EERS in New Energy Efficiency States: Illinois and Ohio

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EERS in New Energy Efficiency States: Illinois and Ohio

- Define the policies
- Explain the business model
    - Cost recovery
    - Decoupling/Lost revenue recovery
    - Performance incentives
- Describe performance to-date
- Look toward the future

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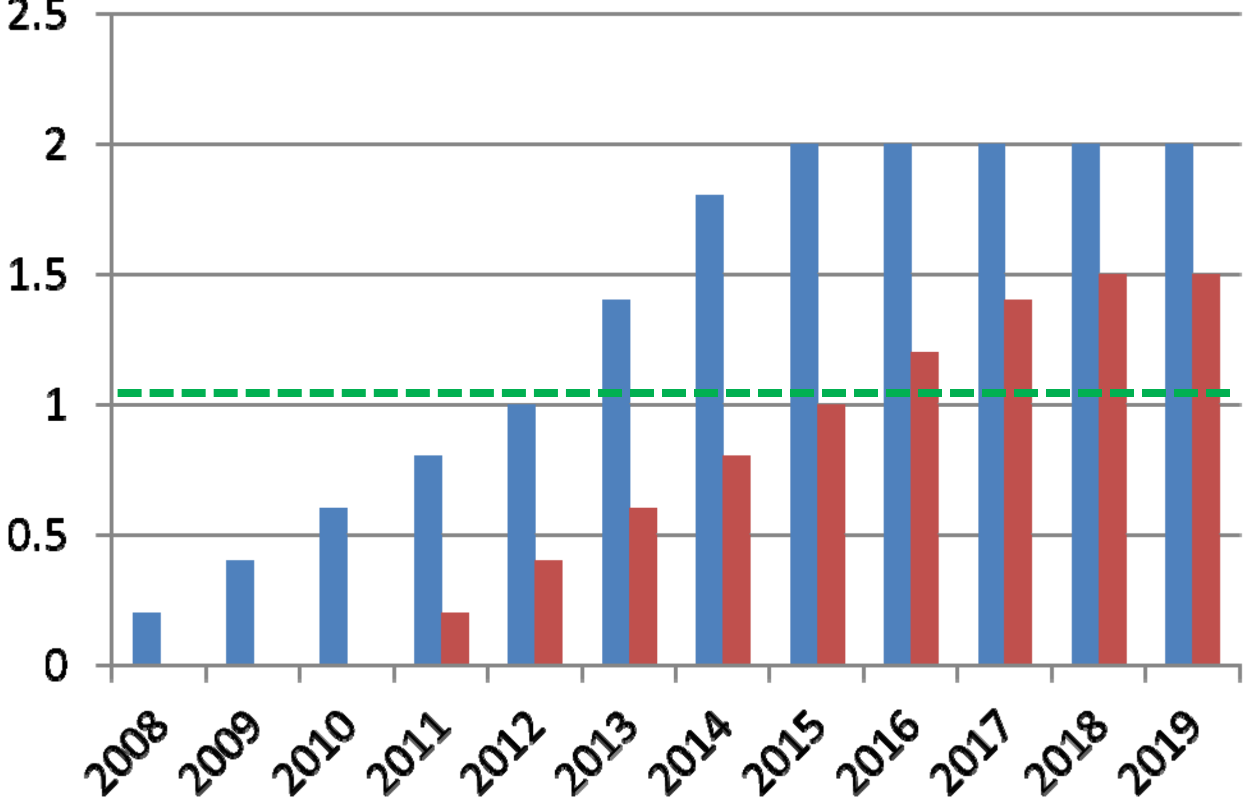
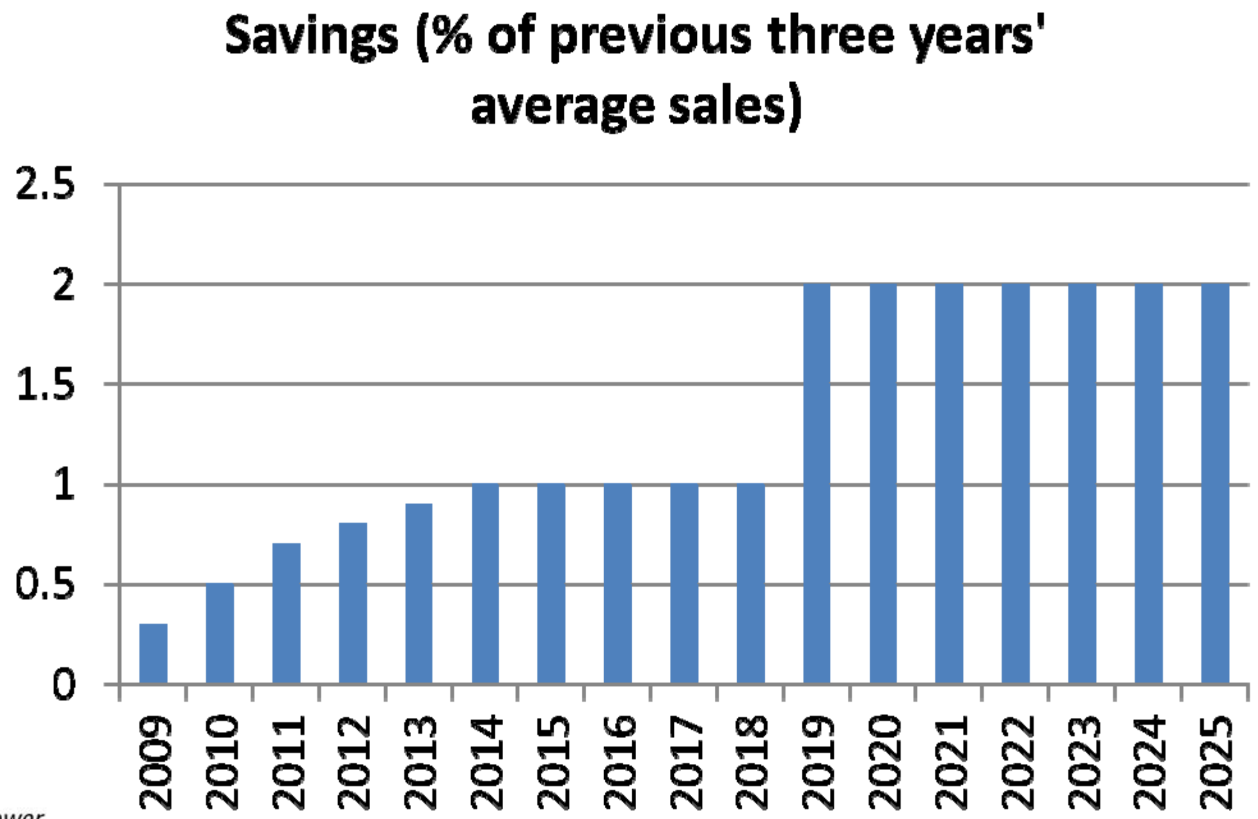
Illinois EERS

- Passed in 2007 as part of broader electricity package
- Electric utilities required to use "cost effective energy efficiency ... measures to reduce delivery load"
- Cost effective defined as TRC
- "Cost cap" limits rate increases from electric EE to 2.015%, constrains programs around 2012, NRDC working to remove



Ohio EERS

- Passed in 2008 as part of broader electricity package
- Savings are can include:
  - Transmission and distribution projects that reduce line losses
  - Large customer energy efficiency projects, existing or new
- Commission can amend benchmarks if not achievable
- Targets are cumulative



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Business Model: Cost Recovery

- All utilities have been able to collect costs of running energy efficiency programs...
  - With the exception of some warehousing costs from FirstEnergy’s CFL program
  - NRDC argued that program was not prudently implemented

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Illinois business model

Decoupling/Lost revenue recovery

- FirstEnergy, Duke, Dayton Power & Light (DP&L) collect lost revenues
- ComEd did not collect lost revenues for 2008 – 2010 programs, went 50% to fixed distribution charges in 2010 rate case
- Ameren does not collect lost revenues
- Duke made formula rate proposal in current application that may be turned into decoupling
- Ohio generic decoupling docket

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Performance incentives

- None in Illinois
- Duke had Save-a-Watt (50% of avoided cost of savings, inclusive of incentives and program cost recovery, up to program investment cap), moving to retaining a portion of net benefit once they over-comply (probably a maximum of 15% of net benefit)
    - NRDC and other stakeholders proposed new Duke shared savings incentive
        - 13% of UCT net benefits at 15% of over-compliance and above
        - Commission review after 3 years
- FirstEnergy applied for shared savings, no stakeholder support

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AEP business model

- AEP had “three vintage year” lost revenue recovery, 2011 collection disallowed by Commission
    - “Decoupling advisory group” formed in recent stipulation
- AEP has gets the lesser of 15% of net benefits or percentage of program investment

Achievement as percentage of target	Shared savings	Program investment for measurable programs
> 100 – 106%	15%	6%
> 106 – 115%	15%	12%
> 115%	15%	17%

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Illinois Performance to-date

ComED			
Year	Target (MWh)	Performance (MWh)	TRC
2008	148,842	163,717	2.14
2009	312,339	472,132	2.84

Ameren			
Year	Target (MWh)	Performance (MWh)	TRC
2008	59,808	89,995	2.17
2009	126,273	137,741	3+

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Illinois Plans

ComED		
Year	Target (% of sales)	Performance (% of sales)
2011	.8	.8
2012	1	1, with negotiation
2013	1.4	1

Ameren		
Year	Target	Performance
2011	.8	.82
2012	1	.74
2013	1.4	.67

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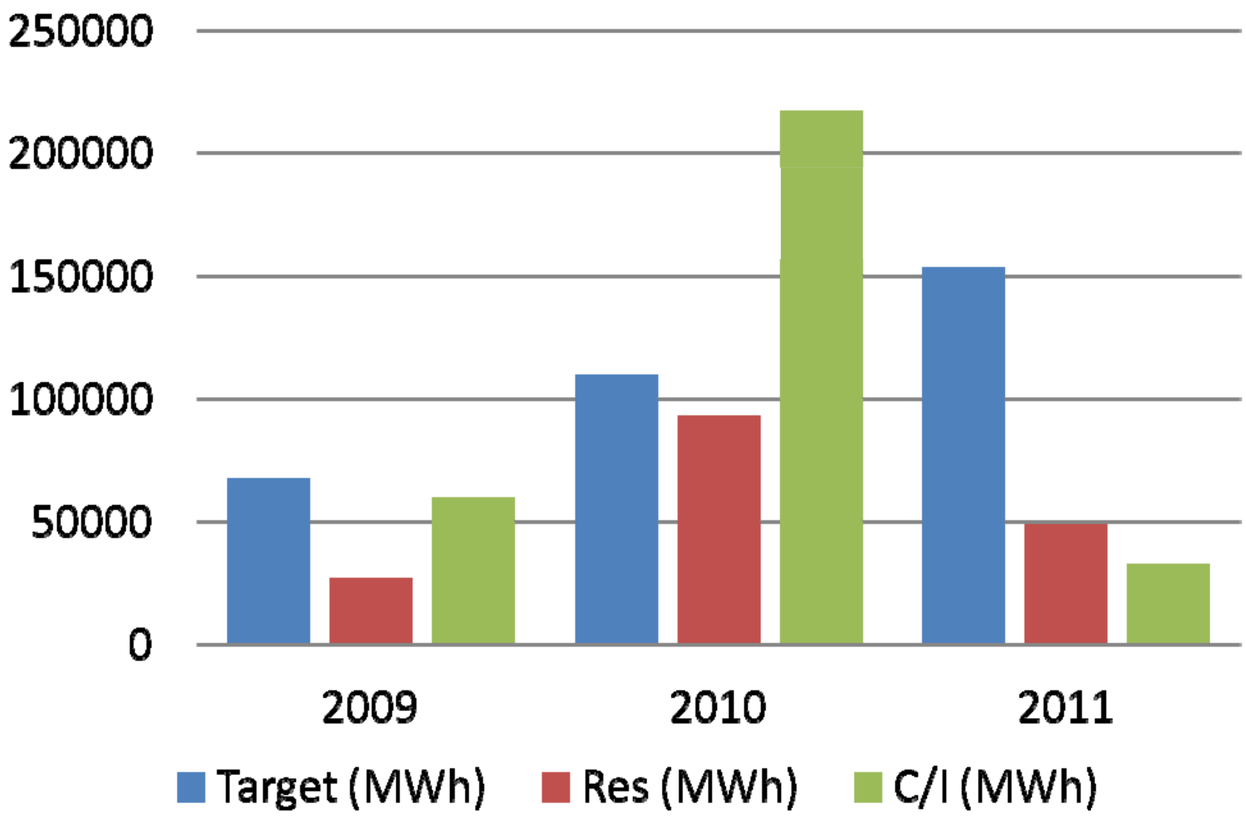
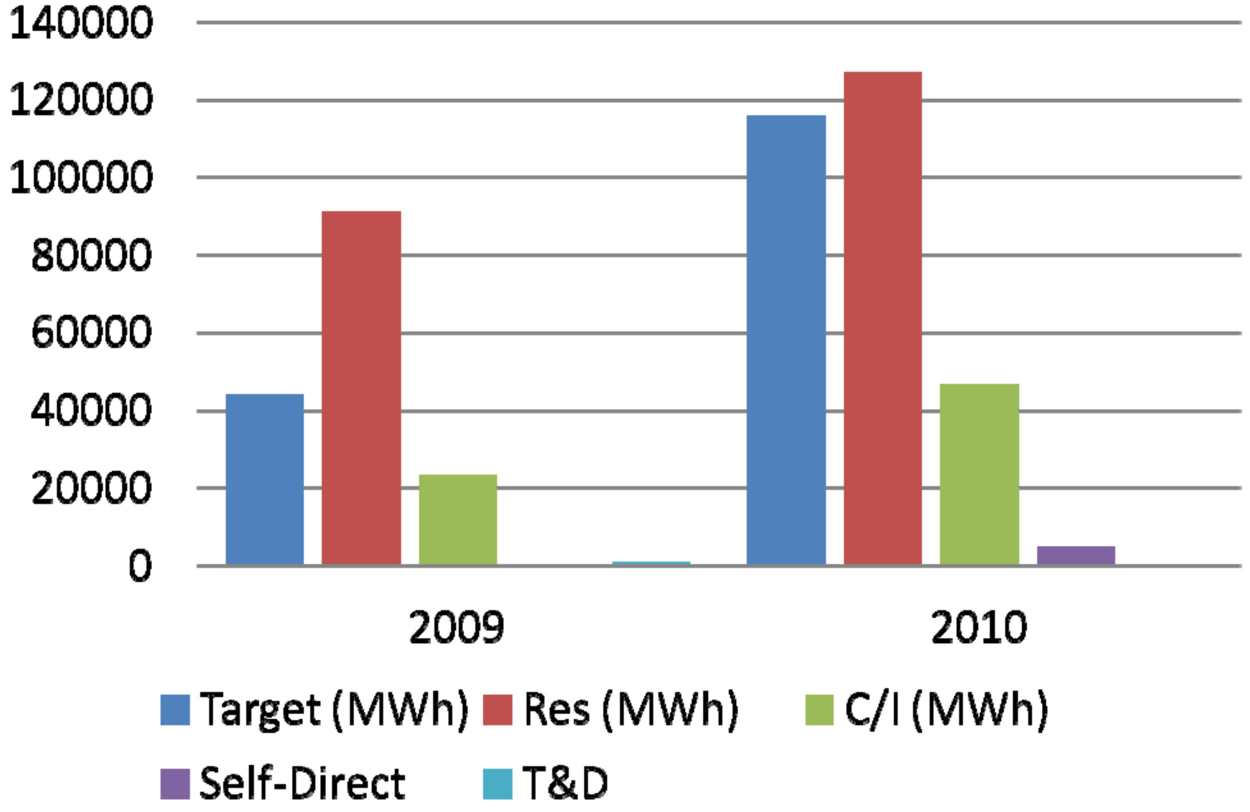
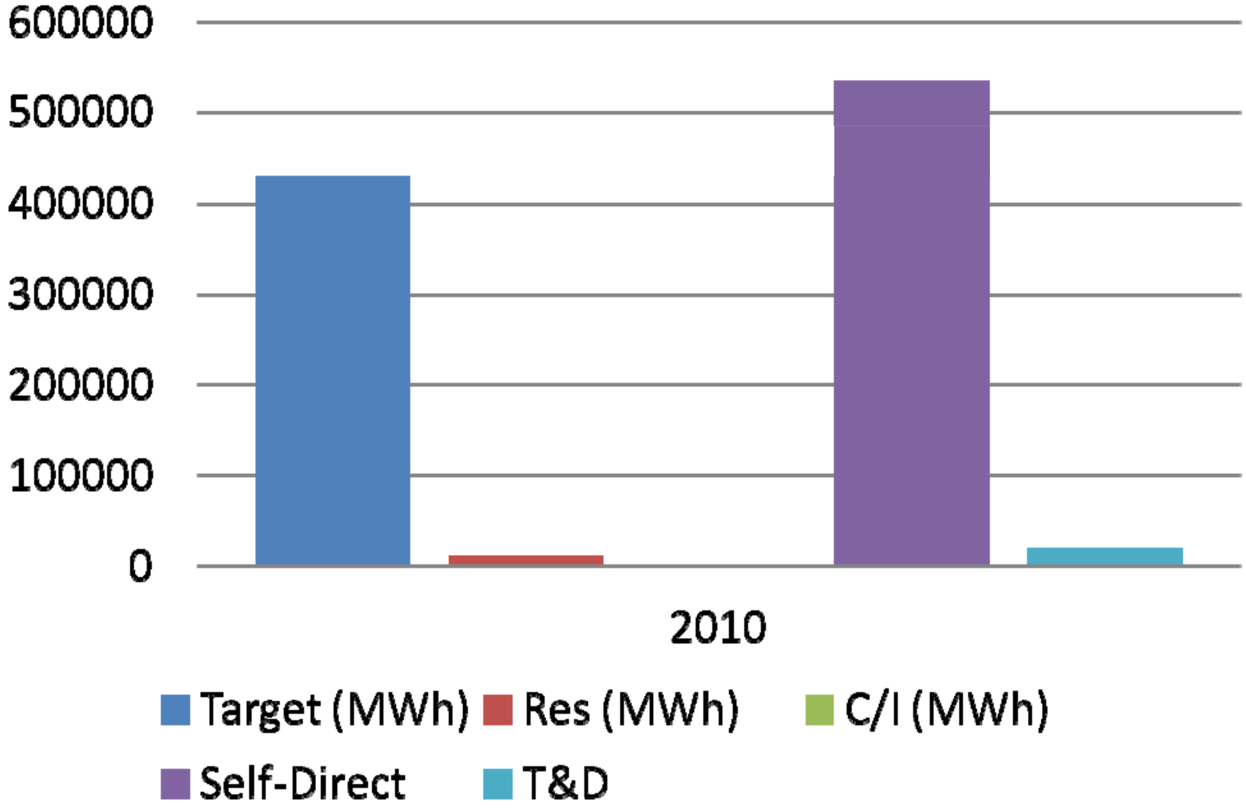
Duke Performance to-date



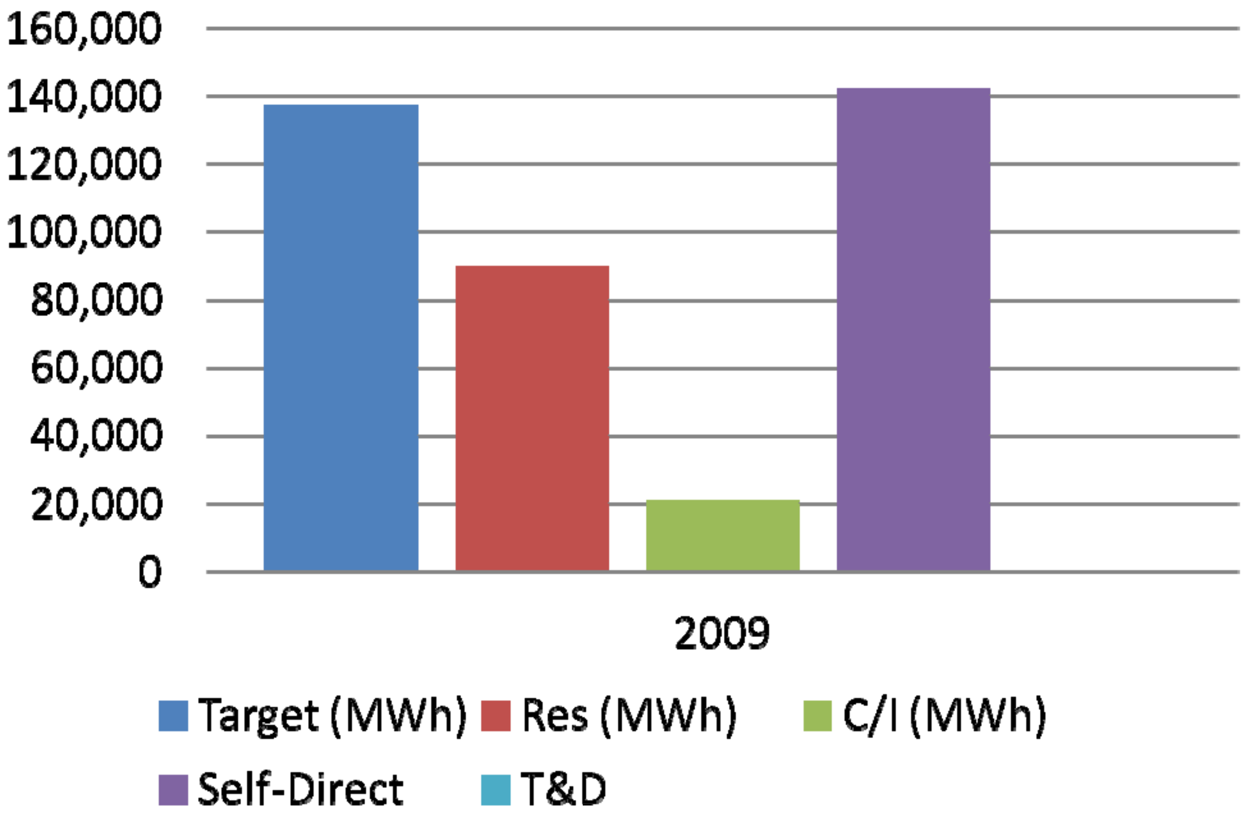
Dayton Power & Light Performance to-date



FirstEnergy Performance to-date



AEP Performance to-date



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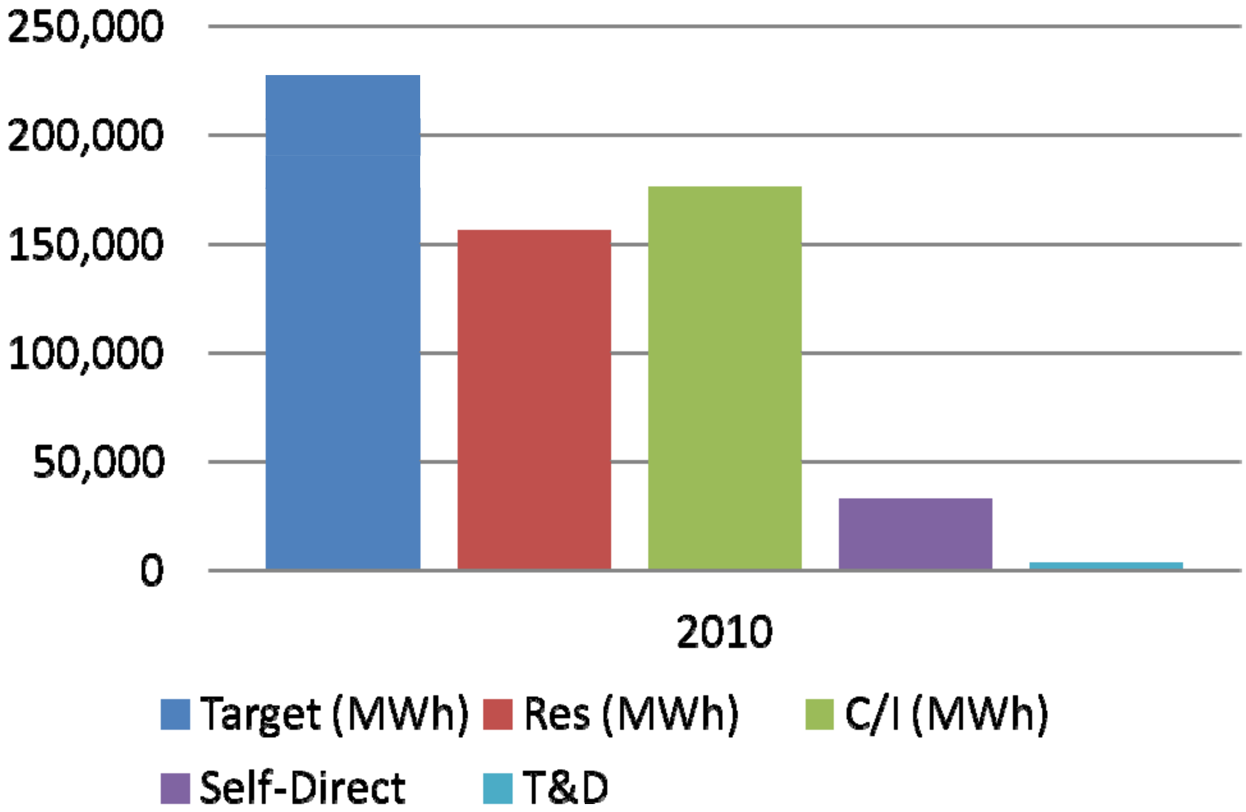
AEP Performance to-date



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Net bill savings to-date

- 2009 and 2010 programs of AEP/Duke/DP&L
  - will save customers $351 million over the life of the measures installed
  - saved $4.70 for every $1 of utility investment
  - have so far saved enough energy to power 181,000 homes for a year

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NRDC: looking forward

- In Illinois...
    - give Commission authority to allow utilities to exceed rate cap if there is remaining cost effective opportunity
- In Ohio
    - support approval of AEP 2012-2014 portfolio
        - with reasonable incentive
        - decoupling
    - support Duke incentive and decoupling
    - protect energy efficiency standard
- Help utilities “find” efficiency and go after it
    - industrial energy management
    - consumer electronics
    - commercial servers
    - behavior

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AEP: looking forward

- 2012-2014 EE/PDR Plan
  - $295.9 million portfolio
  - 1,659,000 MWhs and 248 MW
  - Requesting cost recovery, incentives and lost revenue
  - About 2/3 of savings from C&I vs. 1/3 from Residential
  - Residential EE is a growing cost effectiveness challenge. 90% dependent on CFLs. Low Income program is expensive. Behavior is a persistence ?
  - C&I EE opportunities are significant and most of our growth will come from that sector.
  - Expanding Marketing and R&D efforts.
  - Banking savings and incentives encourage action.
  - Taking away lost revenues slams on the brakes.

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