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AZ CORP COMMISSION
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Energy Efficiency Standard (EES) Rule: Key Provisions
Southwest Energy Efficiency Project (SWEEP)
May 20, 2009

Docket Nos: E-00000J-08-0314
G-00000C-08-0314

SWEEP's list of high priority provisions for the EES rule:

1. Definitions

2. Energy Efficiency Standard or EES

- 20% in 2020, as a % of total energy resources needed to meet retail load
- Energy savings only from the utility-administered EE programs, not savings from building energy codes and appliance standards
- Annual percentages each year ramping up to the 20% in 2020, e.g.:
 - 2011, 1.25%
 - 2012, 1.50%
 - 2013, 2%
 - 2014, 2%
 - 2015, 2%
 - 2016, 2%
 - 2017 and thereafter, 2.25%
- Gas utilities may have slightly lower percentages for an overall 2020 goal and for the annual percentages (% TBD)
- Coops may propose different standards in their EES implementation plans if they can demonstrate that they do not have sufficient capability to meet the standards

3. Current cost recovery through the DSM adjustor (expense, capitalization/regulatory asset, or hybrid -- SWEEP is flexible, and it is best for the rule to be flexible). Recovery of program costs includes the cost of the programs and the performance incentives.

4. Three-part performance incentive including:

- (a) Net benefits mechanism (APS settlement mechanism or equivalent net benefits mechanism,
- (b) Performance metrics for key objectives (e.g., number of low income customers served, penetration of zero net energy buildings in new construction markets, etc.), and
- (c) A cents-per-unit-savings mechanism (like NM, but revised).

- Cap as a percent of program costs (without the incentive).
- Total \$ amounts of each component and grand total of performance incentive to be determined.

5. Confirm societal test for cost-effectiveness analysis, with monetization of externalities

6. EES implementation plan (annual implementation plan)

7. EES reporting (annual report and quarterly summary reports/table summary of spending and savings)

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