



UTILITY ENERGY EFFICIENCY AND REGULATORY REFORM

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Advanced Energy Economy

About Advanced Energy Economy

AEE is an association of businesses working to make the energy we use secure, clean, and affordable.



Outline

- 1** Progress in State Capitols
- 2 Keys to Program Design
- 3 Market Driven Energy Efficiency
- 4 What's on the horizon?



Major Policy Wins in 2016 Lame Duck Sessions

Recent bipartisan state policy wins create billions in new market opportunity over next decade, including:



Extension of EWRS to 2021, performance incentives, and new IRP Process



Governor's veto of HB 554 breathes new life into efficiency

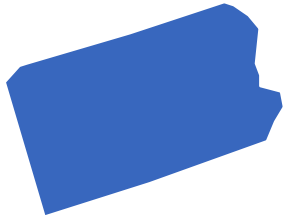


Expansion of utility EERS programs and raising the investment cap



Continued opportunities for advancing efficiency

Regulatory efforts in the states have potential to create new market opportunities for efficiency.



**PUC Alternative
Ratemaking Docket
and Performance
Based Regulation**



**PowerForward
Grid
Modernization
Workshops**



**IL Commerce
Commission
NextGrid Proceeding**

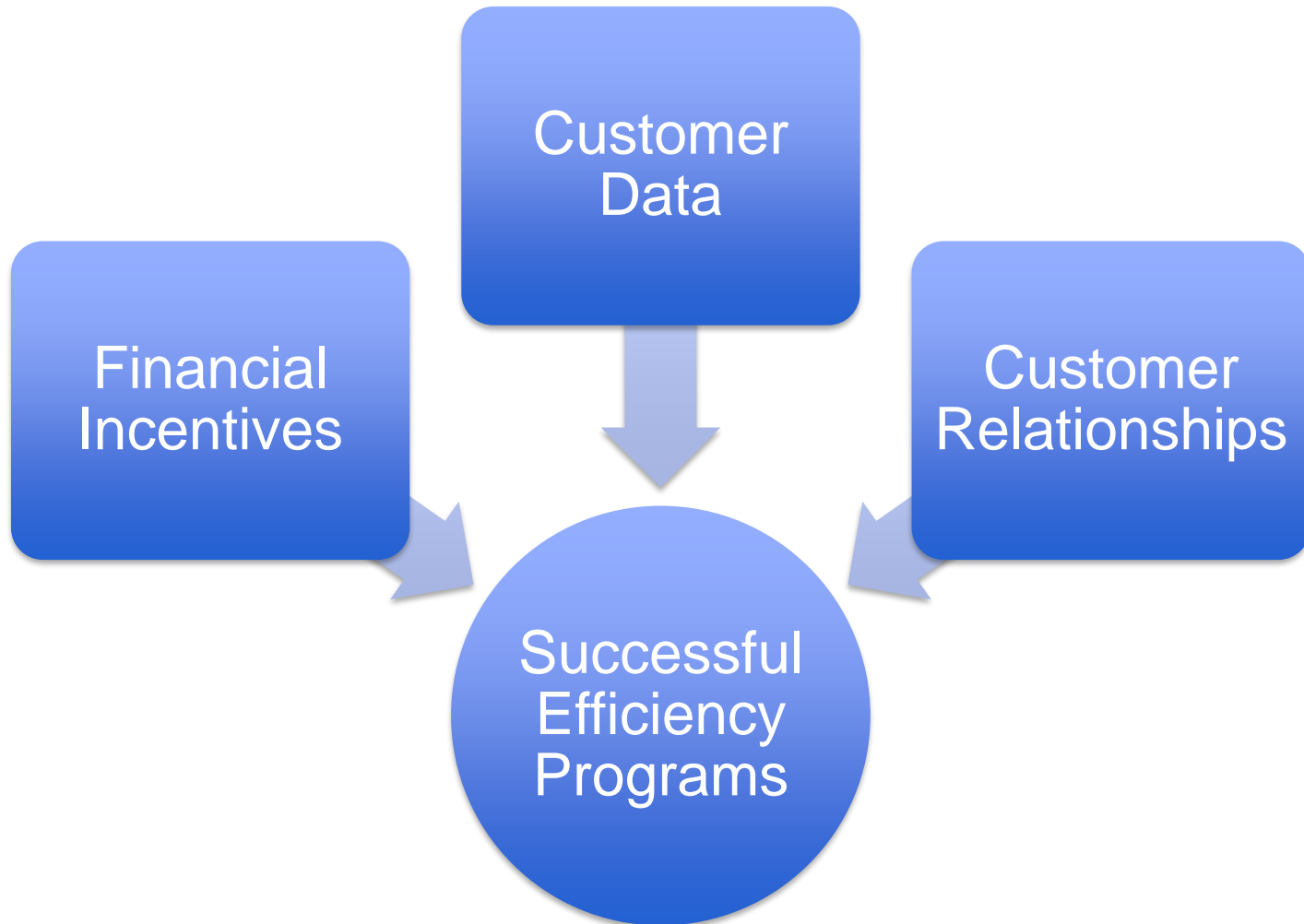


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Maryland: A Case Study in Program Design



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Beyond the Mandate: Market Driven EE Structures

Key components of building a market-based EE program:

- Needs a clear market driver in terms of policy to animate the marketplace for savings
- Explicit market price for efficiency savings
 - Price signal will depend on resource valuation that includes societal, system-wide, and locational benefits
 - Load Management Purchase Agreements
 - Price per avoided kWh
- Performance should be measured through verified savings rather than pre-determined value of inputs



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Emerging policy debates in the states

Two states are considering drastic changes to overall energy market structure.



**Efficiency proposals
are center stage as
Nevada considers
deregulation**



**Utility push for new profit
centers has everything
on the table**

Questions regarding how efficiency should be credited in states.



Thank you

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