

ORIGINAL

THIS AMENDMENT:

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AZ CORP COMMISSION
DOCKET CONTROL

2ND REVISED KENNEDY PROPOSED AMENDMENT # 1

TIME/DATE PREPARED: December 16, 2009

COMPANY: Arizona Corporation Commission AGENDA ITEM NO. 9

DOCKET NO: RE-00000C-09-0427

OPEN MEETING DATE: December 15-16, 2009

Arizona Corporation Commission

DOCKETED

DELETE R14-2-2404 Sections A through F.

DEC 16 2009

INSERT in R14-2-2404:

DOCKETED BY

R14-2-2404. Energy Efficiency Standards

- A.** In order to ensure reliable electric service at reasonable ratepayer rates and costs, by December 31, 2020, an affected utility shall, through cost-effective DSM energy efficiency programs, achieve cumulative annual energy savings, measured in kWh, equivalent to at least 22% of the affected utility's retail electric energy sales for the prior calendar year (2019).
- B.** An affected utility shall meet at least the following energy efficiency standard by the end of each year:

<u>CALENDAR YEAR</u>	<u>ENERGY EFFICIENCY STANDARD</u> (Cumulative Annual Energy Savings in Each Calendar Year as a Percent of the Retail Energy Sales in the Prior Calendar Year)
<u>2011</u>	<u>1.25%</u>
<u>2012</u>	<u>3.00%</u>
<u>2013</u>	<u>5.00%</u>
<u>2014</u>	<u>7.25%</u>
<u>2015</u>	<u>9.50%</u>
<u>2016</u>	<u>12.00%</u>
<u>2017</u>	<u>14.50%</u>
<u>2018</u>	<u>17.00%</u>

<u>2019</u>	<u>19.50%</u>
<u>2020</u>	<u>22.00%</u>

C. The credit for demand response and load management peak demand reductions shall not exceed 10% of the energy efficiency standard set forth in subsection (B) for any year.

D. An effective utility's energy savings resulting from DSM energy efficiency programs implemented before the effective date of these rules, but after 2004, may be credited toward meeting the energy efficiency standard set forth in subsection (B). The total energy savings credit for these pre-rules programs shall not exceed 4% of the affected utility's retail energy sales in calendar year 2005. A portion of the total energy savings credit for these pre-rules programs may be applied each year, from 2016 through 2020, as follows:

<u>CALENDAR YEAR</u>	<u>CREDIT FOR PRE-STANDARD ENERGY SAVINGS</u> <u>(Percentage of the Total Eligible Pre-Standard Cumulative</u> <u>Annual Energy Savings That May Be Applied in the Year)</u>
<u>2016</u>	<u>7.5%</u>
<u>2017</u>	<u>15.0%</u>
<u>2018</u>	<u>20.0%</u>
<u>2019</u>	<u>25.0%</u>
<u>2020</u>	<u>32.5%</u>
<u>Total</u>	<u>100.0%</u>

E. An affected utility may count the energy savings from combined heat and power (CHP) installations that do not qualify under the Renewable Energy Standard toward meeting the energy efficiency standard.

F. An affected utility may count a customer's energy savings resulting from self-direction toward meeting the standard.

- G.** An affected utility's energy savings resulting from efficiency improvements to its delivery system may not be counted toward meeting the standard.
- H.** An affected utility's energy savings used to meet the energy efficiency standard will be assumed to continue through the year 2020 or, if expiring before the year 2020, to be replaced with a DSM energy efficiency program having at least the same level of efficiency.

Make all conforming changes.