Mount, Gail

From: Richard Genz [rgenz@skyrunner.net]
Sent: Wednesday, July 24, 2013 1:07 PM
To: Finley, Ed
Cc: Campbell, Kim; Statements
Subject: Correction to my testimony re: Progress IRP

E-100 SUB 137

Mr. Edward S. Finley, Jr. July 24, 2013
Chairman, North Carolina Utilities Commission
Ref. Docket E-~~7~~ sub 137

Dear Mr. Finley:

In my testimony of February 28, I stated that laws and regulations in Indiana and Ohio require Duke and other utilities to "make large absolute reductions in power sales" over a 15 year period, relative to baseline sales at the start of the period. My testimony was wrong. I misunderstood how the two states' Energy Efficiency Resource Standards actually work.

In 2009, Indiana and Ohio enacted requirements for electric utilities to achieve specified annual energy savings targets, which are expressed as percentages of total electric MWh sales. In both states, savings targets start small, rise incrementally, and level off at 2 percent per year. Achievement of required savings must be verified by a third party. Enforcement is accomplished by forfeiture assessments in Ohio and compliance filings in Indiana.

Target percentages apply to an average of annual sales, regardless of whether sales have risen, fallen, or stayed flat. Savings targets do not determine how much electricity can be sold. I apologize for testifying inaccurately to the Commission, and regret that Duke Energy Progress had to take time to respond.

The fact remains that Indiana and Ohio are doing substantially more than NC to deploy efficiency as a resource, as Progress demonstrates in its IRP discussion on achieving a "High EE Savings Projection." (p. E-12) Its hypothetical savings targets would be structured like those of Indiana and Ohio, but their duration is much shorter, and the total savings are much smaller. (note 1)

About those modest potential targets, Progress says: "For the purposes of this IRP, the high EE savings projection…will…serve as an aspirational target for future EE plans and programs. The high EE savings projections are well beyond the level of savings attained by PEC over the past couple of years and much higher than the forecasted savings contained in both the old and new EE Potential study (note 2) ….At this time there is too much uncertainty regarding PEC's ability to gain Commission approval to offer new programs and/or enhance existing programs to risk using the high EE savings projection as the primary basis for developing the 2012 integrated resource plan." (IRP pp. E-12-13)

With this statement, Progress shows that even its high, hypothetical aspirations for efficiency savings fall well short of what its affiliates in Ohio and Indiana must accomplish under current law and regulation. I believe the Commission's June 10, 2013 question to Duke still applies: "Why can't the electric utilities in North Carolina take steps taken in Indiana and Ohio to achieve a similar result?"

Sincerely,

Richard Genz
350 Sunset Drive

Asheville, NC 28804

[1] IRP p. E-12. Progress's high savings projection would yield annual ėnergy efficiency savings of 1 percent of the previous year's retail electricity sales, beginning in 2015, and a cumulative savings target of 7 percent of retail electricity sales over the five-year time period of 2014-2018.

[2] *Electric Energy Efficiency Potential Assessment.* Forefront Economics and H. Gil Peach and Associates, June 5, 2012. The "old" EE Potential study is a 2010 update of a 3-16-09 study by ICF International.

--

Notice: This communication is monitored. May the National Security Agency bless and keep us always.
