RAP State Energy Efficiency Policy Inventory

Updated through December 2010

Midwest Region: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, OK, SD, WI

STATE	POLICY YEAR
Illinois	2010

QUESTION 1.1

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

ELECTRIC

Legislation passed in 2007 (SB 1592; Public Act 95-0481) states that utilities must meet 0.2% of their delivered load in 2008 with EE, increasing incrementally to 2% in 2015 and thereafter. The legislation also requires that a utility decrease the amount of EE and DSM implemented if necessary to limit the estimated average increase in the amounts paid by retail customers.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

In 2009, the IL Legislature required natural gas utilities to implement cost-effective EE to meet natural savings requirements, starting at 0.2% of the total amount of gas delivered to retail customers in 2012 increasing to 7.1% in 2019 and an additional 1.5% in each 12-month period thereafter. The amount of EE implemented in any 3-year reporting period is limited by the estimated average increase in costs to retail customers attributable to the measures.

NATURAL GAS RECOMMENDATION Y-

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

STATE	POLICY YEAR
Illinois	2010

QUESTION 2.2

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

ELECTRIC

All EE measures must have a benefit-cost ratio greater than one over the lifetime of the measure according to the total resource cost test. The TRC test includes benefits that accrue to the system and the participant in the delivery of those efficiency measures, as well as other quantifiable societal benefits, including avoided natural gas utility costs. Low-income programs do not have to meet the TRC test (SB 1918).

ELECTRIC RECOMMENDATION Y+

NATURAL GAS

All EE measures must have a benefit-cost ratio greater than one over the lifetime of the measure according to the total resource cost test. The TRC test includes benefits that accrue to the system and the participant in the delivery of those efficiency measures, as well as other quantifiable societal benefits, including avoided natural gas utility costs. Low-income programs do not have to meet the TRC test (SB 1918).

NATURAL GAS RECOMMENDATION Y+

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 N

STATE	POLICY YEAR
Illinois	2010

QUESTION 2.5.1

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

ELECTRIC

Legislation passed in 2007 (SB 1592; Public Act 95-0481) states that utilities must meet 0.2% of their delivered load in 2008 with EE, increasing incrementally to 2% in 2015 and thereafter. The legislation also requires that a utility decrease the amount of EE and DSM implemented if necessary to limit the estimated average increase in the amounts paid by retail customers.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

In 2009, the IL Legislature required natural gas utilities to implement cost-effective EE to meet natural savings requirements, starting at 0.2% of the total amount of gas delivered to retail customers in 2012 increasing to 7.1% in 2019 and an additional 1.5% in each 12-month period thereafter. The amount of EE implemented in any 3-year reporting period is limited by the estimated average increase in costs to retail customers attributable to the measures.

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 -d-

NATURAL GAS

NATURAL GAS RECOMMENDATION -d-

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

STATE	POLICY YEAR
Illinois	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

Legislation passed in 2007 (SB 1592) requires utilities to provide for annual independent evaluation of programs.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Natural Gas utilities are required to provide a full independent evaluation of the 3-year results of portfolios of measures (SB1592).

NATURAL GAS RECOMMENDATION Y

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Electric utilities are responsible for implementing 100% of DR measures and 75% of EE measures. The remaining 25% of EE measures shall be implemented by the Department of Commerce and Economic Opportunity (SB1592).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Natural gas utilities are required to utilize 75% of the available funding and may outsource various aspects of the programs. The remaining 25% of available funding shall be used by the Department of Commerce and Economic Opportunity (SB 1918).

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

STATE	POLICY YEAR
Illinois	2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

A utility providing approved EE and DR measures shall be permitted to recover costs of those measures through an automatic adjustment clause tariff filed with and approved by the Commission (SB 1592).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

A utility providing approved EE and DR measures shall be permitted to recover costs of those measures through an automatic adjustment clause tariff filed with and approved by the Commission (SB 1918).

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

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

ELECTRIC

The utility will suggest a mechanism for cost recovery in its EE plan (SB 1592).

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

The utility will suggest a mechanism for cost recovery in its EE plan (SB 1918).

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Illinois	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

North Shore Gas and Peoples Gas and Coke have revenue-per-customer Volume Balancing Adjustment pilots to take place for four years; monthly adjustments began March 2008. Nicor Gas requested a VBA mechanism, however the Commission denied this request and instead implemented a straight-fixed variable rate (Docket No. 08-0363, March 25, 2009).

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

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

IL does not have a mechanism in place for utility shareholder incentives for EE.

ELECTRIC RECOMMENDATION N

NATURAL GAS

IL does not have a mechanism in place for utility shareholder incentives for EE.

NATURAL GAS RECOMMENDATION

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STATE	POLICY YEAR
Indiana	2010

QUESTION 1.1

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

ELECTRIC

IRP rules require utilities to demonstrate that the utility's resource plan utilizes, to the extent practical, all economical load management, conservation, nonconventional technology relying on renewable resources, cogeneration, and energy efficiency improvements as sources of new supply. (170 IAC 4-7-8)

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

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

ELECTRIC

IRP rules require utilities to consider a wide range of demand-side programs in their IRPs, and utilities must demonstrate that the utility's resource plan utilizes, to the extent practical, all economical load management, conservation, nonconventional technology relying on renewable resources, cogeneration, and energy efficiency improvements as sources of new supply. (170 IAC 4-7-1)

ELECTRIC RECOMMENDATION Y

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

Indiana's IRP rules require some analysis of the impact of DSM on the transmission system (170 IAC 4-7-6).

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Indiana	2010

QUESTION 2.2

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

ELECTRIC

in late 2009, the commission ordered all utilities to establish core DSM programs (Cause No. 42693, Phase II). Neither the TRC or Societal Cost Test are used to evaluate DSM programs. Methods of evaluation are detailed in (170 IAC 4-8-1 et seq.)

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

Several Indiana utilities completed EE potential studies as of 2007: Hoosier Energy, Vectren South, Indianapolis Power and Light, Indiana Michigan Power, and Duke Energy (EPA, 2007). An 11-14-08 Technical Workshop discussed the possible need for a macro-level assessment of these potential studies, perhaps in conjunction with development of consistency requirements (Cause No. 42693). The commission also recommended a review of the completed studies to identify what has been done well, what could be improved upon in future studies, and research gaps to be addressed in future studies (Case No. 42693, Phase II) .

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

ACEEE estimated potential of aggressive EE programs to reduce consumer use of natural gas and peak electricity generated by natural gas (ACEEE, 2005).

NATURAL GAS RECOMMENDATION Y-

STATE	POLICY YEAR
Indiana	2010

QUESTION 2.5.1

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

ELECTRIC

An overall annual energy savings goal of 2% has to be achieved by jurisdictional electric utilities in the State of Indiana within 10 years, with interim savings goals established in the Order to be achieved in years one through nine (Cause 42693, Phase II Order approved on December 9, 2009). Savings goals will be based on the average weather-normalized electric sales over a three year period.

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 -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

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Indiana	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

On December 9, 2009, the Commission directed the newly created DSM Coordination Committee to issue an Evaluation RFP from independent entities for the selection and utilization of an evaluation administrator(s) to undertake Evaluation, Measurement & Verification of DSM program offerings. The overall goals of the evaluation are stated in section D(ii) of the order (Cause No. 42693, Phase II).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

On December 2, 2009, the Commission established a Hybrid Model whereby an Independent Third-Party Administrator will oversee the Core DSM Programs established by the Order and the utilities will oversee any additional programs needed to achieve the energy savings goals established in the Order (Cause No. 42693, Phase II Order).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

An EE delivery structure has not been formerly established for natural gas. But, three Commission Orders (Causes 43046, 40351 and 42767) have approved EE programs which are to have DSM Oversight Boards and a Third Party Administrator who is selected by and reports to the Oversight Boards. On December 2, 2009, the Commission found that there was preliminary success with collaborative oversight boards that monitor the progress and effectiveness of natural gas conservation programs. (Cause No. 42693, Phase II Order)

NATURAL GAS RECOMMENDATION N

QUESTION 2.7.2

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

ELECTRIC

ELECTRIC RECOMMENDATION ab

NATURAL GAS

NATURAL GAS RECOMMENDATION ab

STATE	POLICY YEAR
Indiana	2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

IRPs are submitted every two years.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Currently cost recovery is approved on a case-by-case basis concurrent with voluntary DSM program plan approval (Cause No. 43374).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NIPSCO was authorized to implement rate simplification along with its efficiency program in May 2007 (Cause No. 43051).

NATURAL GAS RECOMMENDATION Y-

QUESTION 4.1.2

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

ELECTRIC

ELECTRIC RECOMMENDATION ab

NATURAL GAS

NATURAL GAS RECOMMENDATION -c-

STATE	POLICY YEAR
Indiana	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The Commission can approve lost revenue recovery mechanisms proposed by utilities (170 IAC 4-8-6). The Commission recently approved Vectren's alternative regulatory plan, which included requests for performance incentives and lost revenue recovery. Vectren's decoupling proposal was rejected, but the commission did request that an alternative lost revenue proposal be submitted. Southern Indiana Power and Light has proposed lost margin recovery mechanisms, which is pending before the Commission (Cause No. 43427) .

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

The Indiana Utility Regulatory Commission approved an efficiency program and decoupling mechanism for Vectren on 12/1/06 (Causes No. 43046 and 42943), and for Citizens Gas on 8/29/07 (Cause No. 42767). Natural gas decoupling was considered in general, but in an Order issued on 10/21/09 the Commission closed the investigation and expressed a general preference for straight-fixed variable rate design (Cause No. 43180).

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 -a-

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

The Commission can approve incentive mechanisms proposed by utilities (170 IAC 4-8-7)

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

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STATE	POLICY YEAR
Iowa	2010

QUESTION 1.1

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

ELECTRIC

Iowa Code states that All supply and demand options are considered and evaluated using comparable terms and methods in order to determine how best to meet consumers' demands for energy at the least cost. (Iowa Code Section 473.2). HF 918, passed in 2007, established an Office of Energy Independence and a requirement for an annual Energy Independence Plan that will develop recommendations regarding state energy regulatory policy. Iowa utilities develop energy efficiency plans which are not traditional IRP's (See 1.2.1), but RAP considers it to be a IRP-like process.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Iowa Code states that All supply and demand options are considered and evaluated using comparable terms and methods in order to determine how best to meet consumers' demands for energy at the least cost (Iowa Code Section 473.2). HF 918, passed in 2007, established an Office of Energy Independence and a requirement for an annual Energy Independence Plan that will develop recommendations regarding state energy regulatory policy. Iowa utilities develop energy efficiency plans which are not traditional IRP's (See 1.2.1), but RAP considers it to be a IRP-like process.

NATURAL GAS RECOMMENDATION Y

QUESTION 1.2.1

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

ELECTRIC

Iowa electric and gas utilities are required to develop an energy efficiency plan for approval by the Iowa Utilities Board. The energy efficiency plans are developed in five-year cycles, and contain a forecast of future use of electricity for 20 years, and identify future supply options and costs. While this is not a traditional IRP, RAP considers it to be an IRP-like process. Efficiency planning requirements are found in IA statute and regulations (Iowa Code 476.6(16) and IAC 199—35.3).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Iowa electric and gas utilities are required to develop an energy efficiency plan for approval by the Iowa Utilities Board. The energy efficiency plans are developed in five-year cycles, and contains a forecast of the utility's current 12-month and 5-year forecasts of total annual throughput and peak day demand, and identify future supply options and costs. While this is not a traditional IRP, RAP considers it to be an IRP-like process. Efficiency planning requirements are found in IA statute and regulations (Iowa Code 476.6(16) and IAC 199—35.3).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Iowa	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

EE plans as a whole are required to be cost-effective, and require the use of the societal, ratepayer impact, utility, and participant tests. EE programs for low-income customers and other specific programs do not need to be cost-effective (199 IAC 35.8(1)(e)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

EE plans as a whole are required to be cost-effective, and require the use of the societal, ratepayer impact, utility, and participant tests. EE programs for low-income customers and other specific programs do not need to be cost-effective (199 IAC 35.8(1)(e)).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Iowa	2010

QUESTION 2.3.1

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

ELECTRIC

The Midwest Energy Efficiency Alliance commissioned a potential study from addressing DSM potential in the 13 MEEA states (MEEA, 2006). In 2008, the Iowa Association of Municipal Utilities submitted a report that assessed the maximum potential energy and capacity savings available from cost-effective energy efficiency programs and measures for IAMU member utilities (IAMU, 2008). According to the state contact in 2010, Senate File 2386 directed gas and electric municipal and rural electric cooperatives to file reports with the board, which included potential studies. More details can be found in (SF 2386, 2008).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Midwest Energy Efficiency Alliance commissioned a potential study from addressing DSM potential in the 13 MEEA states (MEEA, 2006). In 2008, the Iowa Association of Municipal Utilities submitted a report that assessed the maximum potential energy and capacity savings available from cost-effective energy efficiency programs and measures for IAMU member utilities (IAMU, 2008). According to the state contact in 2010, Senate File 2386 directed gas and electric municipal and rural electric cooperatives to file reports with the board, which included potential studies. More details can be found in (SF 2386, 2008).

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.1

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

ELECTRIC

In 2008, the Iowa Utility Board issued an Order which required investor owned utilities to submit plans to achieve a 1.5% annual electricity and NG savings goal (Docket 199 IAC 35.4(1), January 2008). In 2009 the Iowa Utilities Board issued orders approving new energy efficiency plans for Iowa's investor-owned utilities. According to the state contact, the plans are projected to reach savings levels by 2012 of 1.4% of retail electricity use and 1.0% of retail natural gas use. In 2009, the IUB approved MidAmerican's EE plan, which calls for 1.5% electric savings by 2010 and .85% NG savings by 2013 (Docket No. EEP-08-2, March 2009).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

In 2008, the Iowa Utility Board issued an Order in which required investor owned utilities to submit plans to achieve a 1.5% annual electricity and NG savings goal (Docket 199 IAC 35.4(1), January 2008). In 2009 the Iowa Utilities Board issued orders approving new energy efficiency plans for Iowa's investor-owned utilities. According to the state contact, the plans are projected to reach savings levels by 2012 of 1.4% of retail electricity use and 1.0% of retail natural gas use. In 2009, the IUB approved MidAmerican's EE plan, which calls for 1.5% elec savings by 2010 and .85% NG savings by 2013 (in Docket No. EEP-08-2, March 2009).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Iowa	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

Goals are established in the Efficiency Planning process, which includes assessment of potential, data from prior program years, and program and budget approval. According to the state contact in 2010, Senate File 2386 directed gas and electric municipal and rural electric cooperatives (previously not rate-regulated) to file reports with the board on developing their energy efficiency goals. More details can be found in SF 2386, 2008.

ELECTRIC RECOMMENDATION acd

NATURAL GAS

Goals are established in the Efficiency Planning process, which includes assessment of potential, data from prior program years, and program and budget approval. According to the state contact in 2010, Senate File 2386 directed gas and electric municipal and rural electric cooperatives (previously not rate-regulated) to file reports with the board on developing their energy efficiency goals. More details can be found in (SF 2386, 2008).

NATURAL GAS RECOMMENDATION acd

QUESTION 2.5.3

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

ELECTRIC

According to the state contact in 2010, the board approved a program proposed by Interstate Power and Light (Alliant Energy), to provide incentives for small renewable energy installations by customers who agreed to achieve or maintain a certain level of energy efficiency in their homes or businesses, for a level of renwable energy built to serve the on-site energy use of the customer . Details can be found in (Order issued April 29, 2010 in Docket No. EEP-2008-0001). The Alliant program can help count towards their renewable energy generating capacity.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Iowa	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

Utilities must include an M& V plan in Energy Efficiency plan filings (IAC 199—35.8). Iowa has not developed a technical reference manual. According to the state contact, investor-owned utilities included M& V plans in new energy efficiency plans approved by the Iowa Utilities Board in 2009. The Iowa Utilities Board is not required by law to develop a technical reference manual. However, the Iowa investor-owned utilities in 2009 filed documents containing the savings algorithms with their Operating Plans.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Utilities must include an M& V plan in Energy Efficiency plan filings (IAC 199—35.8). Iowa has not developed a technical reference manual. According to the state contact, investor-owned utilities included M& V plans in new energy efficiency plans approved by the Iowa Utilities Board in 2009. The Iowa Utilities Board is not required by law to develop a technical reference manual. However, the Iowa investor-owned utilities in 2009 filed documents containing the savings algorithms with their Operating Plans.

NATURAL GAS RECOMMENDATION Y-

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Programs are required to be delivered by the utilities or a contractor of the utilities.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Programs are required to be delivered by the utilities or a contractor of the utilities.

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-

STATE	POLICY YEAR
Iowa	2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

See 1.2.1 above. Energy Efficiency plans are filed every five years. Starting in 2012, electric and gas utilities that are not required to be rate-regulated must file a biennial report identifying their progress in meeting the EE goal, and amendments to their EE plans (SF 2386, 2008).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

See 1.2.1 above. Energy Efficiency plans are filed every five years. Starting in 2012, electric and gas utilities that are not required to be rate-regulated must file a biennial report identifying their progress in meeting the EE goal, and amendments to their EE plans (SF 2386, 2008).

NATURAL GAS RECOMMENDATION N

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Utilities can recover costs through rates (IA Code 476.6(16)). Budgets and rates are established in the efficiency planning process. Related rules can be found in (IAC 199—35.12). The rates are reconciled annually.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Utilities can recover costs through rates (IA Code 476.6(16)). Budgets and rates are established in the efficiency planning process. Related rules can be found in (IAC 199—35.12). The rates are reconciled annually.

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	POLICY YEAR
Iowa	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Decoupling was considered only for natural gas because no electric utility expressed any interest in decoupling (Docket No. NOI-06-1). The Board's conclusion, that Iowa utilities have historically pursued efficiency aggressively without decoupling mechanisms, applies to both electric and gas utilities (Docket No. NOI-06-1). The IA Climate Change Advisory Council, established by SF 485, recommended that the state change incentive structures to deploy EE, including decoupling, lost revenue recovery, and other policies (IA Final Report, 2008).

ELECTRIC RECOMMENDATION N

NATURAL GAS

Decoupling was considered only for natural gas because no electric utility expressed any interest in decoupling (Docket No. NOI-06-1). The Board's conclusion, that Iowa utilities have historically pursued efficiency aggressively without decoupling mechanisms, applies to both electric and gas utilities (Docket No. NOI-06-1). The IA Climate Change Advisory Council, established by SF 485, recommended that the state change incentive structures to deploy EE, including decoupling, lost revenue recovery, and other policies (IA Final Report, 2008).

NATURAL GAS RECOMMENDATION N

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

Incentives were provided in the mid-1990s, when DSM cost recovery was done once every several years. In 1996, this system was changed to an annual true-up with no incentives.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

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STATE	POLICY YEAR
Kansas	2010

QUESTION 1.1

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

ELECTRIC

The Kansas Corporation Commission (KCC or Commission) has indicated its belief that energy efficiency is like a resource --an alternative to supply-side electricity generating assets. It is the Commission's intent to make energy efficiency as much like a supply-side power plant as possible in the sense that utilizing energy efficiency should reliably lower energy demands and peak demands (KCC, Docket No. 08-GIMX-442-GIV). Under Kansas Statute, a utility is also required to provide the Commission with information about its conservation measures, demand side management…and information about the power supply alternatives it has considered when making a request for a predetermination of ratemaking principles for generation investment (KSA 66-1239(c)(2)).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

The Commission has indicated its belief that energy efficiency is like a resource --an alternative to supply-side electricity generating assets. It is the Commission's intent to make energy efficiency as much like a supply-side power plant as possible in the sense that utilizing energy efficiency should reliably lower energy demands and peak demands (KCC, Docket No. 08-GIMX-442-GIV).

NATURAL GAS RECOMMENDATION Y-

QUESTION 1.2.1

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

ELECTRIC

The Commission considered the PURPA standards related to IRP. The Commission declared that while it had considered PURPA and the IRP requirements, it declined to adopt the PURPA standards and impose additional regulatory burdens on Kansas utilities (KCC, Docket 09-GIME-360-GIE and KCC, Docket 09-GIME-360-GIE, July 27, 2009).

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Kansas	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 ruled that utilities should submit five benefit-cost tests with DSM or DR program applications and that emphasis would be placed by the Commission on the TRC and RIM tests. The Commission also ruled that the formulas as laid out in the California Manual [California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects, July 2002] should be used for benefit-cost calculations (KCC, Docket No. 08-GIMX-442-GIV, April 13, 2009).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

See 2.2 Electric

NATURAL GAS RECOMMENDATION Y

QUESTION 2.3.1

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

ELECTRIC

The Kansas Energy Council commissioned a potential study that was completed on 8/11/08 by Summit Blue Consulting.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Kansas Energy Council commissioned a potential study that was completed on 8/11/08 by Summit Blue Consulting.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Kansas	2010

QUESTION 2.5.1

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

ELECTRIC

The Commission evaluated the Staff Report and declined to adopt an Energy Efficiency Program, including MW or MWh savings goals. The Governor announced in a 2007 State of the State address that she had asked energy producers to undertake efforts to reduce consumption 5% by 2010 and 10% by 2020 (KCC, Docket No. 07-GIMX-247-GIV, October 10, 2007).

ELECTRIC RECOMMENDATION N

NATURAL GAS

See 2.5.1 Electric

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

QUESTION 2.5.3

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

ELECTRIC

Kansas has an RPS, but efficiency cannot be used to meet it.

ELECTRIC RECOMMENDATION N

NATURAL GAS

Kansas's RPS does not affect natural gas utilities.

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Kansas	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

The Commission approved a proposed third-party EM& V structure governing independent review and assessment of utility-administered energy efficiency programs. Program evaluations should be conducted 2 years after the beginning of a program by a preferred third-party evaluator following International Performance Measurement and Verification Protocol (IPMVP) (KCC, Docket 10-GIMX-013-GIV, October 4, 2010).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

See 2.6.1 Electric

NATURAL GAS RECOMMENDATION Y

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

The Commission stated that it would not require a third-party administrator, but instead would rely on utilities to provide EE programs (KCC, Docket No. 08-GIMX-441-GIV, November, 14, 2008). However, there is no affirmative language specifying individual utilities as a delivery structure for EE.

ELECTRIC RECOMMENDATION N

NATURAL GAS

See 2.7.1 Electric

NATURAL GAS RECOMMENDATION N

QUESTION 2.7.2

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

ELECTRIC

The Commission stated that it would not require a third-party administrator, but instead would rely on utilities to provide EE programs (KCC, Docket No. 08-GIMX-441-GIV, November, 14, 2008).

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

See 2.7.2 Electric

NATURAL GAS RECOMMENDATION -a-

STATE	POLICY YEAR
Kansas	2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

The Commission considered the PURPA standards related to IRP, but declared that while it had considered PURPA and the IRP requirements, it declined to adopt the PURPA standards and impose additional regulatory burdens on Kansas utilities (KCC, Docket 09-GIME-360-GIE, July 27, 2009(.

ELECTRIC RECOMMENDATION N

NATURAL GAS

See 2.8 Electric

NATURAL GAS RECOMMENDATION N

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

The Commission stated that it believed a rider mechanism would be the best method for cost recovery; proposals for riders will be submitted with EE program approvals (KCC, Docket 08-GIMX-441-GIV, November 14, 2008).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

See 4.1.1 Electric

NATURAL GAS RECOMMENDATION Y-

QUESTION 4.1.2

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

ELECTRIC

The Commission stated that it believed a rider mechanism would be the best method for cost recovery; proposals for riders will be submitted with EE program approvals (KCC, Docket 08-GIMX-441-GIV, November 14, 2008). .

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

See 4.1.2 Electric

NATURAL GAS RECOMMENDATION -a-

STATE	POLICY YEAR
Kansas	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The Commission stated that it will consider decoupling proposals made in connection with EE programs on a case-by-case basis (KCC, Docket 08-GIMX-441-GIV, October 14, 2008). No application has yet been made.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

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

The Commission may grant from 0.5-2% increased Return on Equity for utility investments on Renewable Energy or Energy Efficiency (Kansas Statute66-117). The Commission decided to allow for incentives, but limit them to specific EE programs: proposals that target low and fixed income customers, and renters; and proposals that target new and existing residential housing and demonstrate a potential for long-term energy savings using a comprehensive whole house concept (KCC, Docket 08-GIMX-441-GIV, November 14, 2008).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

See 5.2.1 Electric

NATURAL GAS RECOMMENDATION Y-

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STATE	POLICY YEAR
Michigan	2010

QUESTION 1.1

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

ELECTRIC

Legislation that passed in 2008 established an EERS, termed an Energy Optimization Savings Standard (see 2.5.1). In addition, utilities are required to file an IRP when they apply to the Commission for a certificate of necessity to add capacity (see 1.2.1).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Legislation that passed in 2008 established an EERS, termed an Energy Optimization Savings Standard (see 2.5.1).

NATURAL GAS RECOMMENDATION Y-

QUESTION 1.2.1

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

ELECTRIC

Legislation passed in 2008 that requires utilities, when they petition the Commission for a certificate of necessity to add capacity by construction, renovation, or long-term power purchase, to include an integrated resource plan (MCL 460.6s). The IRP must include detailed information on energy efficiency programs, existing and proposed, that were considered as part of the plan. The Commission issued guidelines on IRP in 2008; EE is treated as equivalent to supply in the guidelines (MI PSC, Docket U-15896, Order on 12/23/08, Exhibit B).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Michigan	2010

QUESTION 1.3

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

ELECTRIC

As described in 1.2.1, MI requires utilities to submit an IRP when adding capacity. The IRP guidelines state: To the extent practicable, the IRP shall include an analysis of existing transmission import and export capability, proposed transmission projects, and the availability and

economic impact of power imports and exports (MI PSC, Docket U-15896, Order on 12/23/08, Exhibit B).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 2.2

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

ELECTRIC

Energy optimization plans must use the Utility System Resource Cost Test, analogous to the Program Administrator Test (MCL 460.1073). The test is defined in an order, and incorporates future carbon taxes into the benefits (MI PSC, Docket U-15800, Order on 12/4/08, Attachment E).

ELECTRIC RECOMMENDATION N

NATURAL GAS

Energy optimization plans must use the Utility System Resource Cost Test, analogous to the Program Administrator Test (MCL 460.1073). The test is defined in an order, and incorporates future carbon taxes into the benefits (MI PSC, Docket U-15800, Order on 12/4/08, Attachment E).

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Michigan	2010

QUESTION 2.3.1

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

ELECTRIC

An assessment of efficiency potential in Michigan was done by the Energy Center of Wisconsin in July 2006 to inform the development of the 21st century energy plan. MI was also included in a regional potential study conducted by ACEEE in 2005 (ACEEE, January 2005). A study that included estimates of EE potential also was done by Synapse Energy Economics and Optimal Energy, funded by NRDC and the Energy Foundation (Synapse, date unknown).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

ACEEE in 2005 estimated potential of aggressive EE programs to reduce consumer use of natural gas and peak electricity generated by natural gas (ACEEE, January 2005). This study was conducted by ACEEE to provide policymakers with reasonable assumptions of some achievable efficiency goals for their states.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.1

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

ELECTRIC

MI's Energy Optimization Savings Standard was established in 2008 (MCL 460.1077). The standard requires IOUs and retail suppliers to achieve electric savings in 2008 and 2009 of 0.3% of 2007 retail electricity sales, ramping up to 1% of the previous year's retail sales in 2012 and thereafter. Renewable Energy Credits, Advanced Cleaner Energy Credits, and Load Management are permitted to provide up to 10% toward the Energy Optimization Savings Standard, with Commission approval. According to ACEEE, Efficiency United (the third-party administrator some utilities have chosen to use) is not subject to the statutory targets, but the Commission has imposed equivalent targets in Efficiency United's contract. There is no penalty for failing to achieve the savings amounts, but there are incentives for exceeding the targets. There are spending caps on how much utilities may collect and spend on energy efficiency.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

MI's Energy Optimization Savings Standard was established in 2008 (MCL 460.1077). The standard requires natural gas utilities to achieve savings in 2009 of 0.1% of 2007 retail natural gas sales, ramping up to 0.75% of the previous year's retail sales in 2012 and thereafter. Renewable Energy Credits, Advanced Cleaner Energy Credits, and Load Management are permitted to provide up to 10% toward the Energy Optimization Savings Standard, with Commission approval. According to ACEEE, Efficiency United (the third-party administrator some utilities have chosen to use) is not subject to the statutory targets, but the Commission has imposed equivalent targets in Efficiency United's contract. There is no penalty for failing to achieve the savings amounts, but there are incentives for exceeding the targets. There are spending caps on how much utilities may collect and spend on energy efficiency.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Michigan	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 -b-

QUESTION 2.5.3

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

ELECTRIC

MI has a Renewable Energy Standard; energy efficiency (termed energy optimization) may be used to fulfill a portion of the standard (MCL 460.1027). Energy optimization credits and advanced cleaner energy credits may be substituted for up to 10% (combined) of the required renewable energy credits, with approval of the Commission. Energy optimization credits are substituted at a one-to-one ratio with RECs.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Michigan	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

According to statute, energy optimization plans shall include a process for obtaining an independent expert evaluation of the actual energy optimization programs to verify the incremental energy savings from each energy optimization program (MCL 460.1071). Rules regarding evaluation of energy optimization programs are underway (MI PSC, Docket U-15900; and MI Administrative Code (proposed) 460.246).

ELECTRIC RECOMMENDATION N

NATURAL GAS

According to statute, energy optimization plans shall include a process for obtaining an independent expert evaluation of the actual energy optimization programs to verify the incremental energy savings from each energy optimization program (MCL 460.1071). Rules regarding evaluation of energy optimization programs are underway (MI PSC, Docket U-15900; and MI Administrative Code (proposed) 460.246).

NATURAL GAS RECOMMENDATION N

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Utilities are required to administer EE programs themselves, administer the programs jointly with other providers, select a non-profit to administer the programs, or opt to work with the Commission-selected third-party program administrator (the Independent Energy Optimization Program Administrator) (MCL 460.1071). The third-party administrator is competitively selected and must be a non-profit; it is called Efficiency United, and its programs launched in 2009. Currently, eleven companies offer electric and/or gas EE programs through Efficiency United.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Utilities are required to administer EE programs themselves, administer the programs jointly with other providers, select a non-profit to administer the programs, or opt to work with the Commission-selected third-party program administrator (the Independent Energy Optimization Program Administrator) (MCL 460.1071). The third-party administrator is competitively selected and must be a non-profit; it is called Efficiency United, and its programs launched in 2009. Currently, eleven companies offer electric and/or gas EE programs through Efficiency United.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Michigan	2010

QUESTION 2.7.2

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

ELECTRIC

ELECTRIC RECOMMENDATION ab

NATURAL GAS

NATURAL GAS RECOMMENDATION ab

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

IRPs are filed only when a utility is applying to the Commission for a certificate of necessity to add capacity (see 1.2.1).

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Statute states that Energy Optimization Plans should include provisions for cost recovery (MCL 460.1089; MI PSC, Docket U-15800, Order on 12/4/08). Rates typically include EE riders representing volumetric charges for residential customers and monthly per meter charges for commercial and industrial customers. Spending for each utility is limited to 0.75% of total sales revenues in 2009, 1.0% in 2010, 1.5% in 2011, and 2.0% in 2012 and each year thereafter.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Statute states that Energy Optimization Plans should include provisions for cost recovery (MCL 460.1089; MI PSC, Docket U-15800, Order on 12/4/08). Rates typically include EE riders representing volumetric charges for residential customers and monthly per meter charges for commercial and industrial customers. Spending for each utility is limited to 0.75% of total sales revenues in 2009, 1.0% in 2010, 1.5% in 2011, and 2.0% in 2012 and each year thereafter.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Michigan	2010

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-

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Consumers Energy received approval for a pilot electric decoupling mechanism in 2009 (MI PSC, Case U-15645, Order on 11/2/09). Detroit Edison received approval for a decoupling pilot in 2010 (MI PSC, Cases U-15768 and U-15751, Order on 1/11/10). The Detroit Edison decoupling mechanism is contingent after the first year on meeting reporting requirements, exceeding benchmarks for the Energy Optimization Program, and committing to providing enhanced EE programs and DSM resources to all customer classes.

As described under 2.7.1, electric utilities also have the option of using a third-party administrator to deliver their EE programs.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Decoupling mechanisms were approved in 2010 for Consumers Energy, Michigan Consolidated Gas, and Michigan Gas Utilities (MI PSC, Case U-15986, Order on 5/17/10; Case U-15985, Order on 6/3/10; Case U-15990, Order on 7/1/10).

Statute states The commission shall authorize a natural gas provider that spends a minimum of 0.5% of total natural gas retail sales revenues, including natural gas commodity costs, in a year on commission-approved energy optimization programs to implement a symmetrical revenue decoupling true-up mechanism that adjusts for sales volumes that are above or below the projected levels that were used to determine the revenue requirement authorized in the natural gas provider's most recent rate case (MCL 460.1089).

As described under 2.7.1, electric utilities also have the option of using a third-party administrator to deliver their EE programs.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Michigan	2010

QUESTION 5.1.2

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

ELECTRIC

ELECTRIC RECOMMENDATION ac

NATURAL GAS

NATURAL GAS RECOMMENDATION ac

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

In 2009, the Commission approved financial incentive mechanisms for Detroit Edison, Michigan Consolidated Gas Company and Consumers Energy (MI PSC, Dockets U-15806, U-15890, U-15805 & U-15889).

Statute provides two ways in which utilities can receive an economic incentive for implementing energy efficiency programs: 1) utilities may request that EE program costs be capitalized and earn a normal rate of return; 2) utilities may request a performance incentive if the they exceed the annual energy savings target. Performance incentives may not exceed the lesser of: 15% of the total cost of the EE programs; or 25% of the net cost reductions experienced by the provider's customers as a result of implementation of the energy optimization plan (MCL 460.1075).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

In 2009, the Commission approved financial incentive mechanisms for Detroit Edison, Michigan Consolidated Gas Company and Consumers Energy (MI PSC, Dockets U-15806, U-15890, U-15805 & U-15889).

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NATURAL GAS RECOMMENDATION Y

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STATE	POLICY YEAR
Minnesota	2010

QUESTION 1.1

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

ELECTRIC

The Minnesota Next Generation Energy Act of 2007 (Minnesota Statutes 2008 § 216B.241) sets energy savings goals for both natural gas and electric utilities of 1.5% of retail sales, starting in 2010. Utilities may request a lower target, but in no case may be lower than 1% per year. Included under this goal are savings from energy conservation programs, rate design, energy codes, appliance standards, market transformation programs, programs to change human behavior, improvements to infrastructure, and waste heat recovery (Minn. Stat 216B.241).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

The Minnesota Next Generation Energy Act of 2007 (Minnesota Statutes 2008 § 216B.241) sets energy savings goals for both natural gas and electric utilities of 1.5% of retail sales, starting in 2010. Utilities may request a lower target, but in no case may be lower than 1% per year (Minn. Stat 216B.241). However, the commissioner approved an average savings goal of 0.75% for 2010-2012 for CenterPoint Energy and other qualifying natural gas utilities (Welch, 2011). Included under this goal are savings from energy conservation programs, rate design, energy codes, appliance standards, market transformation programs, programs to change human behavior, improvements to infrastructure, and waste heat recovery (Minn. Stat 216B.241).

NATURAL GAS RECOMMENDATION Y-

QUESTION 1.2.1

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

ELECTRIC

Electric utilities are required to file resource plans according to rules adopted by the Commission (Minn. Stat. 216B.2422). The statute requires utilities to develop the least cost plan for meeting 50 and 75 percent of all new and refurbished capacity needs through a combination of conservation and renewable energy resources. Filing requirements for the resource plans are found in Minnesota Rules, 7843.0100, Subp. 9.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Gas utilities are not required to do resource planning, but do file Conservation Improvement Plans (CIP) at least once every three years under section 216B.241 of the Minnesota Statutes.

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Minnesota	2010

QUESTION 1.3

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

ELECTRIC

Demand-side alternatives to transmission lines must be considered before lines over a certain size are constructed and the owner must show that there are no least-cost demand-side alternative solutions (Minn. Stat. 216B.243).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.2

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

ELECTRIC

The Commissioner of the Department of Commerce must consider the costs and benefits to ratepayers, the utility, participants, and society, when determining cost-effectiveness of CIP programs (Minn. Stat. 216B.241). The Office of Energy Security considers the societal test, which combines impact on the utility, program participants, non-participating ratepayers, and environmental benefits, to be most important (OLA, 2005).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Commissioner of the Department of Commerce must consider the costs and benefits to ratepayers, the utility, participants, and society, when determining cost-effectiveness of CIP programs (Minn. Stat. 216B.241). The Office of Energy Security considers the societal test, which combines impact on the utility, program participants, non-participating ratepayers, and environmental benefits, to be most important (OLA, 2005).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Minnesota	2010

QUESTION 2.3.1

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

ELECTRIC

In 2010, Summit Blue completed a potential study for the state of Minnesota that estimated cumulative energy savings potential, as a percentage of projected 2028 demand, at 26% economic potential with 11.7% savings in the low case and 13.9% savings using current best practices (Summit Blue, 2010).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

A study of MN gas EE potential was commissioned by CenterPoint Energy, Integrys, and Xcel Energy and was completed by Navigant in March 2009. The study found economic cumulative savings potential for CenterPoint, Integrys, and Xcel of 28, 23, and 24%, respectively (Navigant, 2009).

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.1

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

ELECTRIC

The savings goal of 1.5% of energy sales will be translated into savings goals, based on 1.5% of the previous 3 years' average sales. Currently, statute requires the Commissioner of Commerce to establish goals when plans and budgets are approved (Minn. Stat 216B.241).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The savings goal of 1.5% of energy sales will be translated into savings goals, based on 1.5% of the previous 3 years' average sales. Currently, statute requires the Commissioner of Commerce to establish goals when plans and budgets are approved (Minn. Stat. 216B.241). However, the commissioner approved an average savings goal of 0.75% for 2010-2012 for CenterPoint Energy and other qualifying natural gas utilities (Welch, 2011).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Minnesota	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

In its energy conservation improvement plan filing, a utility may request the commissioner to adjust its annual energy-savings percentage goal (Minn. Stat. 216B.241).

ELECTRIC RECOMMENDATION bc

NATURAL GAS

In its energy conservation improvement plan filing, a utility may request the commissioner to adjust its annual energy-savings percentage goal (Minn. Stat. 216B.241).

NATURAL GAS RECOMMENDATION bc

QUESTION 2.5.3

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

ELECTRIC

Energy efficiency is not an eligible source to fulfill requirements under the RPS (Minn. Stat 216B.1691).

ELECTRIC RECOMMENDATION N

NATURAL GAS

Same as electric.

NATURAL GAS RECOMMENDATION N

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

M& V Protocols have been established for custom efficiency projects exceeding 1,000,000 kWh in savings annually (Docket No. E,G999/CIP-06-1591). The MN Office of Energy Security laid out the M& V protocols in Measurement and Verification Protocols for Large Custom CIP Projects (MN OES 2008).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

M& V Protocols have been established for custom efficiency projects exceeding 20,000 MCF in savings annually (Docket No. E,G999/CIP-06-1591.) The MN Office of Energy Security laid out the M& V protocols in Measurement and Verification Protocols for Large Custom CIP Projects (MN OES 2008).

NATURAL GAS RECOMMENDATION Y-

STATE	POLICY YEAR
Minnesota	2010

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Utilities administer conservation improvement programs (Minn. Stat. 216B.241).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Utilities administer conservation improvement programs (Minn. Stat. 216B.241).

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

Resource plans under Minnesota Statute 216B.2422 are generally filed every two years.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Minnesota	2010

QUESTION **4.1.1**

Cost recovery process exists

ELECTRIC

Utilities are required to invest 1.5% - 2% of operating revenues for energy conservation programs. Utilities can be required to exceed this amount when additional cost-effective programs are identified. The commission allows a utility to recover expenses resulting from a conservation improvement program required by the department (Minn. Stat 216B.241).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Utilities are required to invest 0.5 percent of operating revenues for energy conservation programs. Utilities can be required to exceed this amount when additional cost-effective programs are identified. The commission allows a utility to recover expenses resulting from a conservation improvement program required by the department (Minn. Stat 216B.241).

NATURAL GAS RECOMMENDATION Y

QUESTION **4.1.2**

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

ELECTRIC

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION -b-

STATE	POLICY YEAR
Minnesota	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The commission is required to allow utilities to participate in a pilot decoupling program, not to exceed three years in length. Any extension beyond three years can only be approved in a general rate case (Minn. Stat. 216B.2412). The commission requires utilities who wish to participate to file decoupling pilot programs by December 30, 2011 (Docket No. 08-132).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

The commission is required to allow utilities to participate in a pilot decoupling program, not to exceed three years in length. Any extension beyond three years can only be approved in a general rate case (Minn. Stat. 216B.2412). The commission requires utilities who wish to participate to file decoupling pilot programs by December 30, 2011 (Docket No. 08-132). In 2010, the commission approved a decoupling pilot for CenterPoint that would allow it to recover its losses from all factors other than abnormally warm weather (Docket G-008/GR-08-1075). The Minnesota Energy Resources Corporation has also filed a notice of intent to file a decoupling pilot program (Docket No. E,G-999/CI-08-123)

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 -a-

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

STATE	POLICY YEAR
Minnesota	2010

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

The PUC is required to review incentive plans and adjust the incentives as necessary to meet the new savings goals (Minn. Stat. 216B.241). In 2010, the Commission approved a Shared Savings incentive scheme that increases the incentive as energy savings levels increase past the threshold so that when the utility achieves energy savings equal to 1.5% of retail sales, electric utilities will earn an incentive equal to $0.09 times the number of kWh saved (Docket No. E,G-999/CI-08-133)

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The PUC is required to review incentive plans and adjust the incentives as necessary to meet the new savings goals (Minn. Stat. 216B.241). In 2010, the Commission approved a Shared Savings incentive scheme that increases the incentive as energy savings levels increase past the threshold so that when the utility achieves energy savings equal to 1.5% of retail sales, gas utilities will earn at a range from $4.50 to $6.50 times the number of thousand cubic feet saved. CenterPoint would earn $3.00 per McF since it is currently decoupled (Docket No. E,G-999/CI-08-133).

NATURAL GAS RECOMMENDATION Y

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STATE	POLICY YEAR
Missouri	2010

QUESTION 1.1

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

ELECTRIC

Missouri considers EE to be a high priority resource. Existing Missouri regulations require utilities in their Integrated Resource Planning to consider and analyze demand-side efficiency and energy management measures on an equivalent basis with supply-side alternatives in the resource planning process. (4 CSR 240-22.010(2)(A)). The Missouri Legislature reaffirmed this commitment in 2009 by enacting the Missouri Energy Efficiency Investment Act, stating, It shall be the policy of the state to value demand- side investments equal to traditional investments in supply and delivery infrastructure and allow recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs. (25 MRS 393.1075.3)

While the Act permits cost recovery for all cost-effective EE, it is unclear whether it will be a requirement to pursue all cost-effective EE. A rulemaking process is underway as of the end of 2010 to amend the IRP rules.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

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

ELECTRIC

Missouri regulation integrates EE into the IRP by requiring utilities in their IRP process to consider EE as an equivalent resource to supply side resources. (4 CSR 240-22.010(2)(A)).

This integration was strengthened in 2009 by the passage of the Missouri Energy Efficiency Investment Act, which states, The commission shall permit electric corporations to implement commission-approved demand-side programs proposed pursuant to this section with a goal of achieving all cost- effective demand-side savings. (25 MRS 393.1075). A rulemaking process is underway as of the end of 2010 to determine the impact of the Act on the IRP regulations.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Missouri	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

MO requires the use of the TRC test to evaluate EE programs as part of its resource planning process. This requirement is based in both statute and regulation. (25 MRS 393.1075.4, 4 CSR 240-22.050). TRC is defined as a test that compares the sum of avoided utility costs and avoided probable environmental compliance costs to the sum of all incremental costs of end-use measures that are implemented due to the program, as defined by the commission in rules. (25 MRS 393.1075.2(6).

ELECTRIC RECOMMENDATION Y+

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Missouri	2010

QUESTION 2.3.1

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

ELECTRIC

The Midwest Energy Efficiency Alliance commissioned a potential study from Summit Blue Consulting in 2006 addressing DSM potential in the 13 MEEA states. This was a regional study, not a Missouri specific study. Individual electric utility companies have produced potential studies of their respective service territories. For example, Ameren retained Global Energy Partners to conduct a potential study for Ameren's service territory in 2010. Additionally, a statewide DSM Potential Study is underway in 2010 by KEMA, with the intent of publishing it in 2011.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Midwest Energy Efficiency Alliance commissioned a potential study from Summit Blue Consulting in 2006 addressing DSM potential in the 13 MEEA states. This was a regional study, not a Missouri specific study. Additionally, a statewide DSM Potential Study is underway in 2010 by KEMA, with the intent of publishing it in 2011.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.1

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

ELECTRIC

There are no quantitative MW and MWh savings goals for Missouri.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

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

See 2.5.1.

ELECTRIC RECOMMENDATION N/A

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Missouri	2010

QUESTION 2.5.3

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

ELECTRIC

EE may not be used to fulfill requirements for Missouri's RPS.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

Missouri requires demand side programs to be evaluated using process, impact, and market evaluations. (4 CSR 240.22.050(9)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

The Missouri Energy Efficiency Investment Act establishes an EE delivery structure: the commission shall permit electric corporations to implement commission approved demand side programs … with the goal of achieving all cost effective demand side savings. (25 MSR 393.1075.4). An administrative rulemaking process, which concluded at the end of 2010, will provide guidelines for the implementation of the Act.

ELECTRIC RECOMMENDATION N

NATURAL GAS

Utilities undertake EE, but this is not established in statute.

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Missouri	2010

QUESTION 2.7.2

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

ELECTRIC

Delivery of utility-funded EE programs is via the regulated utilities. Some choose to administer the programs "in-house" while others have chosen to contract a third party.

ELECTRIC RECOMMENDATION -a-

NATURAL GAS

Delivery of utility-funded EE programs is via the regulated utilities. Some choose to administer the programs "in-house" while others have chosen to contract a third party.

NATURAL GAS RECOMMENDATION -a-

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

Missouri regulation requires utilities to file updates every three years. (4 CSR 240.22.080(1)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Missouri	2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Missouri's Energy Efficiency Investment Act states that it is the policy of Missouri to allow for the recovery of all reasonable and prudent costs of delivering cost-effective demand-side programs. (25 MSR 393.1075.3). The Act grants the commission the authority to develop recovery mechanisms to achieve this policy goal. (25 MSR 393.1075.5). However, the regulations governing the implementation of the Act have not yet been promulgated.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Missouri statute permits natural gas utilities to make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to reflect the non-gas revenue effects of increases or decreases in residential and commercial customer usage due to variations in … conservation. (25 MSR 386.266.3). However, at this time no formal rules have been adopted by the Commission to implement this legislation in a uniform fashion.

NATURAL GAS RECOMMENDATION Y-

QUESTION 4.1.2

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

ELECTRIC

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION -b-

STATE	POLICY YEAR
Missouri	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The Missouri Energy Efficiency Investment Act states that it is Missouri's policy to align utility incentives with helping customers use energy more efficiently and to provide utilities with timely earnings opportunities associated with cost-effective energy efficiency. (25 MSR 393.1075.3). The Act also permits the commission to develop cost recovery mechanisms in support of the abovementioned policy. (25 MSR 393.1075.5).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Missouri statute permits natural gas utilities to make an application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to reflect the non-gas revenue effects of increases or decreases in residential and commercial customer usage due to variations in … conservation. (25 MSR 386.266.3). At least one utility, Atmos, has been given permission to partially decouple its rates for Residential and Small Firm General Service customers. (Docket No. GR-2010-0192).

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.

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

Missouri has no uniform methodology but, instead, permits a variety of kinds of throughput incentives in individual cases. For example, Missouri Gas Energy has straight fixed variable rates. (Case No. GR-2006-0422). Also, Laclede Gas has a block rate design for residential and small general service customers that increases the customer charge and reduces the amount of margin rate collected during the heating season. (Case No. GR-2005-0284).

NATURAL GAS RECOMMENDATION ab

STATE	POLICY YEAR
Missouri	2010

QUESTION **5.2.1**

Utility/shareholder EE incentives are provided

ELECTRIC

Utility shareholder EE incentives are permitted, but implementation of the Act is still pending. (25 MSR 393.1075.5).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION N

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STATE	POLICY YEAR
Nebraska	2010

QUESTION 1.1

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

ELECTRIC

Nebraska has an IRP requirement in statute for public utilities (and all power at the retail level is provided by public utilities). The IRP requirement states that demand and supply resources shall be treated on a consistent and integrated basis. However, the requirement has not resulted in significant program spending on EE historically. See Section 1.2.1.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Nebraska utilities do not offer natural gas efficiency programs at this time.

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

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

ELECTRIC

Nebraska Code Section 66-1060 requires public utilities to practice integrated resource planning and include least cost options when evaluating alternatives for providing energy supply and managing energy demand. EE is evaluated in this process; however, implementation of EE has been minimal in the past. According to ACEEE, only the Omaha Public Power District historically has reported significant spending on EE. However, Omaha Public Power District, Lincoln Electric System, and Nebraska Public Power District, the state's largest utility, had plans for stepping up their EE efforts in 2009. NE Public Power District completed an IRP in 2008, in which it sets a goal to meet 41,100 MWh through EE by 2014, equating to 14% of NPPD's annual energy load growth. NPPD planned to spend $4.7 million on energy efficiency programs in 2009. Omaha Public Power District also set new savings goals in 2009 (see 2.5.1). In addition, the Western Area Power Association (a power marketing administration within the US DOE that markets and transmits hydroelectric power to a 15-state region in central and western US) requires its customers to submit IRPs every five years, and the requirement is included in power sales contracts with long-term firm customers. Small customer plans are required of WAPA's smaller customers. Tri-State completed an IRP in 2007.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Nebraska	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

QUESTION 2.2

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

ELECTRIC

In the DSM Potential Study completed for Nebraska Public Power District, EE measures were evaluated using 4 tests, with the TRC test being used by the consultant to evaluate which measures to include in a portfolio. In the DSM Potential Study completed for Tri-State, EE measures were evaluated using the TRC test.

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

Nebraska Public Power District, the largest electric utility, commissioned a DSM Potential Study and Plan in 2007. Tri-State completed a potential study in 2010.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Nebraska	2010

QUESTION 2.5.1

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

ELECTRIC

Nebraska Public Power District, the state's largest utility, completed an IRP in 2008, in which it sets a goal to meet 41,100 MWh through EE by 2014, equating to 14% of NPPD's annual energy load growth. Omaha Public Power District announced in January 2009 that it has set a target to reduce the electricity used by its customers by 50 MW by 2012 through energy efficiency measures.

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 -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

The Interim 2009 Nebraska Energy Plan recommends the enactment of a Renewable Portfolio Standard.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Nebraska	2010

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 program administration has not been established in law. All utilities in NE are publicly owned. Some utilities implemented EE programs in 2009, including Omaha Public Power District, Nebraska Public Power District, and Lincoln Energy Systems.

ELECTRIC RECOMMENDATION N

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

STATE	POLICY YEAR
Nebraska	2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

There is no requirement in statute regarding how often utilities must complete IRPs.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Program costs are included in coop rates

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

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Nebraska	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

SourceGas proposed decoupling with their 2009 rate increase proposal (Docket NG-0060). The Docket was still on-going at the end of 2009. In 2010 the Copmmission denied their request stating that decoupling should only be used in conjunctino with EE programs which were not present.

NATURAL GAS RECOMMENDATION N

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 N

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STATE	POLICY YEAR
North Dakota	2010

QUESTION 1.1

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

ELECTRIC

A Demand Side Management Rulemaking was on-going at the end of 2009. The Commission held a workshop to consider policy goals and objectives, as well as other issues, in January 2009. No further developments took place on this in 2010.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 1.2.1

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

ELECTRIC

North Dakota administrative code requires utilities to consider a full range of options and select the most practicable least cost option (NDAC 69-09-02-33). Montana-Dakota Utilities Company is required to file IRPs (RAP, 2005).

ELECTRIC RECOMMENDATION Y-

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 N

STATE	POLICY YEAR
North Dakota	2010

QUESTION 2.2

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

ELECTRIC

No tests are required. Utilities typically use a variety of tests, giving most weight to RIM.

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

Plains Justice commissioned a potential study, titled North Dakota Energy Efficiency Potential Study, which was completed in 2009 (Synapse Energy Economics, December 2009)

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Plains Justice commissioned a potential study, titled North Dakota Energy Efficiency Potential Study, which was completed in 2009 (Synapse Energy Economics, December 2009)

NATURAL GAS RECOMMENDATION Y

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

STATE	POLICY YEAR
North Dakota	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

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

Energy efficiency is not an eligible resource to meet the RPS.

ELECTRIC RECOMMENDATION N

NATURAL GAS

Energy efficiency is not an eligible resource to meet the RPS.

NATURAL GAS RECOMMENDATION N

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

A Demand Side Management Rulemaking was conducted in 2009 (Docket No. PU-08-884). A workshop to consider M&V, as well as other issues, took place in January 2009. No further action was seen in 2010.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
North Dakota	2010

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

EE delivery structure is not established by statute nor required by the Commission, but some utilities conduct modest, voluntary EE programs.

ELECTRIC RECOMMENDATION N

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

Montana-Dakota Utilities Company files an updated IRP every two years (RAP, 2005)

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
North Dakota	2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Costs have been recovered in rate cases on a case-by-case basis.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 4.1.2

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

ELECTRIC

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

In 2005, Northern States Power Co. was granted a residential decoupling mechanism (Docket No. PU 04-578, 2006).

NATURAL GAS RECOMMENDATION Y-

STATE	POLICY YEAR
North Dakota	2010

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 -a-

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

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STATE	POLICY YEAR
Ohio	2010

QUESTION 1.1

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

ELECTRIC

Legislation passed in 2008 that included energy savings targets and peak demand reduction targets achieving a cumulative, annual energy savings in excess of 22% by 2025; see 2.5.1 (OH General Assembly SB 221; OH Revised Code 4928.66). In addition, OH requires that a resource plan be submitted with electric utilities' long-term forecast reports; see 1.2.1 (OH PUC Rules 4901:5-5).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

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

ELECTRIC

PUC Rules that became effective in 2009 require electric utilities serving more than fifteen thousand customers in the state (See 2.8) to prepare long-term forecast reports, which must include a resource plan (OH PUC Rules 4901:5-5).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Natural gas utilities are required to file forecast reports, and the utilities serving fifteen thousand or more customers must include a description of their energy conservation programs and policies; however, a resource plan is not required (OH PUC Rules 4901:5-7).

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

PUC Rules that became effective in 2009 require electric utilities to prepare long-term forecast reports, which must include a resource plan (OH PUC Rules 4901:5-5). Resource plans are defined as plans or programs that give appropriate consideration to supply-side and demand-side resources, transmission, and distribution.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Ohio	2010

QUESTION 2.2

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

ELECTRIC

PUC Rules require all electric utilities to implement EE programs, and use the TRC test to evaluate programs (OH PUC Rules 4901:1-39). Utilities also must use the TRC test, at minimum, to determine the cost-effectiveness of DSM programs in the resource plans described under 1.2.1 (OH PUC Rules 4901:5-5).

ELECTRIC RECOMMENDATION Y+

NATURAL GAS

A commission staff report evaluating Duke's EE electric and gas plan in 2007 states that the TRC test is generally used. The Commission later approved the plan, which included some gas measures (OH PUC, Case 06-0091-EL-UNC, Staff report of 1/12/2007; and Order of 7/11/07).

NATURAL GAS RECOMMENDATION Y-

QUESTION 2.3.1

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

ELECTRIC

PUC Rules that became effective in 2009 require electric utilities to conduct potential studies prior to proposing their comprehensive EE and peak demand plans (OH PUC Rules 4901:1-39). According to Wilson Gonzalez, of OH Consumer Counsel, several utilities had completed their potential studies by the end of 2009. In addition, a 2009 ACEEE report estimated electric EE potential in OH (ACEEE, 2009).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

A 2009 ACEEE report estimated the potential of aggressive EE programs to reduce consumer use of natural gas and peak electricity generated by natural gas in the Midwest region, including OH (ACEEE, 2009).

NATURAL GAS RECOMMENDATION Y-

STATE	POLICY YEAR
Ohio	2010

QUESTION 2.5.1

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

ELECTRIC

Legislation passed in 2008 establishes EE and demand reduction benchmarks for electric utilities (SB 221; OH Revised Code 4928.66; OH PUC Rules 4901:1-39). Starting in 2009, the target is energy savings of 0.3% of the total, annual average, and normalized kilowatt-hour sales of the electric distribution utility during the preceding three calendar years to customers in OH. The target is ratcheted up, reaching 1% from 2014 to 2018, and 2% from 2019 to 2025. There also are peak demand reduction targets.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Columbia Gas is required to saving 1.5% of their load over three years (Gonzalez, 2009).

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

QUESTION 2.5.3

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

ELECTRIC

OH has an Alternative Energy Portfolio Standard, passed in 2008, which requires 25% of utilities' retail electric supply to be provided by alternative energy resources by 2025. Demand-side management and energy efficiency qualify as advanced energy resources under this standard, and can contribute toward the goal (OH Revised Code 4928.64 et seq; and OH PUC Rules 4901:1-40).

ELECTRIC RECOMMENDATION Y+

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
Ohio	2010

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

According to PUC Rules that became effective in 2009, electric utilities must include in their three-year EE and peak demand reduction program portfolio plans a description of the plan for preparing reports that document the electric utility's EM& V (OH PUC Rules 4901:1-39). A regulatory proceeding opened in 2009 to establish protocols for EM& V of EE and peak demand reduction programs, including the establishment of a Technical Reference Manual (OH PUC, Case 09-512-GE-UNC). The proceeding was on-going at the end of 2010.

ELECTRIC RECOMMENDATION N

NATURAL GAS

A regulatory proceeding opened in 2009 to establish protocols for EM& V of EE and peak demand reduction programs, including the establishment of a Technical Reference Manual (OH PUC, Case 09-512-GE-UNC). The proceeding was on-going at the end of 2010.

NATURAL GAS RECOMMENDATION N

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

PUC Rules effective in 2009 require each electric utility to design and implement EE and peak demand reduction programs to meet the statutory benchmarks outlined in 2.5.1 (OH PUC Rules 4901:1-39).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Natural gas utilities administer programs at their own initiative; but OH has not formally established this requirement by law. However, most or all gas utilities have approved EE budgets or programs.

NATURAL GAS RECOMMENDATION N

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-

STATE	POLICY YEAR
Ohio	2010

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

Long-term forecast reports, which must include a resource plan, are required annually from electric utilities serving more than fifteen thousand customers in the state; see 1.2.1 (OH PUC Rules 4901:5-1). There are some exemptions.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Resource plans are not required.

NATURAL GAS RECOMMENDATION N

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

PUC Rules that became effective in 2009 state that when utilities file their proposed program portfolio plans, they may submit a request for recovery of the costs of the programs through an approved rate adjustment mechanism (OH PUC Rules 4901:1-39). The recovery is subject to annual reconciliation after the M& V process is complete. The cost of transmission and distribution infrastructure that reduces line losses may be recovered on the portion of the investment that is attributable to and undertaken primarily for EE or demand reduction purposes.

In addition to the recovery process, there also is a systems benefits charge that funds various EE and renewable energy projects (OH Revised Code 4928.61 and 4928.62).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

Cost recovery mechanisms have been established in rate cases to recover the EE costs of new natural gas programs (Gonzalez, 2009).

NATURAL GAS RECOMMENDATION Y-

QUESTION 4.1.2

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

ELECTRIC

ELECTRIC RECOMMENDATION ac

NATURAL GAS

NATURAL GAS RECOMMENDATION -b-

STATE	POLICY YEAR
Ohio	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Lost revenue recovery mechanisms are determined on a case-by-case basis. Duke Energy recovers lost revenues resulting from their programs through a DSM rider. Legislation passed in 2008 authorizes the Commission to approve a revenue decoupling mechanism for an electric distribution utility if it reasonably aligns the interests of the utility and of its customers in favor of energy efficiency or energy conservation programs (OH General Assembly, SB 221; OH Revised Code 4928.66 (A)(2)(c), (D), and 4928.143 (B)(2)(h)).

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

In 2008, the Commission authorized Duke Energy and Dominion East Ohio to adopt a Straight Fixed Variable rate structure. In 2009, the Commission authorized Vectren to adopt a Straight Fixed Variable rate structure that sets a partial fixed / partial volumetric rate for the first year; and a full fixed rate for following year (OH PUC, Case 07-1080-GA-AIR, Order on 1/7/09).

Legislation passed in 2008 authorizes a natural gas utility to apply for Commission approval of an alternative rate plan that includes a revenue decoupling mechanism; it also adds an objective to the statutory natural gas policy to promote an alignment of natural gas company interests with consumer interests in energy efficiency and energy conservation (OH Revised Code 4929.01(A), 4929.02(A)(12), and 4929.051).

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 -a-

STATE	POLICY YEAR
Ohio	2010

QUESTION **5.2.1**

Utility/shareholder EE incentives are provided

ELECTRIC

Duke Energy received approval for incentives in the Save-a-watt program in 2008 (OH PUC, Case 08-920-EL-SSO). If Duke achieves 101% or more of its mandate, it receives a return on investment on program costs equal to between 6% and 15%.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

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STATE	POLICY YEAR
Oklahoma	2010

QUESTION 1.1

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

ELECTRIC

EE is equivalent to supply side resources as a result of the Integrated Resource Planning process. (OAC 165:35-37-1).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

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

ELECTRIC

Oklahoma's IRP process requires regulated utilities to file IRPs with the Oklahoma Corporation Commission every three years. The consideration of investment in EE is part of the IRP process. (OAC 165:35-37-1).

A grading of Y- was assigned to this state because of a subtle ambiguity in the Oklahoma Code. While EE is mentioned as part of the complex resource planning process, it is not specifically enumerated as a resource. Thus, some ambiguity may exist as to EE's integration. (OAC 165:35-37-1)

ELECTRIC RECOMMENDATION Y-

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 N

STATE	POLICY YEAR
Oklahoma	2010

QUESTION 2.2

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

ELECTRIC

Oklahoma requires regulated utilities to operate Demand Programs, which include EE as a resource. Whether a program is cost effective is judged based on tests found in the California Standard Practice Manual, which includes the TRC. (OAC 165: 35-41-5©). Programs targeted to low-income or hard-to-reach customers may have a lower threshold of cost-effectiveness. (OAC 165:35-41-4(b)(10)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Oklahoma requires regulated utilities to operate Demand Programs, which include EE as a resource. Whether a program is cost effective is judged based on tests found in the California Standard Practice Manual, which includes the TRC. (OAC 165:45-23-5(c)). Programs targeted to low-income or hard-to-reach customers may have a lower threshold of cost-effectiveness. (OAC 165:45-23-4(b)(9)).

NATURAL GAS RECOMMENDATION Y

QUESTION 2.3.1

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

ELECTRIC

A study, called "Energy Efficiency in the South" was conducted by a team of researchers at the Georgia Institute of Technology and Duke University. Appendix G contained an Oklahoma specific review. The study presents primary and in-depth research of the potential for energy-efficiency improvements, using a modeling approach based on the EF-NEMS (National Energy Modeling System).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

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NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Oklahoma	2010

QUESTION 2.5.1

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

ELECTRIC

The Commission is obligated, in the Demand Program approval proceeding, to set specific savings goals for each utility to reduce the rate of growth of peak demand, energy usage, and capacity additions. A "goal" may be expressed "in kilowatts, kilowatt-hours, percentage reduction or limitation, years that anticipated construction of utility plant is delayed, and/or another quantifiable measurement approved by the Commission." (OAC 165:35-41-2(b)). Also, see Question 2.5.3.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Commission is obligated, in the Demand Program approval proceeding, to set specific savings goals for each utility to reduce the rate of growth of peak demand, energy usage, and capacity additions. A "goal" may be expressed "in kilowatts, kilowatt-hours, percentage reduction or limitation, years that anticipated construction of utility plant is delayed, and/or another quantifiable measurement approved by the Commission." (OAC 165:45-23-2(b).) Also, see Question 2.5.3.

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

Oklahoma regulations require that the proposed goals be based on "market potential studies, IRPs, or other evidence." (OAC 165:35-41-2(b)).

ELECTRIC RECOMMENDATION acd

NATURAL GAS

Oklahoma regulations require that the proposed goals be based on "market potential studies, IRPs, or other evidence." (OAC 165:45-23-2(b)).

NATURAL GAS RECOMMENDATION cd

STATE	POLICY YEAR
Oklahoma	2010

QUESTION 2.5.3

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

ELECTRIC

Oklahoma's Energy Security Act of 2010 defines renewable resources so as to include energy efficiency. (17 O.S. § 801.4(d)(10)). The Act sets the goal that 15% "of all installed capacity of electricity generation within the state by the year 2015 be generated from renewable energy sources." (17 O.S. § 801.4(c)). However, the statute also limits the amount of energy efficiency that may be used toward the 15% goal: "Therefore, every electricity generating entity in Oklahoma may use energy efficiency and demand side management measures to assist the state in meeting its renewable energy standard. Provided, however, that demand side management may not be used to meet more than twenty-five percent (25%) of the overall fifteen percent (15%) renewable energy standard for the state. Energy conservation measures shall be described and quantified to the Corporation Commission on March 1 annually. The Commission shall make the final determination of the amount of generation capacity the electricity generating entity conserved and determine to what degree that will count toward meeting the renewable energy standard for the state." (17 O.S. § 801.6).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

The Oklahoma Administrative Code states, "Utilities are responsible for timely evaluation, measurement, and verification of their energy efficiency and demand response programs." (OAC 165:35-41-6(a)). Part of the required filing, submitted for approval to the Commission every three years, is an M&V Plan, which must include impact, market and process evaluations. (OAC 165:35-41-6(b)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The Oklahoma Administrative Code states, "Utilities are responsible for timely evaluation, measurement, and verification of their energy efficiency and demand response programs." (OAC 165:45-23-6(a)). Part of the required filing, submitted for approval to the Commission every three years, is an M&V Plan, which must include impact, market and process evaluations. (OAC 165:45-23-6(b)).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Oklahoma	2010

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

Oklahoma regulations establish "all electric utilities under rate regulation of the Commission shall propose, at least once every three years, and be responsible for the administration and implementation of a demand portfolio of EE and demand response programs." (OAC 165:35-23.)

However, certain high volume electricity users, after the utility has a reasonable opportunity to present customized opportunities to such user, may opt out of some or all energy efficiency or demand response programs by submitting notice of such decision to the director of the Public Utility Division and to the electric utility that submits the demand portfolio. (OAC 165:35-41-4(b)(11)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Oklahoma regulations establish "all natural gas utilities under rate regulation of the Commission having more than 25,000 meters in the state of Oklahoma shall propose, at least once every three years, and be responsible for the administration and implementation of a demand portfolio of energy efficiency programs within their service territories" (OAC 165:45-23).

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

Oklahoma regulation requires utilities to update their IRP every three years. (OAC 165:35-37-4(a)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Oklahoma	2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Oklahoma regulations states that utilities' recovery of costs in rates or riders will be determined by the Commission on a utility-specific basis, and that costs other than for inducement shall not exceed ten percent of program costs and all program costs shall not add more than $1.90 to the residential sector's monthly average customer bill. Time-of-use devices and installation are not included in these caps. (OAC 165: 35-41-5(d)).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Oklahoma regulations state that a utility's recovery of prudently incurred program costs in rates or riders shall be determined by the Commission on a utility-specific basis; provided costs other than for inducement shall not exceed ten percent of program costs and all program costs shall not add more than $1.33 to the residential sector's monthly average customer bill. (OAC 165: 45-23-5(d)).

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.

ELECTRIC RECOMMENDATION ab

NATURAL GAS

See 4.1.1.

NATURAL GAS RECOMMENDATION ab

STATE	POLICY YEAR
Oklahoma	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

Oklahoma regulation requires utilities to include in their Demand Programs filing a detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable. (OAC 165:35-41-4(a)(18)). The Commission has in several filings approved a tariff rider/surcharge, a lost revenue adjustment mechanism, and included performance incentives for the utility.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Oklahoma regulation requires utilities to include in their Demand Programs filing a detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable. (OAC 165:45-23-4(a)(18)). The Commission has in several filings approved a tariff rider/surcharge, a lost revenue adjustment mechanism, and included performance incentives for the utility.

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.

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

See 5.1.1.

NATURAL GAS RECOMMENDATION -b-

STATE	POLICY YEAR
Oklahoma	2010

QUESTION **5.2.1**

Utility/shareholder EE incentives are provided

ELECTRIC

Oklahoma regulations permit utilities to include in their Demand Programs filings additional incentives the utility proposes it requires to make the programs workable, such as shareholder incentives. (OAC 165:35-41-4(a)(18)). Oklahoma Gas & Electric was approved to implement a 2-part incentive for its DM Program. For programs with a TRC greater than 1.0, the company would claim 25% of the savings value. For programs with a TRC less than 1.0, then the company would recover 15% of the savings value. (Cause # 200800059). This model has been adopted for other utilities.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

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NATURAL GAS RECOMMENDATION Y

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STATE	POLICY YEAR
South Dakota	2010

QUESTION 1.1

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

ELECTRIC

In the Commission's December of 2009 order on EL08-028, it adopted a new standard that reads, "Each electric utility shall (A) integrate cost-effective energy efficiency resources into the plans and planning processes of the electric utility; and (B) adopt policies establishing cost-effective energy efficiency as a priority resource; and (C) file integrated resource plans that are filed with other state regulatory agencies when those plans may affect South Dakota power supply and rates; or if no integrated resource plans are required to be filed in other states, file any integrated resource plans prepared for South Dakota power supply planning processes."

ELECTRIC RECOMMENDATION Y

NATURAL GAS

NATURAL GAS RECOMMENDATION N

QUESTION 1.2.1

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

ELECTRIC

South Dakota statute 1977 requires utilities to complete a ten year plan. However, the ten year plan does not require energy efficiency and does not include other elements of an integrated resource plan. In Docket EL08-028, the Commission updated its IRP Planning requirements to either require informational filings for plans developed by the utility in another jurisdiction that impact the SD utility, or to file an IRP. South Dakota has not been designated as having an IRP because the state only requires utilities to file an IRP if it has been done for another jurisdiction and the plan may affect South Dakota, or if the utility has filed any IRP prepared for the South Dakota power supply planning process. There do not appear to be state specific IRP requirements.

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

STATE	POLICY YEAR
South Dakota	2010

QUESTION 2.2

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

ELECTRIC

In its 5/8/08 EE Plan filing, Otter Tail evaluated its proposed programs with all five of the benefit-cost tests. The MidAmerican EE Plan relies on the Societal Test.

In it's filing for approval of Demand Side Management Programs in October 2009 NorthWestern proposed determining program viability on the TRC test. According to a state contact, Commission staff has begun placing the most emphasis on TRC with some on the RIM test.

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

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

In Otter Tail's 7/28/08 EE Plan approval, the Commission agreed to the company's proposal for a financial incentive if the company achieves its energy savings goal that is set in the plan. MW and MWh goals are established for the MidAmerican Plan.

Otter Tail filed an updated 2010 and 2011 EE Plan. Otter Tail's proposed savings goals for all energy programs for 2010 was 2,114,570 kWh.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

The MidAmerican Plan includes therm savings estimates.

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
South Dakota	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 -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

The Legislature enacted a voluntary objective in 2008 that 10% of retail electricity sales be obtained from renewable and recycled energy by 2015. Efficiency was not allowed to assist in meeting this objective in the 2008 law. In March 2009, the policy was modified, also allowing "conserved energy" to meet the objective. It went into effect on July 1, 2009.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 2.6.1

A robust M&V process has been established

ELECTRIC

M& V plays a role in each of the 3 utilities' program. In its 7/28/08 approval of Otter Tail's EE Plan, the Commission required the utility to perform a yearly evaluation of the plan, but details are not prescribed. An EE Plan by Mid-American was approved as part of its filing in Docket EL07-015. Details of the plan are not prescribed. Xcel Energy did a presentation on Measurement and Verification options in South Dakota in 2010. According to a state contact, in cases where EM& V is being done is is completed by the utility administering the program. So far, the small size of the programs being implemented makes a more robust EM& V program disproportionately expensive.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
South Dakota	2010

QUESTION 2.7.1

EE delivery structure has been established

ELECTRIC

EE spending is minimal in SD and the state has no requirements, but utilities voluntarily undertake some programs.

ELECTRIC RECOMMENDATION N

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 that consider EE are not in place except for Black Hills Corporation, as noted in 1.2.1, although recent decisions favor increasing emphasis on IRP type efforts. In the Commission's December of 2009 order on EL08-028, it adopted a new standard that reads, "Each electric utility shall (A) integrate cost-effective energy efficiency resources into the plans and planning processes of the electric utility; and (B) adopt policies establishing cost-effective energy efficiency as a priority resource; and (C) file integrated resource plans that are filed with other state regulatory agencies when those plans may affect South Dakota power supply and rates; or if no integrated resource plans are required to be filed in other states, file any integrated resource plans prepared for South Dakota power supply planning processes." The Commission's decision in a review of PURPA calls favors reliance on IRP's through informational filings and potential new filing requirements. The reach and timing of this requirement is unclear.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION

STATE	POLICY YEAR
South Dakota	2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Otter Tail received approval on 7/28/08 for a cost recovery rider for its EE Plan. All customers will pay the same cost recovery charge. An EE Plan from Mid-American, in which cost-recovery was proposed to be funded with a rider, was approved in March of 2009. Previously, programs have been minimal and cost recovery has been done in rates. The Commission approved a revised cost recovery mechanism for MidAmerican in January 2010. The Commission also approved a cost recovery rider for NorthWesterns Demand Side Management Program in 2010.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Cost recovery mechanisms vary from utility to utility. MDU requested and received cost recovery for pilot conservation programs in 2005. An EE Plan from Mid-American, in which cost-recovery was established in March of 2009. The Commission also approved a cost recovery rider for NorthWesterns Demand Side Management Program in 2010.

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

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

ELECTRIC

Current recovery is done via rates. Proposed recovery mechanisms include tariff riders.

ELECTRIC RECOMMENDATION ab

NATURAL GAS

NATURAL GAS RECOMMENDATION -a-

STATE	POLICY YEAR
South Dakota	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

The Commission affirmatively rejected any requirements relating to the throughput incentives in the context of their review of PURPA provisions of the 2007 Energy Independence and Security Act. The Commission approved a lost revenue recovery mechanism for NorthWestern Energy in GE09-001.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

The Commission approved a lost revenue recovery mechanism for NorthWestern Energy in GE09-001.

NATURAL GAS RECOMMENDATION N

QUESTION 5.1.2

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

ELECTRIC

MidAmerican includes a lost margin recovery factor for its DSM programs that was approved in March of 2009.

ELECTRIC RECOMMENDATION -b-

NATURAL GAS

NATURAL GAS RECOMMENDATION

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

Otter Tail received approval for an incentive in the Commission's 7/28/08 approval of its EE Plan. The shared-savings incentive awards Otter Tail a share of the total net benefits if the company reaches 100% of the proposed energy savings goal. The financial incentive is capped at 30% of the utility's approved EE Plan expenditures. A similar incentive structure was approved for MidAmerican in March 2009. Incentive provisions do not include a provision for penalties for program deficiencies. An financial incentive for Otter Tail was approved in 2010, with financial incentives starting at 90% of the goal.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

An incentive structure for MidAmerican was established in March of 2009. Incentives do not include a provision for penalties for program deficiencies.

NATURAL GAS RECOMMENDATION

CITATIONS: South Dakota

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CEE, The State of the Efficiency Program Industry, 2009, http://www.cee1.org/files/StateofEEIndustry2009.pdf

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NorthWestern Demand Side Management Application, GE 09-001, October 1, 2009.
http://puc.sd.gov/commission/dockets/gas& electric/2009/ge09-001/100109.pdf

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S.D. Administrative Code, § 20:10:36: http://legis.state.sd.us/rules/DisplayRule.aspx?Rule=20:10:36

SD Code, 49-46-3: http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute& Statute=49-46-3

SD Energy Smart Initiative. http://www.sdenergysmart.com/Partners.aspx

SD Legislature, HB 1123; SB 57, 2009, http://legis.state.sd.us/sessions/2009/Bill.aspx?File=SB57ENR.htm

SD Legislature, SB 188, 2008: http://legis.state.sd.us/sessions/2008/Bills/SB188ENR.pdf

SD Legislature, SB 202, 2009. http://legis.state.sd.us/sessions/2009/Bills/SB202P.pdf

SD Legislature, Statute 49-41B-3. http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute& Statute=49-41B-3

SD PUC, Docket NG07-012, Order, 2007, http://www.state.sd.us/puc/commission/dockets/naturalgas/2007/ng07-012/042007.pdf

SD PUC, Order (Time of Delivery rates), Docket EL07-001, 2007:
http://www.state.sd.us/puc/commission/orders/electric/2007/el07-001OATR.pdf.

CITATIONS: South Dakota

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SD PUC, Order, NorthWestern DSM Plan, 09 001, May 4, 2010, http://puc.sd.gov/commission/orders/gas&electric/2010/ge09-001.pdf

SD PUC, Otter Tail EE Pilot Order, Docket EL07-011, 7/28/08 : http://puc.sd.gov/commission/orders/electric/2008/el07-011.pdf

SD PUC, Revised EE Plan, 5/8/08: http://puc.sd.gov/commission/dockets/electric/2007/el07-011/050808.pdf

South Dakota PUC, Order, MidAmerican EE Plan, January 19, 2010, http://puc.sd.gov/commission/orders/electric/2010/el07-015.pdf

South Dakota PUC, Order, Otter Tail EE Plan, March 3, 2010, http://puc.sd.gov/commission/orders/electric/2010/el09-022.pdf

Xcel Energy, DSM Measurement & Verification presentation, June 23, 2010, http://puc.sd.gov/commission/Presentations/EEworkshop/peterson.pdf

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 1.1

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

ELECTRIC

Statute §1.12(4), commonly referred to as the Energy Priorities Law, requires that energy conservation and efficiency be considered as the highest priority resource in meeting energy demands, to the extent cost-effective and technically feasible. Further, §1.12(5)(a) states that in designing all new and replacement energy projects, a state agency or local governmental unit shall rely to the greatest extent feasible on energy efficiency improvements and renewable energy resources, if [they] are cost-effective and technically feasible and do not have unacceptable environmental impacts. However, §196.374(2)(a)3. states that the PSC may not require an energy utility to administer or fund any energy efficiency program that is in addition to statutorily mandated efficiency programs. Pursuant to §196.025(1)(ar), whenever the PSC makes an energy-related decision, it must implement the energy priorities law. So, for example, when the PSC reviews an application for pre-construction approval of a new supply resource, it will review whether it is technically feasible and cost-effective to meet the need through energy efficiency. If so, the PSC can deny the application for the supply resource but it cannot order the applicant to undertake additional efficiency measures.

ELECTRIC RECOMMENDATION Y+

NATURAL GAS

Statute §1.12(4), commonly referred to as the Energy Priorities Law, requires that energy conservation and efficiency be considered as the highest priority resource in meeting energy demands, to the extent cost-effective and technically feasible. Further, §1.12(5)(a) states that in designing all new and replacement energy projects, a state agency or local governmental unit shall rely to the greatest extent feasible on energy efficiency improvements and renewable energy resources, if [they] are cost-effective and technically feasible and do not have unacceptable environmental impacts. However, §196.374(2)(a)3. states that the PSC may not require an energy utility to administer or fund any energy efficiency program that is in addition to statutorily mandated efficiency programs. Pursuant to §196.025(1)(ar), whenever the PSC makes an energy-related decision, it must implement the energy priorities law. So, for example, when the PSC reviews an application for pre-construction approval of a new supply resource, it will review whether it is technically feasible and cost-effective to meet the need through energy efficiency. If so, the PSC can deny the application for the supply resource but it cannot order the applicant to undertake additional efficiency measures.

NATURAL GAS RECOMMENDATION Y+

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 1.2.1

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

ELECTRIC

The PSC completed its first quadrennial energy efficiency planning docket (05-GF-191, Reference # 141173) in 2010. The results of the efficiency planning process will be incorporated into the biennial Strategic Energy Assessments (SEA) prepared by the PSC. The SEA is considered by RAP to be akin to an IRP-like process, but has some differences. First, the SEA is written by PSC staff from a statewide perspective, rather than by individual utilities. Utilities provide data input. Second, the SEA evaluates the adequacy of existing and planned resources to meet future needs but does not seek to identify a least cost resource plan.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The PSC completed its first quadrennial energy efficiency planning docket (05-GF-191, Reference # 141173) in 2010. The results of the efficiency planning process will be incorporated into the biennial Strategic Energy Assessments (SEA) prepared by the PSC. The SEA is considered by RAP to be akin to an IRP-like process, but has some differences. First, the SEA is written by PSC staff from a statewide perspective, rather than by individual utilities. Utilities provide data input. Second, the SEA evaluates the adequacy of existing and planned resources to meet future needs but does not seek to identify a least cost resource plan.

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

EE is an alternative to transmission because the Energy Priorities Law described in answer 1.1 above applies to all energy decisions, including transmission decisions. The Strategic Energy Assessment described in answer 1.2.1 above considers the adequacy of existing and planned transmission to meet future statewide energy needs, but does not evaluate whether transmission system plans are least cost.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N/A

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 2.2

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

ELECTRIC

In a memorandum during the quadrennial planning process, the Commission defined a modified TRC and expanded TRC. A modified TRC is used to determine the effectiveness of energy efficiency measures and portfolios of programs. The modified TRC includes additional benefits due to costs avoided as a result of the programs, including the value of avoided emissions for which active offset markets currently exist (Sox, Nox, and CO2). An Expanded Net Economic Test is used at the portfolio level. The costs included in the Expanded test are the same as the modified TRC test, but also include non-economic externalities, such as mercury, and economic non-energy benefits and costs, such as water savings and improved productivity. (Docket No. 5-GF-191, Memorandum dated May 21, 2010, Ref # 131951). The final order in the quadrennial planning process embraced the above uses of the modified and expanded cost tests, and additionally required that programs must pass the Utility/Administrator test. (Docket No. 5-GF-191, Order, November 10, 2010, Ref # 141173). RAP does not consider the modified TRC test to be a true TRC test. The Expanded test is considered a TRC test.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

In a memorandum during the quadrennial planning process, the Commission defined a modified TRC and expanded TRC. A modified TRC is used to determine the effectiveness of energy efficiency measures and portfolios of programs. The modified TRC includes additional benefits due to costs avoided as a result of the programs, including the value of avoided emissions for which active offset markets currently exist (Sox, Nox, and CO2). An Expanded Net Economic Test is used at the portfolio level. The costs included in the Expanded test are the same as the modified TRC test, but also include non-economic externalities, such as mercury, and economic non-energy benefits and costs, such as water savings and improved productivity. (Docket No. 5-GF-191, Memorandum dated May 21, 2010, Ref # 131951). The final order in the quadrennial planning process embraced the above uses of the modified and expanded cost tests, and additionally required that programs must pass the Utility/Administrator test. (Docket No. 5-GF-191, Order, November 10, 2010, Ref # 141173). RAP does not consider the modified TRC test to be a true TRC test. The Expanded test is considered a TRC test.

NATURAL GAS RECOMMENDATION Y-

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 2.3.1

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

ELECTRIC

A potential study was completed in Fall 2005. WI was also included in a ACEEE study of the potential of aggressive EE programs to reduce consumer use of natural gas and peak electricity generated by natural gas. At least every 4 years, the PSC must evaluate statutorily mandated energy efficiency programs and set or revise goals, priorities, and measurable targets for the programs. The Energy Center of Wisconsin was hired to conduct an energy efficiency and customer sited renewable energy potential study in 2008 as part of this quadrennial review in Docket 5-UI-115. The quadrennial review, based on the results of the potential study, was completed in 2010.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

A potential study was completed in Fall 2005. WI was also included in a ACEEE study of the potential of aggressive EE programs to reduce consumer use of natural gas and peak electricity generated by natural gas. At least every 4 years, the PSC must evaluate statutorily mandated energy efficiency programs and set or revise goals, priorities, and measurable targets for the programs. The Energy Center of Wisconsin was hired to conduct an energy efficiency and customer sited renewable energy potential study in 2008 as part of this quadrennial review in Docket 5-UI-115. The quadrennial review, based on the results of the potential study, was completed in 2010.

NATURAL GAS RECOMMENDATION Y

QUESTION 2.5.1

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

ELECTRIC

Act 141, passed in 2006, requires the Commission to review and establish goals, priorities, and measurable targets every four years. An Order issued by the PSC in November 2010 set annual targets for electricity and natural gas reductions for the first 4-year planning period. The electric energy and demand goals, as a percent of peak load and electric sales, amount to 0.75% in 2011, ramping up to 1.5% in 2014.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Act 141, passed in 2006, requires the Commission to review and establish goals, priorities, and measurable targets every four years. An Order issued by the PSC in November 2010 set annual targets for electricity and natural gas reductions for the first 4-year planning period. The PSC approved natural gas goals of 0.5% in 2011, ramping up to 1% in 2013.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Wisconsin	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

Goals are established through a quadrennial planning process, based on a variety of factors including mandatory program funding levels, results of potential studies, and previous years' performance.

ELECTRIC RECOMMENDATION ac

NATURAL GAS

Goals are established through a quadrennial planning process, based on a variety of factors including mandatory program funding levels, results of potential studies, and previous years' performance.

NATURAL GAS RECOMMENDATION ac

QUESTION 2.5.3

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

ELECTRIC

Legislation was introducted (SB 273) in 2010 to allow an electric provider to create an RPS credit based on the use of specified non-electric-generating resources if the use of the resource displaces the use of electricity derived from conventional resources, and is verifiable and measurable. Some of these non-electric-generating resources are arguably EE measures.

ELECTRIC RECOMMENDATION N

NATURAL GAS

NATURAL GAS RECOMMENDATION N

STATE	POLICY YEAR
Wisconsin	2010

QUESTION **2.6.1**

A robust M&V process has been established

ELECTRIC

PSC 137.04 states that an independent third party, contracted by the commission, shall conduct all market assessment and evaluation activities necessary to measure the impact and cost−effectiveness of all statewide programs. Programs enacted by the utilities under PSC 137.07, beyond the requirements of the statewide programs, are required to be independently evaluated. PSC 137.07(3)(c)(3) states that the commission shall contract with the independent third−party evaluator, unless it determines that it is reasonable to allow the energy utility to contract with the evaluator. In that case the commission shall oversee the contracting process and approve the energy utility's selection of the independent third−party evaluator. The energy utility shall pay for the evaluation of the program, as determined by the commission, from retained utility revenues that the energy utility would otherwise have expended on statewide energy efficiency programs. Focus on Energy programs are also reviewed by an independent contractor, and the evaluation reports may be viewed at the Focus on Energy website listed below. Act 141, passed in 2006, requires the development of a more consistent and robust M& V protocol statewide through it's Quadrennial Planning Process. In a Final Order in Phase One and Two of the Quadrennial Planning process, the Commission established an Evaluation Work Group to advise on specific measurement and evaluations issues, including developing new guidelines (Docket 5-GF-191, November 10, 2010).

ELECTRIC RECOMMENDATION Y

NATURAL GAS

PSC 137.04 states that an independent third party, contracted by the commission, shall conduct all market assessment and evaluation activities necessary to measure the impact and cost−effectiveness of all statewide programs. Programs enacted by the utilities under PSC 137.07, beyond the requirements of the statewide programs, are required to be independently evaluated. PSC 137.07(3)(c)(3) states that the commission shall contract with the independent third−party evaluator, unless it determines that it is reasonable to allow the energy utility to contract with the evaluator. In that case the commission shall oversee the contracting process and approve the energy utility's selection of the independent third−party evaluator. The energy utility shall pay for the evaluation of the program, as determined by the commission, from retained utility revenues that the energy utility would otherwise have expended on statewide energy efficiency programs. Focus on Energy programs are also reviewed by an independent contractor, and the evaluation reports may be viewed at the Focus on Energy website listed below. Act 141, passed in 2006, requires the development of a more consistent and robust M& V protocol statewide through it's Quadrennial Planning Process. In a Final Order in Phase One and Two of the Quadrennial Planning process, the Commission established an Evaluation Work Group to advise on specific measurement and evaluations issues, including developing new guidelines (Docket 5-GF-191, November 10, 2010).

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Wisconsin	2010

QUESTION **2.7.1**

EE delivery structure has been established

ELECTRIC

Prior to 2000, program administration was done by utilities. From 2000 through June 2007, third-party administrations of statewide prPrior to 2000, program administration was done by utilities. From 2000 through June 2007, third-party administrations of statewide programs were funded separately by utilities and overseen by the Department of Administration. Act 141, passed in 2006, requires investor-owned utilities to collectively fund a third-party efficiency administrator, under the regulation of the Public Service Commission, effective 7/07. The energy efficiency, renewable energy, and R& D efforts are called the Focus on Energy imitative. The Commission has day-to-day oversight of these programs. Utilities may also develop and offer voluntary efficiency programs, as approved by the Commission. Municipal utilities and energy cooperatives may opt in to the Focus on Energy program, as most have, or administer their own programs.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Prior to 2000, program administration was done by utilities. From 2000 through June 2007, third-party administrations of statewide programs were funded separately by utilities and overseen by the Department of Administration. Act 141, passed in 2006, requires investor-owned utilities to collectively fund a third-party efficiency administrator, under the regulation of the Public Service Commission, effective 7/07. The energy efficiency, renewable energy, and R& D efforts are called the Focus on Energy imitative. The Commission has day-to-day oversight of these programs. Utilities may also develop and offer voluntary efficiency programs, as approved by the Commission. Municipal utilities and energy cooperatives may opt in to the Focus on Energy program, as most have, or administer their own programs.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 2.7.2

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

ELECTRIC

Most Wisconsin utilities contract with the Wisconsin Energy Conservation Corporation (WECC), which administers the residential, business and renewable energy programs. The Energy Center of Wisconsin administers the Environmental and Economic R& D program. Collectively, the energy efficiency, renewable energy and research components comprise the Focus on Energy initiative. FOE provides information, financial assistance, technical assistance and other services to residents, businesses, schools, institutions and local governments. A small number of municipal utilities and energy cooperatives administer their own programs.

ELECTRIC RECOMMENDATION ab

NATURAL GAS

Most Wisconsin utilities contract with the Wisconsin Energy Conservation Corporation (WECC), which administers the residential, business and renewable energy programs. The Energy Center of Wisconsin administers the Environmental and Economic R& D program. Collectively, the energy efficiency, renewable energy and research components comprise the Focus on Energy initiative. FOE provides information, financial assistance, technical assistance and other services to residents, businesses, schools, institutions and local governments. A small number of municipal utilities and energy cooperatives administer their own programs.

NATURAL GAS RECOMMENDATION ab

QUESTION 2.8

Resource plans are regularly updated

ELECTRIC

The results of the quadrennial efficiency planning processes are incorporated into biennial Strategic Energy Assessments (SEA) prepared by the PSC. A final Strategic Energy Assessment was issued in April 2009.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

The results of the quadrennial efficiency planning processes are incorporated into biennial Strategic Energy Assessments (SEA) prepared by the PSC. A final Strategic Energy Assessment was issued in April 2009.

NATURAL GAS RECOMMENDATION Y

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 4.1.1

Cost recovery process exists

ELECTRIC

Pursuant to 196.374(5)(a), the PSC shall ensure in rate-making orders that investor-owned utilities recover from ratepayers the amounts spent on statutorily mandated programs. In addition, utilities may implement their own voluntary programs and recover costs in rates via a conservation escrow account. Large energy customers may fund EE projects and, with PSC approval, may deduct the cost from the amount the customer is required to pay the utility for cost recovery; the utility deducts the amount from the amount required to spend on programs. Municipal utilities and energy cooperatives recover costs are required pursuant to 196.374(7)(a)1. to recover costs through a monthly customer charge.

ELECTRIC RECOMMENDATION Y

NATURAL GAS

Pursuant to 196.374(5)(a), the PSC shall ensure in rate-making orders that investor-owned utilities recover from ratepayers the amounts spent on statutorily mandated programs. In addition, utilities may implement their own voluntary programs and recover costs in rates via a conservation escrow account. Large energy customers may fund EE projects and, with PSC approval, may deduct the cost from the amount the customer is required to pay the utility for cost recovery; the utility deducts the amount from the amount required to spend on programs. Municipal utilities and energy cooperatives recover costs are required pursuant to 196.374(7)(a)1. to recover costs through a monthly customer charge.

NATURAL GAS RECOMMENDATION Y

QUESTION 4.1.2

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

ELECTRIC

ELECTRIC RECOMMENDATION bc

NATURAL GAS

NATURAL GAS RECOMMENDATION bc

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 5.1.1

Utility throughput incentive is addressed and disincentives are removed

ELECTRIC

All IOUs and most customer-owned utilities contract with a third party efficiency administrator. Docket 05-UI-114, initiated in 2008 and ongoing throughout 2009, will examine ratemaking approaches that promote EE, including removing disincentives and providing incentives. Decoupling was approved for WI Public Service in December 2008 (called a Revenue Stabilization Mechanism), which allows the utility to undertake a four-year pilot program. The pilot will occur in three communities, and will be regularly reviewed; true-ups will occur annually and over- or under-collection is capped at about $14 million ($12 million for electric operations, and $2 million for natural gas operations). WI Power and Light has discontinued it's decoupling proposal.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

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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 ac

NATURAL GAS

NATURAL GAS RECOMMENDATION ac

STATE	POLICY YEAR
Wisconsin	2010

QUESTION 5.2.1

Utility/shareholder EE incentives are provided

ELECTRIC

A Final Order in Docket No. 6680-UR-114 on October 8, 2008 allows Wisconsin Power & Light (Alliant Energy) to earn the same rate-of-return on its investments in energy efficiency made through its shared savings program for commercial and industrial customers as it earns on other capital investments. Additionally, utilities may propose incentives as part of their rate cases.

In the Final Order of the first quadrennial planning process, the Commission determined that a performance bonus mechanism should continue to emphasize energy savings in the energy efficiency programs. The Commission stated that a bonus based on 75 percent energy savings (kWh and therms) and 25 percent on demand, or a contract whose demand goals are reduced by 25 percent, provides the appropriate emphasis on energy savings.

ELECTRIC RECOMMENDATION Y-

NATURAL GAS

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NATURAL GAS RECOMMENDATION Y-

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