Analyses (discussed under 1.2.1) are updated every 4 years (NJ Statutes 48: 3-60).

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

New Jersey's has a system benefits charge, established when the state restructured in 1999. Initially, the SBC was intended to fund not only DSM programs, but also social and other programs that had been granted prior approval by the Board, including nuclear decommissioning costs and gas plant remediation costs (NJ Statutes 48:3-60). Cost recovery of EE programs also is authorized by statute (NJ Statutes 48:3-98.1). The SBC is assessed against all jurisdictional investor-owned electric and gas utilities, and the BPU determines the amount to be collected.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

New Jersey's has a system benefits charge, established when the state restructured in 1999. Initially, the SBC was intended to fund not only DSM programs, but also social and other programs that had been granted prior approval by the Board, including nuclear decommissioning costs and gas plant remediation costs (NJ Statutes 48:3-60). Cost recovery of EE programs also is authorized by statute (NJ Statutes 48:3-98.1). The SBC is assessed against all jurisdictional investor-owned electric and gas utilities, and the BPU determines the amount to be collected.

The BPU approved six EE programs for Elizabethtown Gas Company, and approved cost recovery through a RGGI rider rate (NJ BPU, Docket No EO0910056, 8/3/09).

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

ELECTRIC RECOMMENDATION -c-

NATURAL GAS

NATURAL GAS RECOMMENDATION ac

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Decoupling is authorized for gas and electric utilities by statute (NJ Statutes 48:3-98.1).

Atlantic City Electric has proposed a Bill Stabilization Agreement for its service territory; according to ACEEE, the BPU has deferred a decision on the issue of lost revenue recovery (NJ BPU, Docket EO0910056).

NJ also has non-utility implementation of EE.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Decoupling is authorized for gas and electric utilities by statute (NJ Statutes 48:3-98.1).

Two gas utilities, New Jersey Natural Gas and South Jersey Gas, are decoupled. A Conservation Incentive Program (CIP) was approved in 2006 on a pilot basis to replace previous weather normalization adjustments (NJ BPU, Dockets GR05121019, GR05121020). According to ACEEE, the pilots were later extended to run through 2013.

NJ also has non-utility implementation of EE.

NATURAL GAS RECOMMENDATION Y

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

ELECTRIC RECOMMENDATION -c-

NATURAL GAS

NATURAL GAS RECOMMENDATION ac

STATE**New Jersey****POLICY YEAR****2010****QUESTION 5.2.1****Utility/shareholder EE incentives are provided****ELECTRIC**

Formerly, contractors had performance incentives built into their contracts; rules for this were codified in administrative code. However, those sections of the code have been repealed. RAP researchers could not clarify whether contractors were receiving incentives in 2010.

ELECTRIC RECOMMENDATION**Y-****NATURAL GAS**

Formerly, contractors had performance incentives built into their contracts; rules for this were codified in administrative code. However, those sections of the code have been repealed. RAP researchers could not clarify whether contractors were receiving incentives in 2010.

NATURAL GAS RECOMMENDATION**Y-**

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QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

NY has established EE as a high priority by order of the NY PSC, which implemented an EE Portfolio Standard in June of 2008. The standard calls for a 15% energy usage reduction by 2015. (Case No. 07-M-0548).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The EEPS order in June 2008 initiated a charge on customers' natural gas bills. The order set the annual level of yearly natural gas system benefits charges at \$13.2 million as of October 1, 2008. These charges will be collected by the natural gas utilities and will continue until December 31, 2011. Natural gas efficiency program budgets totaled \$48 million in 2010. (Case No. 07-M-0548).

NATURAL GAS RECOMMENDATION Y

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

NY does not have an IRP requirement currently. However, the NY PSC initiated a proceeding investigating the establishment of an IRP. (Case No. 07-E-1507).

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

Although not based on a planning process, EE can be used to solve T& D problems. SBC funding is available for demand-side solutions to wires constraints. In addition, DSM can compete with wires solutions in targeted transmission constrained areas, under NYISO rules and as part of the Reliability Needs Assessment process. The Commission has placed a major emphasis on efficiency program evaluation by dedicating 5% of the total efficiency budget with the expressed desire increase the accuracy of impact evaluations so that results of the efficiency programs' savings be incorporated to a greater degree in regional reliability studies. As part of the NYSEDA 2006 Operating Plan, \$2 million (annually) of SBC funding has been allocated for demand-side solutions to wires constraints. NYSEDA will work with DPS, NYISO, and NYSRC to develop and implement a plan to use the \$2 million. Information about the NYISO process is available in the NYISO FERC electric tariff, volume 1, Attachment Y. The PSC opened a proceeding in Case 08-E-0751 to identify sources of electric system losses. See Order dated July 17, 2008. The PSC issued an Order approving tariffs relating to line loss issues in Case 08-E-0751 dated September 22, 2009. The Governor's Office issued a 2009 State Energy Plan which included an Energy Efficiency Assessment dated December 2009. The EE Assessment included a discussion of the PSC proceeding to reduce T& D system losses at page 30. In comments submitted on July 2, 2010 B. Mills asserted It is critical that the state agencies implementing the energy efficiency programs (i.e. DPS, NYSEDA, LIPA, NYPA) coordinate reporting of forecasted and historic levels of EE to the NYISO for accurate reflection within the planning process. System reliability is dependent on accurate inputs.

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

NY uses the TRC test, which measures the benefits of reduced energy consumption in terms of the avoided cost of generation, transmission, and distribution of electricity (using their counterparts for gas) and compares them to the sum of: (a) the cost to the consumer of the energy efficiency measure and; (b) the cost of running the energy efficiency program by the utility (or by the non-utility program administrator, where applicable). The incentive payments, or rebates, used by programs to boost consumer adoption of energy efficiency measures, do not factor into the TRC. (Case No. 07-M00548).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NY uses the TRC test, which measures the benefits of reduced energy consumption in terms of the avoided cost of generation, transmission, and distribution of electricity (using their counterparts for gas) and compares them to the sum of: (a) the cost to the consumer of the energy efficiency measure and; (b) the cost of running the energy efficiency program by the utility (or by the non-utility program administrator, where applicable). The incentive payments, or rebates, used by programs to boost consumer adoption of energy efficiency measures, do not factor into the TRC.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

A potential study was done for NYSERDA in 2003. In 2008, the NY PSC commissioned Optimal Energy Inc. to update the 2003 study. In December 2009, the Governor's Office issued a 2009 State Energy Plan which included an EE Assessment. The EE Assessment document included a discussion of EE potential in NY and a review of Optimal's 2008 electric potential study and 2006 gas potential study.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

A natural gas efficiency potential study was prepared for NYSERDA by Optimal Energy, Inc. in March 2006. In December 2009, the Governor's Office issued a 2009 State Energy Plan which included an EE Assessment. The EE Assessment document included a discussion of EE potential in NY and a review of Optimal's 2008 electric potential study and 2006 gas potential study.

NATURAL GAS RECOMMENDATION Y

STATE
New York

POLICY YEAR
2010

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

Quantitative goals have been set through an EEEPS and a state energy plan, which call for a 15% reduction in energy usage by 2015. (Case 07-M-0548).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The PSC has adopted the gas efficiency target of saving 4.34 Bcf annually through the end of 2011 and 3.45 Bcf annually beyond 2011. The gas targets aim for 1.3% annual savings and are not binding. In May 2009, the NY PSC approved natural gas efficiency targets.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPs or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION bc

NATURAL GAS

NATURAL GAS RECOMMENDATION bc

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

New York has a RPS, but energy efficiency is not an eligible resource under the RPS.

ELECTRIC RECOMMENDATION N

NATURAL GAS

New York has a RPS, but energy efficiency is not an eligible resource under the RPS.

NATURAL GAS RECOMMENDATION N

STATE
New York

POLICY YEAR
2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

NY has a robust M&V process. The NY PSC has an Evaluation Advisory Committee that advises the Commission on statewide evaluation and reporting standards. Each EE program has a specific evaluation plan, which can be found on the NY PSC website. (Case No. 07-M-0548).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

EE is delivered both by investor owned utilities and by NYSERDA, a public benefit corporation. (Case No. 07-M-0548).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

EE is delivered both by investor owned utilities and by NYSERDA, a public benefit corporation. (Case No. 07-M-0548).

NATURAL GAS RECOMMENDATION Y

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION ac

NATURAL GAS

NATURAL GAS RECOMMENDATION ac

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

The NY PSC has a pending docket in which it is considering long-range resource planning. (Case 06-M-1017). Regional Reliability Planning is undertaken by the NYISO. Energy Efficiency and RPS goals are established by the Commission and are reviewed and updated as appropriate.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

NY EE costs are recovered through a systems benefit charge. With the adoption of the EEPS in 2008, annual funding for programs was set at \$334 million. (Case No. 07-M-0548).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The NY PSC's EEPS order in June 2008 initiated a systems benefit charge on natural gas bills. The order set the annual level of yearly natural gas system benefits charges at \$13.2 million as of October 1, 2008. These charges will be collected by the natural gas utilities and will continue until December 31, 2011. Natural gas efficiency program budgets totaled \$48 million in 2010.

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

NATURAL GAS RECOMMENDATION -C-

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

In 2007, the NY PSC filed an order requiring utilities to propose a decoupling mechanism in their next rate case filing (Case Nos. 03-E-0640 and 06-G-0746). Consolidated Edison, Central Hudson, and Orange & Rockland electric utilities have had plans approved.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

In 2007, the NY PSC issued an Order requiring gas utilities to submit decoupling proposals in their next rate case filing. (Case 03-E-0640 and 06-G-0746). Con Edison, National Fuel Gas NYC and Long Island gas utilities have had plans approved.

NATURAL GAS RECOMMENDATION Y-

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementation of EE

ELECTRIC

ELECTRIC RECOMMENDATION abc

NATURAL GAS

NATURAL GAS RECOMMENDATION abc

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

The NY PSC approved incentives for utilities when it issued its EEPS Order. (Case No. 07-M-0548). The maximum potential incentives will be determined by the percentage of estimated overall program costs. Utilities achieving more than 80% of their reduction targets receive incentives. On achieving 100% of its target, a utility is rewarded the maximum incentive. The total maximum amount of electric incentives will be \$40 million annually. When taken with the total megawatt-hour savings targets in 2009, this equates to \$38.85 per incremental MWh saved. Forty million dollars equates to roughly 20 basis points on the return on equity of New York's major electric utilities and approximately 12% of estimated program costs. For natural gas programs, utilities may opt to participate in the incentive mechanism adopted in the August 22, 2008 order. Utilizing similar reference points of approximately 19 basis points on return on equity and 10% of the estimated program costs, the maximum positive or negative adjustments of \$13 million annually will be applied at the rate of \$3.00 per incremental Mcf.

ELECTRIC RECOMMENDATION

Y

NATURAL GAS

As discussed in 1.1 and 2.5.1 above, the NY PSC established a EEPS in 2008. In its June 23, 2008 in Case 07-M-0548. the PSC directed electric IOUs to develop utility-run EE programs. By Order issued on August 22, 2008 in Case 07-M-0548, the PSC approved an incentive program for IOUs. (See PSC press release dated 08 20 08 for a summary of the incentive program.) The maximum potential incentives will be determined by the percentage of estimated overall program costs. The metric for utility performance is achieved megawatt-hour reductions. A unique trait of this incentive mechanism is the infusion of the risks of negative adjustments for utilities that achieve less than 70% of its efficiency target. Utilities achieving more than 80% of their targets receive incentives. On achieving 100% of its target, a utility is rewarded the maximum incentive. The total maximum amount of electric incentives will be \$40 million annually. When taken with the total megawatt-hour savings targets in 2009, this equates to \$38.85 per incremental MWh saved. Forty million dollars equates to roughly 20 basis points on the return on equity of New York's major electric utilities and approximately 12% of estimated program costs. For natural gas programs, utilities may opt to participate in the incentive mechanism adopted in the August 22, 2008 order. Utilizing similar reference points of approximately 19 basis points on return on equity and 10% of the estimated program costs, the maximum positive or negative adjustments of \$13 million annually will be applied at the rate of \$3.00 per incremental Mcf.

NATURAL GAS RECOMMENDATION

Y-

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Statutes can be reached via navigation from <http://public.leginfo.state.ny.us/menugetf.cgi?COMMONQUERY=LAWS>

Utility filings in Case 03-E-0641. http://www.dps.state.ny.us/Mandatory_Hourly_Pricing.html

QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

Pennsylvania considers EE to be a high priority resource but not superior to other supply resources. Pennsylvania's Act 129 requires electric distribution companies to achieve set efficiency savings of 1% by 5/31/11 (as compared with the company's expected load as forecast by the PUC for 6/1/09 through 5/31/10) and by 3% by 5/31/13 (compared to the same measure). In addition, peak load must be reduced by 4.5% by 5/31/13. (HB 2200).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Pennsylvania has not passed legislation comparable to Act 129 for natural gas distribution companies. However, at least one utility, Philadelphia Gas Company, petitioned for permission to implement a Demand Side Management program with energy efficiency. The case is still pending before the PUC. (Docket No. R-2009-2139884).

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

Pennsylvania has no IRP.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

Act 129, passed in 2008, requires the PUC to use a Total Resource Cost test to analyze costs and benefits of the EE and conservation plans filed by utilities. The TRC test is defined as "a standard test that is met if, over the effective life of each plan not to exceed 15 years, the net present value of the avoided monetary cost of supplying electricity is greater than the net present value of the monetary cost of EE conservation measures." The PUC entered an Order at Docket No. M 2009-2108601 on June 23, 2009 detailing how the TRC test is to be applied.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

ACEEE conducted a study on the opportunities for energy efficiency, demand response, and onsite solar energy in Pennsylvania in April 2009.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

Pennsylvania's Act 129 requires electric distribution companies to achieve set efficiency savings of 1% by 5/31/11 (as compared with the company's expected load as forecast by the PUC for 6/1/09 through 5/31/10) and by 3% by 5/31/13 (compared to the same measure). In addition, peak load must be reduced by 4.5% by 5/31/13. (HB 2200).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

Pennsylvania's Alternative Energy Portfolio Standard (AEPS) (Act 213) enacted in 2004 by statute allows DSM and EE to participate as a Tier II resource. Tier II resource obligations begin at 4.2% of electricity sold in PA from 6/06-5/07, increasing to 10% from 6/20-5/21. (SB 1030).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

Pennsylvania's M & V process for Act 129 EE and EE for the Alternative Energy Portfolio Standard is governed by a single Technical Reference Manual. Act 129 requires annual program evaluation by an independent statewide evaluator. These evaluations are considered by the Commission during annual reviews of utilities' EE programs. (HB 2200).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Pennsylvania requires electric distribution companies serving at least 100,000 customers to adopt and implement energy efficiency and conservation plans. The PUC regulates these plans and has authority to approve, reject, or modify these plans. Utilities may employ Conservation Service Providers under their plans, but the CSPs must be registered on a PUC maintained registry. (HB 2200 and Docket No. M-2008-2074154).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

Resource plans are not required to be filed in PA.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Act 129 permits cost recovery of all reasonable and prudent costs associated with the design and implementation of an EE program. However, utilities are only permitted to spend up to 2% of the utilities total annual revenue as of Dec. 31, 2006. (HB 2200). All utilities also operate Low Income Usage Reduction programs for low-income customers, for which cost recovery is also permitted, but only from the residential rate class. (52 Pa. Code Sect. 58).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

Recovery for Act 129 occurs via a rider, and recovery for low income usage reduction programs occurs via a SBC.

ELECTRIC RECOMMENDATION ac

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE
Pennsylvania

POLICY YEAR
2010

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

CITATIONS: Pennsylvania

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52 Pa. Code Chapter 75, Subchapter C adopting interconnection standards can be found here, http://www.puc.state.pa.us/telecom/pdf/IA_Proposed_Modifications.pdf.

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PA Legislature, Act 213, Senate Bill #1030, 2004 session, Nov 30, 2004, <http://www2.legis.state.pa.us/WU01/LI/BI/BT/2003/0/SB1030P1973.pdf>;

CITATIONS: Pennsylvania

PA Legislature, House Bill 1509, 1995 session: <http://www.puc.state.pa.us/electric/pdf/HB1509P4282.pdf>

PA PUC Smart meter Implementation Order, Docket No. M 2009 2092655, June 24, 2009 and website with smart meter implementation order and EDC plans: http://www.puc.state.pa.us/electric/Act_129_info.aspx

PA PUC website with approved EDC plans: http://www.puc.state.pa.us/electric/Act_129_info.aspx

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http://www.puc.state.pa.us/electric/pdf/Act129/EEC_Implementation_Order.pdf

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http://elibrary.ferc.gov/idmws/File_list.asp?document_id=13672185

PPL Electric Utilities Corp. Rate available at: http://www.pplelectric.com/NR/rdonlyres/08B5FE9A-29B1-4804-9E5E-16AFD4414EC2/0/master_r8.pdf

PUC rules and actions regarding AEPS: http://www.puc.state.pa.us/electric/electric_alt_energy.aspx

The 9/28/06 Reconvening Order in Docket No. M-00061984 is available from
http://www.puc.state.pa.us/electric/electric_dmndsideresp.aspx.

STATE
Virginia

POLICY YEAR
2010

QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

The Legislature enacted H 1523 on March 12, 2008, which mandates that utilities submit integrated resource plans that lay out demand-side resources. Utilities were required to file their IRP's with the Commission by September 1, 2009. The utilities filed their IRP's pursuant to statute. See 1.2.1 below for listing of dockets.

ELECTRIC RECOMMENDATION

Y

NATURAL GAS

See 1.2.1 below.

NATURAL GAS RECOMMENDATION

N

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

Virginia enacted an IRP statute for electric utilities in 2008. (sections 56-597 through 56-599) Section 56-599 requires the SCC to order each jurisdictional electric utility to file an initial IRP by September 1, 2009 and updated plans every two years thereafter. On September 1, 2008, the SCC filed an annual report with the Legislature regarding the SCC's implementation of the Virginia Electric Utility Regulation Act. The September 1st report discusses the SCC's actions regarding the newly enacted IRP requirements (see page 13).

Kentucky Utility Co. filed its IRP on July 29, 2009 in Docket No. PUE-2009-00062. On August 6, 2010, the Commission issued its Final Order finding that KU's IRP is reasonable and in the public interest

Potomac Edison Co. filed an IRP on September 2, 2009 in Docket No. PUE-2009-00095. Potomac Edison filed a motion on June 15, 2010 to dismiss its case following the sale of its VA service territory effective June 1, 2010. The motion was granted.

Virginia Electric and Power Company in Docket No. PUE-2009-00096. By Final Orders dated August 6, 2010, the Commission found the IRP to be reasonable and in the public interest

Appalachian Power Co. likewise filed its IRP application on September 2, 2009 in Docket No. PUE-2009-00097. By Final Orders dated August 6, 2010, the Commission found the IRP to be reasonable and in the public interest

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

Virginia currently has an informal IRP process for natural gas utilities. This informal review employs a five-year forecast, with an annual Staff review of gas purchasing practices for large LDCs, and biennial review of such practices for smaller gas utilities. Complementing this analysis is a quarterly review by Staff of a Virginia LDC's gas purchasing decisions through review of the utility's PGA data. These procedures were adopted in Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, in the matter of establishing an investigation of gas purchasing, procurement practices, and gas cost recovery for Virginia gas utilities, Case No. PUE880031, 1988 S.C.C. Ann. Rept. 333, 336-337. Any discrepancy in purchasing, planning and acquisition of gas supply may be the subject of a rule to show cause or may be explored further in a gas utility's rate case. Standards for the IRP process for gas utilities in Virginia, and the SCC rationale for adopting these standards, can be found at 20VAC5-306-30. These standards have been in place since 1994.

NATURAL GAS RECOMMENDATION

Y-

STATE

Virginia

POLICY YEAR

2010

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs**ELECTRIC**

The Commission's rules require that the cost/benefit of any proposed program be analyzed separately "using, at a minimum, the Participants Test, the Utility Cost Test, the Ratepayer Impact Measure (RIM) Test, and the Total Resource Cost (TRC) Test." Approval may be sought for programs individually or as a package (20 VAC 5-304-20). In 2009, the Virginia General Assembly enacted Chapters 752 and 855. Among other things, these Chapters require the SCC to determine which cost-effectiveness test should be given greatest weight. To address this and other issues, the SCC opened Case No. PUE-2009-00023. The Commission issued its report regarding Achievable and Cost-Effective Demand Side Management Portfolios to the VA General Assembly on November 15, 2009 stating all tests will be considered with emphasis on the RIM, followed by the TRC. By order of March 24, 2010 in Dominion Docket PUE-2009-00081, the Commission approved residential lighting and low income programs and commercial lighting and HVAC upgrade programs for a period of three years but turned down several other programs proposed by Dominion (residential programs for new homes, heat pump tune-ups, heat pump upgrades, and refrigerator turn-in). The disallowance of programs was grounded largely in the weight given to cost/benefit tests. The Commission's cost/benefit analysis was based mainly on a combination of the TRC and RIM tests, with greater weight given to RIM. The other tests cited in the Commission's regulations were given less importance. Special consideration was given to low income programs because of statutory language deemed to favor them.

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

"Cost effective conservation and energy efficiency program" for LDCs is defined in section 56-600 of the Code as a program approved by the SCC after the SCC applies "the Total Resource Cost Test, the Societal Test, the Program Administrator Test, the Rate Impact Measure Test, and any other test the Commission reasonably deems appropriate." Section 56-602 E directs the SCC to require LDCs operating under an approved conservation and ratemaking efficiency plan to file annual reports demonstrating the cost-effectiveness of their EE programs. Virginia Natural Gas was the first LDC to file for approval for an EE and conservation plan under sections 56-600 et seq. That plan was addressed by the SCC in Case No. PUE-2008-00060. The Order approving the VNG plan was issued on December 23, 2008. The SCC's cost-effectiveness analysis of the VNG plan is discussed at pages 11-13 of the December 23rd Order. Columbia Gas of VA filed a conservation and ratemaking efficiency plan on June 8, 2009. Columbia and interested parties submitted a comprehensive stipulation to the Commission for approval, which is currently pending. Washington Gas and Light Co. filed a conservation rate-making energy efficiency plan on September 29, 2009. On March 26, 2010, the Virginia State Corporation Commission issued an Order approving the Conservation and Ratemaking Efficiency (CARE) Plan. The Commission approved a decoupling rate mechanism, the CARE Ratemaking Adjustment (CRA), and six residential energy efficiency programs. The decoupling rate mechanism will work in conjunction with the existing mechanism for a weather normalization adjustment to encourage consumer conservation without penalizing the Company's recovery of its fixed costs.

The SCC issued its report regarding Implementation of the Natural Gas Conservation and Ratemaking Efficiency Act to the VA General Assembly on December 1, 2009.

NATURAL GAS RECOMMENDATION

Y-

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

EE potential was discussed in the Virginia Energy Plan that was issued on July 10, 2007. (See Chapter 3, pages 63-66.) The discussion summarizes the results of an ACEEE study and potential studies that have been conducted in other states and extrapolates from the results of recent studies done in Connecticut, Georgia, North Carolina and Vermont. ACEEE conducted a potential study published on September 19, 2008 entitled Energizing Virginia: Efficiency First. In 2009, the Virginia General Assembly enacted Chapters 752 and 855. Among other things, these Chapters require the SCC to determine potential cost-effective EE and establish targets that can be reasonably accomplished. To address this and other issues, the SCC opened Case No. PUE-2009-00023. The SCC provided a report to the VA General Assembly on December 1, 2009. Ga Tech/Duke published a regional potential study with state specific attachments, April 13, 2010.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

EE potential was discussed in the Virginia Energy Plan that was issued on July 10, 2007. (See Chapter 3, pages 63-66.) The discussion summarizes the results of an ACEEE study and potential studies that have been conducted in other states and extrapolates from the results of recent studies done in Connecticut, Georgia, North Carolina and Vermont. ACEEE conducted a potential study published on September 19, 2008 entitled "Energizing Virginia: Efficiency First." In 2009, the Virginia General Assembly enacted Chapters 752 and 855. Among other things, these Chapters require the SCC to determine potential cost-effective EE and establish targets that can be reasonably accomplished. To address this and other issues, the SCC opened Case No. PUE-2009-00023. The SCC provided a report to the VA General Assembly on December 1, 2009.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

2007 statute has established a goal of reducing 2022 electricity usage by 10% of the amount of electric energy consumed by retail customers in 2006. An implementation plan is in development. See § 56-594 (D)(3) In 2009, the Virginia General Assembly enacted Chapters 752 and 855. Among other things, these Chapters require the SCC to determine potential cost-effective EE and establish targets that can be reasonably accomplished. To address this and other issues, the SCC opened Case No. PUE-2009-00023. The SCC presented a report to the General Assembly on the Implementation of the Act on December 1, 2009 that found Virginia's existing policy regarding a goal of a 10 percent reduction in electric energy consumption through demand-side management, demand response, and energy efficiency programs is realistic and achievable.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

In 2009, the Virginia General Assembly enacted Chapters 752 and 855. Among other things, these Chapters require the SCC to determine potential cost-effective EE and establish targets that can be reasonably accomplished. To address this and other issues, the SCC opened Case No. PUE-2009-00023. The SCC provided a report to the General Assembly on December 1, 2009.

ELECTRIC RECOMMENDATION

-a-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

Virginia enacted a voluntary renewable energy portfolio goal in 2007. Virginia's RPS statute is codified at section 56-585.2. On September 1, 2008, the SCC filed an annual report with the Legislature regarding the SCC's implementation of The Virginia Electric Utility Regulation Act. The September 1st report discusses RPS issues at page 14 of the September 1st report. HB 1994, passed in 2009, expanded the initial 2007 RPS goal. Under the goal, investor-owned utilities are encouraged to procure a percentage of the power sold in Virginia from eligible renewable energy sources. Energy efficiency is not an eligible source. The SCC approved APCo's participation in a voluntary RPS program in its Order of August 11, 2008 in Case No. PUE-2008-00003. The SCC approved DVP's participation in a voluntary RPS program in its Order of May 18, 2010 in Case No. PUE-2009-00082. On June 2, 2010, the SCC denied APCo's request of three wind power contracts to meet RPS because of the excessive cost to ratepayers, Case No. PUE-2009-00102.

ELECTRIC RECOMMENDATION

N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

On April 8, 2009 the VA General Assembly enacted Chapter 824, which amended sections 56-576, 56-585.1 and 56-585.3 of the VA Code. This amendment defines measured and verified as a process determined pursuant to methods accepted for use by utilities and industries to measure, verify, and validate energy savings and peak demand savings. The section goes on to list several sources for guidance on measurement and verification, including US DOE, Measurement and Verification Guidance for Federal Energy Projects, ASHRAE, etc. It does not appear that any of these standards were adopted by the end of 2009. On April 11, 2010, Virginia Electric and Power filed M&V results from its programs in Docket PUE-2009-00081.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Currently, DSM is done by utilities. The 2007 re-regulation statute requires the Commission to address EE delivery structure in a report to the legislature. See § 56-594 (D)(3). To address this and other issues, the SCC opened Case No. PUE-2009-00023. The SCC provided a report to the VA General Assembly on December 1, 2009. The SCC reaffirmed its position in its Order of March 29, 2010 approving 5 of 11 DSM programs for DVP in Case No. PUE-2009-00081.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Gas EE programs in Virginia are administered by LDCs subject to oversight by the SCC. Section 56-602 A of the Code governs EE programs for LDCs. Virginia Natural Gas was the first LDC to file for approval for an EE and conservation plan under sections 56-600 et seq. That plan was addressed by the SCC in Case No. PUE-2008-00060. The Order approving the VNG plan was issued on December 23, 2008 and effective January 1, 2009. Columbia Gas of Virginia and Washington Gas Light Company both filed plans in Case No's PUE-2009-00051 and PUE-2009-00064 respectively, which are currently pending before the Commission.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

As discussed in 1.2.1 above, Virginia enacted an IRP statute for electric utilities in 2008. (sections 56-597 through 56-599) Section 56-599 requires the SCC to order each jurisdictional electric utility to file and initial IRP by September 1, 2009 and updated plans every two years thereafter. Consistent with section 56-599, the SCC issued an Order in PUE-2008-00099 on November 12, 2008 proposing IRP guidelines and requiring jurisdictional electric utilities to submit IRPs by September 1, 2009. in Case No. PUE-2008-00099. On September 1, 2010, the SCC filed its third annual report with the Legislature regarding the SCC's implementation of The Virginia Electric Utility Regulation Act. The September 1st report discusses the SCC's actions regarding IRP requirements.

Kentucky Utility Co. filed it's IRP on July 29, 2009 in Docket No. PUE-2009-00062. On August 6, 2010, the Commission issued its Final Order finding that KU's IRP is reasonable and in the public interest

Potomac Edison Co. filed an IRP on September 2, 2009 in Docket No. PUE-2009-00095. Potomac Edison filed a motion on June 15, 2010 to dismiss its case following the sale of its VA service territory effective June 1, 2010. The motion was granted.

Virginia Electric and Power Company in Docket No. PUE-2009-00096. By Final Orders dated August 6, 2010, the Commission found the IRP to be reasonable and in the public interest

Appalachian Power Co. likewise filed it's IRP application on September 2, 2009 in Docket No. PUE-2009-00097, By Final Orders dated August 6, 2010, the Commission found the IRP to be reasonable and in the public interest

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Virginia has an informal IRP process for natural gas, which employs a five-year forecast, with an annual Staff review of gas purchasing practices for large LDCs and biennial review of such practices for smaller utilities. Standards for the IRP process for gas utilities in Virginia, and the SCC rationale for adopting these standards, can be found at 20VAC5-306-30. These standards have been in place since 1994.

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.1**Cost recovery process exists****ELECTRIC**

On January 17, 2008, the SCC approved nine pilot programs for Dominion Virginia Power (DVP) in Case No. PUE-2007-00089. Because the DVP programs are in the pilot phase, DVP has not yet filed a funding mechanism for the programs. As part of its approval of the pilots, the SCC required DVP to file quarterly reports. DVP filed quarterly reports on July 1, 2008 and October 1, 2008. DVP filed its final report on its Pilots in PUE-2007-00089 on March 27, 2009.

On April 8, 2009 VA adopted H2506 (Chapter 824), which amends §56-576, 56-585.1 and 56-585.3 of the Virginia Code to allow utilities to recover costs of energy efficiency program including demand response, CHP and waste heat recovery, curtailment, or other programs that are designed to reduce electricity consumption so long as they reduce the total amount of electricity that is required for the same process or activity. On July 28, 2009, DVP proposed 12 programs and a funding mechanism for programs costs in PUE-2009-81. Dominion filed amendments to its programs and, in its Order of March 24, 2010 in PUE-2009-00081, the commission only approved 6 of them. A rider type funding mechanism was also approved in that order.

Recovery of WGL's CARE costs via its CARE Ratemaking Adjustment (CRA) decoupling mechanism. Case No. PUE-2009-00064.

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

The statutory requirements regarding conservation and energy efficiency plans for LDCs are codified at 56-600 et seq. Virginia Natural Gas was the first LDC to file for approval for an EE and conservation plan under sections 56-600 et seq. That plan was addressed by the SCC in Case No. PUE-2008-00060. The Order approving the VNG plan was issued on December 23, 2008. The approved plan provides for cost recovery through a rider. The SCC approved CGV's performance-based incentive to determine CGV's share of the plan benefits based upon actual gas prices rather than uncertain projected gas prices. Recovery is through a revenue normalization adjustment ("RNA") decoupling mechanism itemized on the customer bill. Case No. PUE-2009-00051.

NATURAL GAS RECOMMENDATION

Y-

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

H2506 (or Chapter 824 of the Code) states that rates, terms and conditions for each service shall be reviewed separately and on an unbundled basis, and such reviews shall be conducted in a single, combined proceeding.

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

See 4.1.1 above.

NATURAL GAS RECOMMENDATION -a-

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The 2007 re-regulation statute allows the Commission to approve a wide variety of performance-based regulation mechanisms, provided they meet certain statutory obligations. See § 56-235.6. H2506 (Chapter 824), passed in 2009, states that "as part of ... cost recovery, the Commission, if requested by the utility, shall allow for the recovery of revenue reductions related to energy efficiency programs." See 56-582(B)(c).

ELECTRIC RECOMMENDATION N

NATURAL GAS

The 2007 re-regulation statute allows the Commission to approve a wide variety of performance-based regulation mechanisms, provided they meet certain statutory obligations. The statutory requirements regarding conservation and ratemaking efficiency plans for LDCs are codified at 56-600 et seq. Section 56-602 A authorizes an LDC to file a conservation and ratemaking efficiency plan and requires that such plans include, among other things, a decoupling mechanism. Virginia Natural Gas was the first LDC to file for approval for an EE and conservation plan under sections 56-600 et seq. That plan was addressed by the SCC in Case No. PUE-2008-00060. The Order approving the VNG plan was issued on December 23, 2008 and effective January 1, 2009. The approved plan includes a decoupling mechanism that provides for a sales adjustment to customers' monthly bills. Columbia Gas of Virginia and Washington Gas Light Company both filed plans in Case No's PUE-2009-00051 and PUE-2009-00064 respectively, which are currently pending before the Commission.

NATURAL GAS RECOMMENDATION Y-

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementation of EE

ELECTRIC

ELECTRIC RECOMMENDATION

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

In the Virginia Energy Plan issued on July 10, 2007, the Virginia Department of Mines, Minerals and Energy, Energy Division, made recommendations about a variety of things including EE incentives for utilities. (See pages 9-10 of Executive Summary.) H2506, enacted in 2009, removed provisions of the 2007 re-regulation legislation that allowed for incentives.

ELECTRIC RECOMMENDATION N

NATURAL GAS

The statutory requirements regarding conservation and ratemaking efficiency plans for LDCs are codified at 56-600 et seq. Section 56-601 A.3 authorizes the SCC to reward LDCs for exceeding EE goals that are established in approved plans. Section 56-601 B.2 authorizes the SCC to provide incentives to LDCs to promote EE.

NATURAL GAS RECOMMENDATION Y-

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STATE

Washington, DC

POLICY YEAR

2010

QUESTION 1.1**EE is established as a high priority resource, equivalent or superior to supply resources****ELECTRIC**

In 2008, the District of Columbia enacted the Clean and Affordable Energy Act, which eliminated the Reliable Energy Trust Fund and replaced it with the Sustainable Energy Trust Fund (SETF). This fund will be administered by a third-party Sustainable Energy Utility (SEU) with an initial budget of \$7.5 million in 2009. The budget will increase to \$15 million in the 2nd year, \$17.5 million in the 3rd year, and \$20 million in the 4th year and each subsequent year (Budget Support Act, 2010).

ELECTRIC RECOMMENDATION

N

NATURAL GASNATURAL GAS RECOMMENDATION

QUESTION 1.2.1**EE is integrated into an active IRP, portfolio management, or other planning process****ELECTRIC**

ELECTRIC RECOMMENDATION

N

NATURAL GASNATURAL GAS RECOMMENDATION

QUESTION 1.3**EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan****ELECTRIC**

ELECTRIC RECOMMENDATION

N

NATURAL GASNATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

The Clean and Affordable Energy Act requires that the Sustainable Energy Utility (SEU) program as a whole meet the societal benefits test on an annual and contract-term basis. However, the Act fails to define this test.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Clean and Affordable Energy Act requires that the Sustainable Energy Utility (SEU) program as a whole meet the societal benefits test on an annual and contract-term basis. However, the Act fails to define this test.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

In 2009, Georgia Tech and Duke University conducted a study of EE opportunities in the South. Appendix G to the regional study relates specifically to DC.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

In 2009, Georgia Tech and Duke University conducted a study of EE opportunities in the South. Appendix G to the regional study relates specifically to DC.

NATURAL GAS RECOMMENDATION

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

The goals laid out in the Clean and Affordable Energy Act for the Sustainable Energy Utility refer simply to a reduction in per-capita consumption and an improvement of EE of low-income housing.

ELECTRIC RECOMMENDATION N

NATURAL GAS

The goals laid out in the Clean and Affordable Energy Act for the Sustainable Energy Utility refer simply to a reduction in per-capita consumption and an improvement of EE of low-income housing.

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Washington, DC	2010

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

The Clean and Affordable Energy Act does not require EM& V for the Sustainable Energy Utility (SEU). The SEU contractor must identify appropriate and cost-effective EM& V activities that are eligible to be bid into PJM (Lawrence, 2010)

ELECTRIC RECOMMENDATION N

NATURAL GAS

The Clean and Affordable Energy Act does not require EM& V for the Sustainable Energy Utility (SEU). The SEU contractor must identify appropriate and cost-effective EM& V activities that are eligible to be bid into PJM (Lawrence, 2010)

NATURAL GAS RECOMMENDATION N

STATE
Washington, DC

POLICY YEAR
2010

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

The Clean and Affordable Energy Act of 2008 established a Sustainable Energy Utility (SEU) that will administer EE programs in DC, which is overseen by the state energy office.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Clean and Affordable Energy Act of 2008 established a Sustainable Energy Utility (SEU) that will administer EE programs in DC, which is overseen by the state energy office.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

See 2.7.1 above.

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

See 2.7.1 above.

NATURAL GAS RECOMMENDATION -C-

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE
Washington, DC

POLICY YEAR
2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

The Sustainable Energy Utility (SEU) is funded through the Sustainable Energy Trust Fund (SETF), established by the Clean and Affordable Energy Act of 2008. The SETF can be funded by a rider on natural gas and electric rates, the sale of credits in the Regional Greenhouse Gas Initiative, or any successor program. The assessment per kWh on electric rates is \$0.0011 in 2009, increasing to \$0.0013 in 2010, and \$0.0015 in 2011.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Sustainable Energy Utility (SEU) is funded through the Sustainable Energy Trust Fund (SETF), established by the Clean and Affordable Energy Act of 2008. The SETF can be funded by a rider on natural gas and electric rates, the sale of credits in the Regional Greenhouse Gas Initiative, or any successor program. The assessment on natural gas is \$0.011 per therm in 2009, \$0.12 per therm in 2010, and \$0.014 per therm in 2011 and each year thereafter.

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

See 4.1.1 above.

ELECTRIC RECOMMENDATION -C-

NATURAL GAS

See 4.1.1 above.

NATURAL GAS RECOMMENDATION -C-

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The Commission approved Potomac Electric Power Company's (PEPCO) Bill Stabilization Adjustment (BSA) mechanism in 2009 . The mechanism decouples PEPCO's sales from revenue for all major customer classes and reduces PEPCO's ROE by 50 basis points. The BSA uses monthly adjustments to true up revenues, excluding lost revenues associated with outages affecting at least 10,000 customers for over 24 hours (Case FC1053, Order 15556).

ELECTRIC RECOMMENDATION Y+

NATURAL GAS

In 2009, Washington Gas Light filed a request for Revenue Normalization Adjustment that was denied by the Commission in an Order on December 17, 2010. The Commission stated that it would be more appropriate to investigate the potential implementation of a revenue decoupling mechanism in the context of a base rate proceeding (Case FC 1079).

NATURAL GAS RECOMMENDATION Y

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

See 5.1.1 above.

ELECTRIC RECOMMENDATION ac

NATURAL GAS

As discussed in 5.1.1 above, the Clean and Affordable Energy Act (CAEA) of 2008 authorizes the Sustainable Energy Utility to implement EE programs for the District.

NATURAL GAS RECOMMENDATION -C-

STATE

Washington, DC

POLICY YEAR

2010

QUESTION 5.2.1**Utility/shareholder EE incentives are provided****ELECTRIC**

The Clean and Affordable Energy Act Sustainable Energy Utility contract “shall be performance based and shall provide financial incentives for the SEU to surpass the performance benchmarks set forth in the SEU contract. The SEU contract shall also provide financial penalties to be applied to the SEU if the SEU fails to meet the required performance benchmarks.”

ELECTRIC RECOMMENDATION

Y-

NATURAL GAS

The Clean and Affordable Energy Act Sustainable Energy Utility contract “shall be performance based and shall provide financial incentives for the SEU to surpass the performance benchmarks set forth in the SEU contract. The SEU contract shall also provide financial penalties to be applied to the SEU if the SEU fails to meet the required performance benchmarks.”

NATURAL GAS RECOMMENDATION

Y-

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STATE
West Virginia

POLICY YEAR
2010

QUESTION 1.1

EE is established as a high priority resource, equivalent or superior to supply resources

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

EE is integrated into an active IRP, portfolio management, or other planning process

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.3

EE is an alternative to transmission based on a long-term transparent IRP or transmission system plan

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

The TRC or Societal Cost Test is used to evaluate EE programs

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
West Virginia

POLICY YEAR
2010

QUESTION 2.3.1

Potential for cost-effective EE has been established through a potential study

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.1

Quantitative MW and MWh savings goals have been established and are producing incremental investment.

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.5.2

Goals are established: (a) connection with IRP or other planning process; (b) as part of an EEPS or similar system; (c) as part of program approval and budget-setting process; (d) other

ELECTRIC

ELECTRIC RECOMMENDATION

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
West Virginia

POLICY YEAR
2010

QUESTION 2.5.3

Energy Efficiency can be used to fulfill requirements of an RPS or similar renewable standard

ELECTRIC

West Virginia passed an Alternative and Renewable Energy Portfolio Standard in 2009 that allows credits from energy efficiency or demand-side energy initiatives (Senate Bill 350, 2010).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

EE delivery structure has not been established formally, and EE efforts are done at the initiative of the utilities. Very little EE activity takes place in WV by utilities; some utilities help fund low-income programs.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
West Virginia

POLICY YEAR
2010

QUESTION 2.7.2

Delivery is via (a) utility administration; (b) third-party administration; or © government agency

ELECTRIC

ELECTRIC RECOMMENDATION

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Some expenses associated with conservation programs (e.g. audits) may be recovered in rates (W.V.A.C. Title 150, Series 3, 4.15)

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE
West Virginia

POLICY YEAR
2010

QUESTION 4.1.2

Recovery occurs via: (a) rider; (b) regular rate case; or © system benefits charge

ELECTRIC

ELECTRIC RECOMMENDATION

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 5.1.2

Method used is: (a) decoupling; (b) lost revenue recovery; or (c) non-utility implementaion of EE

ELECTRIC

ELECTRIC RECOMMENDATION

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

CITATIONS: West Virginia

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