

1 ORIGINAL

OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMM



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IN THE MATTER OF THE PROPOSED
RULEMAKING ON GAS ENERGY
EFFICIENCY AND THE GAS UTILITY
ENERGY EFFICIENCY STANDARDS

Docket No. RG-00000B-09-0428

SWEEP COMMENTS ON THE
PROPOSED RULEMAKING ON
GAS ENERGY EFFICIENCY

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13 The Southwest Energy Efficiency Project (SWEEP) appreciates the opportunity to submit
14 comments on the proposed Rulemaking on Gas Energy Efficiency and the Gas Utility Energy
15 Efficiency Standards as set forth in the Staff transmittal memorandum and proposed order dated
16 August 5, 2010. SWEEP strongly supports the proposed Gas Energy Efficiency Rule for the
17 reasons listed below. SWEEP also provides two comments to clarify and improve the proposed
18 Rule.

19
20 **SWEEP Strongly Supports the Proposed Gas Energy Efficiency Rule**

21
22 **1. The proposed Gas Energy Efficiency Rule is in the public interest.**

23
24 Increasing energy efficiency as set forth in the proposed Gas Energy Efficiency Rule is in the
25 public interest because doing so will provide significant, cost-effective benefits to Arizona gas
26 utility ratepayers (residential consumers and businesses), the utility system, the economy, and the
27 environment. Increasing energy efficiency will save money for consumers and businesses
28 through lower gas bills, resulting in lower total utility costs for gas ratepayers. Increasing energy
29 efficiency will also diversify energy resources, reduce air pollution and carbon emissions, and
30 create jobs and improve the Arizona economy.

31
32 **2. Increasing energy efficiency through the Rule and Gas Energy Efficiency Standards**
33 **will reduce the total energy costs for the ratepayers of the Affected Utilities.**

34
35 Energy efficiency is a reliable energy resource that costs less than other resources for meeting
36 the energy needs of gas utility ratepayers. The energy efficiency measures and programs are
37 required to be cost-effective prior to approval by the Commission. By definition, the value of the
38 energy cost savings to customers must exceed the costs of the program, resulting in lower total
39 energy costs for the utility ratepayers. Also, the actual savings, benefits, and costs are evaluated

1 and reported to the Commission for its review. Therefore, increasing customer energy efficiency
2 through the Gas Utility Energy Efficiency Standards set forth in the Rule will reduce the total
3 cost of energy for the ratepayers of the Affected Utilities.
4

5 **3. Increasing energy efficiency will also reduce other costs, including environmental costs,**
6 **which are passed on to utility ratepayers.**
7

8 Increasing energy efficiency will reduce the costs of compliance with current and future
9 environmental regulations. Using less energy will result in less air pollution, fewer carbon
10 emissions, and lower environmental impacts, thereby resulting in lower costs for compliance
11 with environmental regulations.
12

13 **4. By adopting a final Rule and Energy Efficiency Standards, the Commission will be**
14 **ensuring reliable electric service at reasonable rates and costs for utility ratepayers.**
15

16 Energy efficiency will reduce the energy costs to ratepayers, while reducing the environmental
17 impacts of gas utility service.
18

19 **5. The Commission, in parallel proceedings, is considering and addressing the issues**
20 **regarding disincentives to utility support of energy efficiency.**
21

22 The Commission, in parallel proceedings and workshops, has been reviewing and considering
23 issues regarding utility disincentives to energy efficiency, cost recovery, and performance
24 incentives. SWEEP believes the Commission is focused on addressing these issues and has the
25 appropriate proceedings underway. These proceedings should continue in parallel and should
26 not delay adoption of the Gas Energy Efficiency Rule.
27

28 **6. SWEEP urges the Commission to proceed with the Notice of Proposed Rulemaking on**
29 **Gas Energy Efficiency to lower costs for gas utility ratepayers and to ensure reliable**
30 **utility service at just and reasonable rates.**
31
32

33 **SWEEP Comments to Improve the Gas Energy Efficiency Rule**
34

35 SWEEP provides two recommendations to revise and improve the Gas Energy Efficiency Rule.
36 Both of these comments are consistent with the intent of the Rule and were discussed
37 conceptually during the development of the Rule, and the Rule language should be revised to
38 clarify the two issues. Below are the two SWEEP comments, followed first by the applicable
39 provision of the proposed Rule, and second by the language revision that SWEEP recommends,
40 shown as a redline markup.
41

1 **1. The requirement that three-quarters of the energy savings shall be achieved through**
2 **the energy efficiency programs (4.5 percentage points of the 6% in 2020) should apply**
3 **to all of the years set forth in the Gas Standard, and not solely to 2020.**
4

5 Page 7; R14-2-2504, Section C

6 C. An affected utility may count energy savings resulting from DSM and RET programs to
7 meet the energy efficiency standard. At least 4.5 percentage points of the energy efficiency
8 standard set forth in subsection (B) shall be achieved through the energy efficiency
9 programs.
10

11 SWEEP Recommendation:

12 C. An affected utility may count energy savings resulting from DSM and RET programs to
13 meet the energy efficiency standard. At least 4.5 percentage points of the 6% energy
14 efficiency standard in 2020, and at least 75% of the energy efficiency standard for the other
15 years, set forth in subsection (B) shall be achieved through the energy efficiency programs.
16

17 **2. In order to count the energy savings resulting from energy efficiency building codes**
18 **and appliance standards, an affected utility should be required to demonstrate and**
19 **document its efforts in support of the adoption of the energy efficiency building codes**
20 **and appliance standards. An affected utility should not be able to count energy savings**
21 **from building codes and appliance standards that the utility did not support actively.**
22

23 Page 8; R14-2-2504, Section E

24 E. An affected utility may count toward meeting the energy efficiency standard up to one-third
25 of the energy savings resulting from energy efficiency building codes and up to one-third of
26 the energy savings resulting from energy efficiency appliance standards. The energy
27 savings must be quantified and reported through a measurement and evaluation study
28 undertaken by the affected utility.
29

30 SWEEP Recommendation:

31 E. An affected utility may count toward meeting the energy efficiency standard up to one-third
32 of the energy savings resulting from energy efficiency building codes and up to one-third of
33 the energy savings resulting from energy efficiency appliance standards. The energy
34 savings must be quantified and reported through a measurement and evaluation study
35 undertaken by the affected utility, and the affected utility may count the energy savings only
36 when the utility demonstrates and documents its efforts in support of the adoption of the
37 energy efficiency building codes and appliance standards.
38

39
40 Thank you for the opportunity to submit these comments on the Gas Energy Efficiency Rule and
41 the Gas Utility Energy Efficiency Standards.