



So, What's New in Energy Efficiency Programs?

Presented by:

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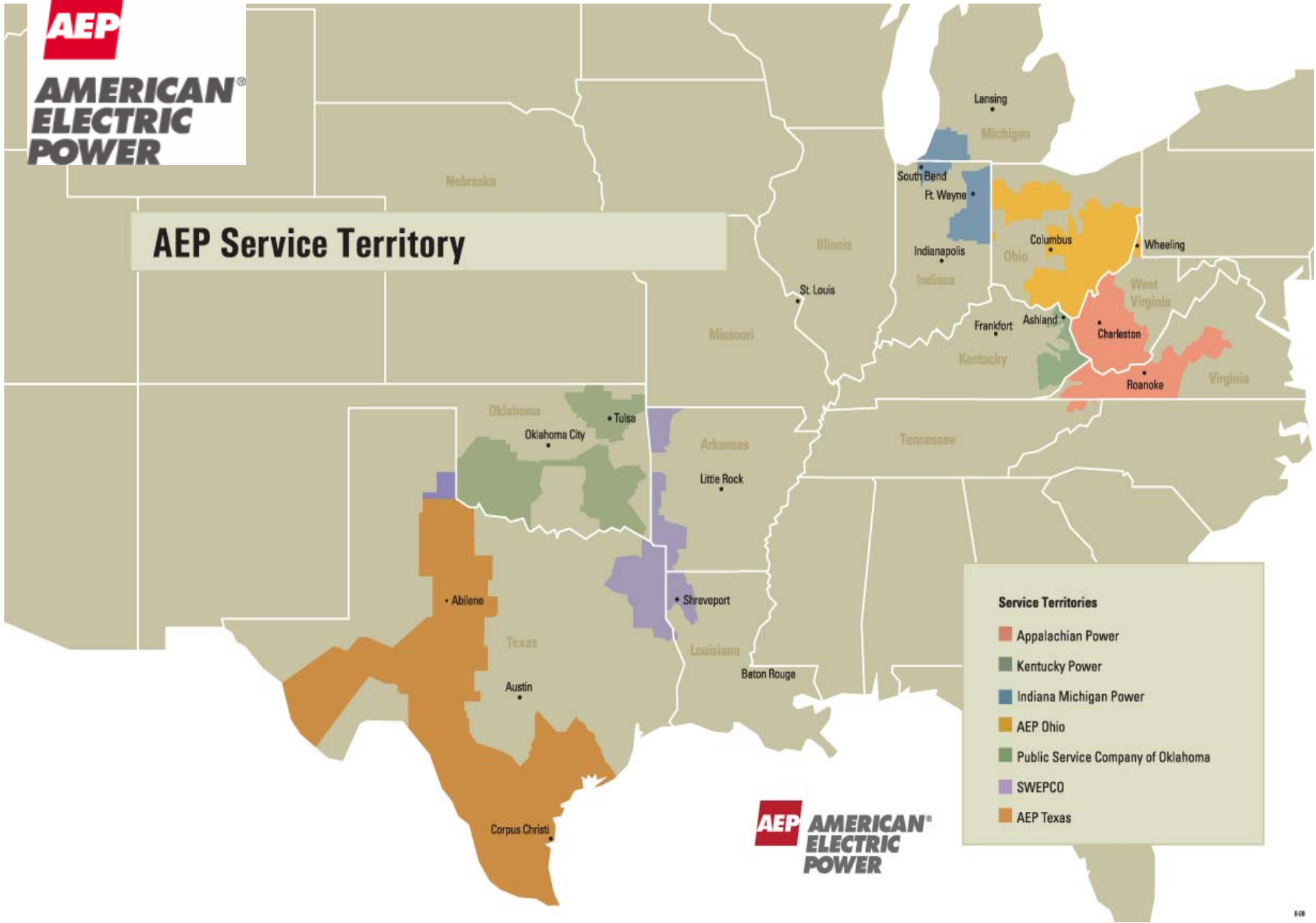
Who Is AEP?

- Headquartered in Columbus, Ohio
- Over 5 million customers served in 11 states
- 197,500 square mile service territory
- 38,953 miles of transmission
- 207,632 miles of distribution
- 36,000 MW of generating capacity



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AEP Service Territory



Service Territories

- Appalachian Power
- Kentucky Power
- Indiana Michigan Power
- AEP Ohio
- Public Service Company of Oklahoma
- SWEPCO
- AEP Texas





AEP Applauds SEARUC Resolution Supporting EE

Provides full support for the five key recommendations of the 2006 National Action Plan on Energy Efficiency:

- 1) Recognize energy efficiency as a high priority energy resource;
- 2) Make a strong, long-term commitment to cost-effective energy efficiency as a resource;
- 3) Broadly communicate the benefits of and opportunities for energy efficiency;
- 4) Promote sufficient, timely, and stable program funding to deliver energy efficiency where cost-effective; and
- 5) Modify policies to align utility incentives with the delivery of cost-effective energy efficiency and modify ratemaking practices to promote energy efficiency investments.



The Role of EE at AEP

- EE is a key component at AEP:
 - As a cost-effective energy resource
 - To help reduce GHG emissions
 - To help customers better manage energy use and costs
 - As the right thing to do in the overall operation of a major electric utility in today's business environment



The State of Texas

- SB7 (1999) restructured the Texas electric utility industry
- Annual energy efficiency goal was mandated: TDSPs were required to achieve kW peak demand savings in 2002 of at least 5% of projected growth in demand
- The goal increased to 10% by Jan. 1, 2004
- Program templates were developed and approved by the Commission, through a collaborative process
- Utilities must achieve at least 5% of the annual savings from the Hard-to-Reach customer class
- Cost recovery on an historic basis, in base rates



Changes Underway in Texas

- 80th Legislature, HB 3693 revisions to PURA
- Increases to Annual Energy Efficiency Goal
 - 15% of annual growth in demand for 2008
 - 20% of annual growth in demand for 2009
 - May increase to 30% for 2010
 - May further increase to 50% by 2015
- Eliminates industrial customer participation
- Energy Efficiency Cost Recovery Factor
- Utility incentive for exceeding minimum goals
- Customer classes that receive program benefits shall bear the costs



Texas Program Templates

- » Air Conditioning Distributor MTP
- » Air Conditioning Installer MTP
- » Commercial and Industrial SOP
- » Compressed Air MTP
- » ENERGY STAR® New Homes MTP
- » Hard-to-Reach SOP
- » Home Performance with ENERGY STAR® MTP
- » Load Management SOP
- » Multi-Family Water and Space Heating MTP
- » Residential ENERGY STAR® Windows MTP
- » Residential and Small Commercial SOP
- » Retro-Commissioning MTP
- » Solar Water Heating MTP
- » Energy-Smart Schools (proposed)
- » Appliance Retirement and Recycling (proposed)
- » Air Conditioning System Tune-Ups (proposed)
- » Trees and Landscaping (proposed)



Texas EE Programs

- Market-neutral & non-discriminatory
- Available to all customers
- Incentives are paid for energy & peak demand savings
- Neutral as to technology, equipment & fuel
- Are designed to save customers energy & money
- Include customer protection provisions
- Contain baseline efficiencies & inspections reqmts.
- Deemed savings and industry-accepted M&V protocols
- Lighting & load factor caps apply
- Designated customer complaint process
- Individual EESP limit of 20% of program budget



2006 Texas Statewide Programs

- Projected growth in demand - 1,348 MW
- Actual growth in demand - 1,063 MW

- Savings - 170 MW peak demand reduction
- 397,304 MWh/year

- Expenditures – \$59,100,534



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2006 AEP Texas Programs

- Projected Growth in Demand - 113 MW
- Actual Growth in Demand - 36 MW

- Savings - 13.6 MW peak demand reduction
- 42,091 MWh/year
- Expenditures - \$9,243,518



2007 Texas Statewide Programs

- Projected growth in demand - 1,425 MW
- Projected savings - 170 MW peak demand
- 466,324 MWh/year
- Budget - \$97 million



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2007 AEP Texas Programs

- Projected growth in demand - 95 MW
- Projected Savings - 13.7 MW peak demand
- 37,906 MWh/year
- Budget - \$8.8 million

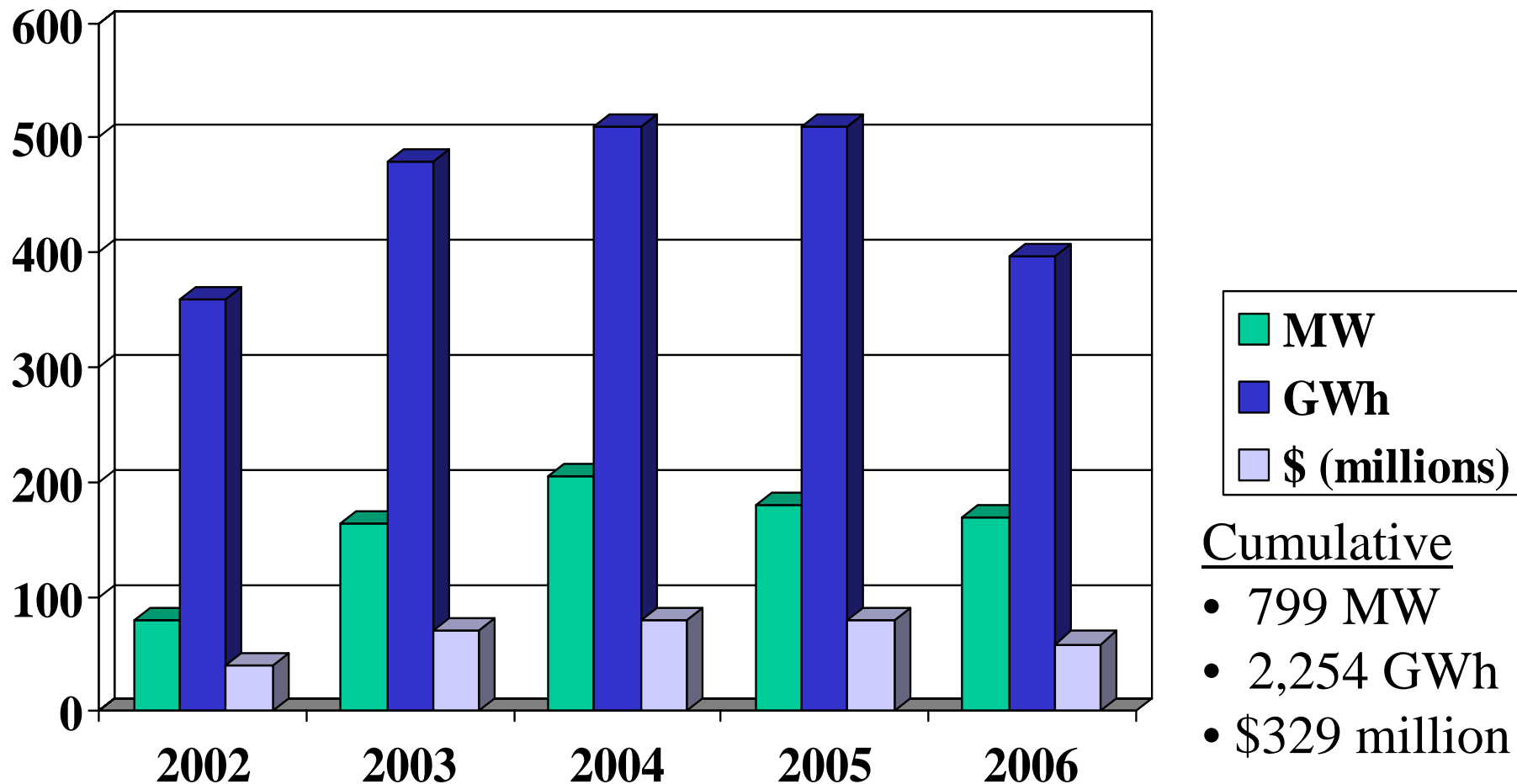


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2007 AEP Texas Programs

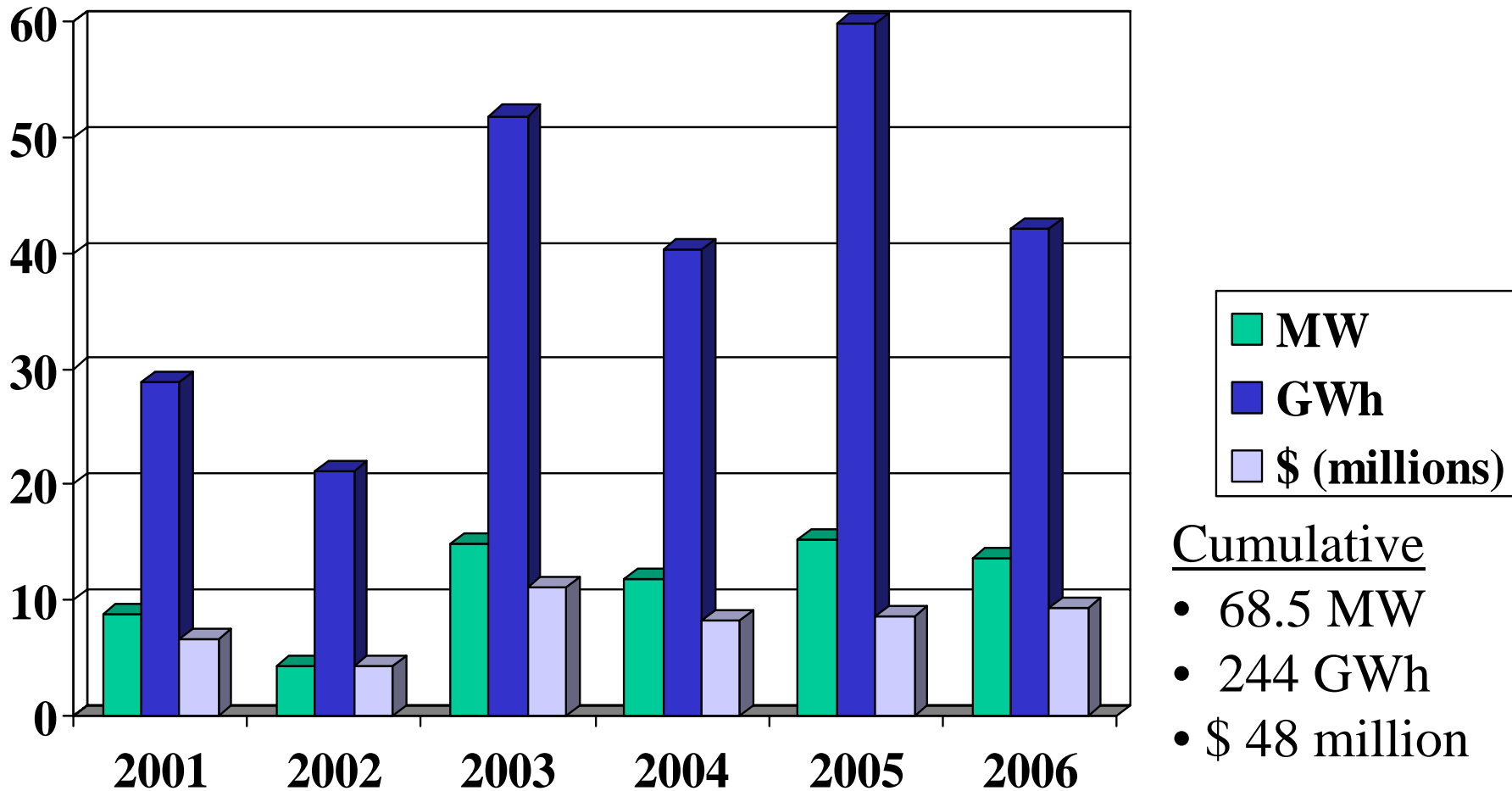
- Commercial and Industrial SOP
- Emergency Load Management SOP
- Residential and Small Commercial SOP
- Hard-to-Reach SOP
- Energy Efficiency Improvement Program for Not-for-Profit Agencies SOP
- Targeted Low-income Weatherization
- Texas CitySmart and Texas SCORE MTP

Texas Statewide Program Impacts





AEP Texas Program Impacts





How The State of Arkansas Got it Right!!

- APSC initiated a collaborative process
- Outside unbiased (but experienced) facilitator (Regulatory Assistance Project)
- Concurrent cost recovery mechanism
- Two statewide programs were developed
- Utilities developed a number of “Quick Start” programs to invigorate the market
- BUT...still no consideration of **lost revenues** or **utility incentive mechanism**



AEP SWEPCO Arkansas Programs for 2007-2009

- Emergency Load Management SOP QSP
- Commercial and Industrial SOP QSP
- Residential and Small Commercial ENERGY STAR[®] Compact Fluorescent Lighting QSP
- Residential and Small Commercial ENERGY STAR[®] Appliance QSP
- Statewide Targeted Residential Energy Efficiency QSP For Severely Energy Inefficient Housing
- Statewide Energy Education “Energy Efficiency Arkansas” QSP



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SWEPSCO Arkansas

2008 Program Budgets

	\$	kWh	kW
EE Arkansas	46,000	NA	NA
Weatherization	188,800	317,500	83
ES Appliance	100,500	189,775	44
ES CFL	89,000	3,950,000	450
C&I SOP	287,400	2,453,000	456
ELM SOP	180,300	245,000	5,000
Totals	892,000	7,155,275	6,033

So, What's New in Energy Efficiency Programs?

“What has been will be again, what has been done will be done again; there is nothing new under the sun.”
(Ecclesiastes 1:9)

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