**AGENDA**

**Docket U-100522**

**Conservation Incentive Inquiry- 2nd Work Session**

**June 29, 2010, 9:30-4:00**

1. Introductions
2. Opening Remarks by Commissioners
3. What is the Problem?
	1. Characterization of Problem
		1. Inability of utility to earn authorized rate of return; how is that determined?
		2. Inability to recover fixed costs – “lost margin”
			1. Gas utilities
			2. Electric utilities
		3. Impact on risk profile of utility
			1. Does lack of lost margin recovery make investments in utility more risky, thereby warranting a higher rate of return, all other things being equal?
			2. Would a mechanism to provide for lost margin recovery make investments in utility less risky, thereby warranting a lower rate of return, all other things being equal?
		4. Presence of Disincentive
		5. Lack of Incentives
	2. Magnitude of Problem – How much “lost margin” are utilities experiencing?
		1. Gas utilities
		2. Electric utilities
4. Impact of off-system sales
5. Cost of avoided short-term purchase power
6. Possible Options for Recovery of Lost Margin
7. Recovery of any deviation of actual sales from expected sales (Full decoupling).
8. Lost margin caused by conservation
	* 1. Margin decline from company-sponsored conservation programs
		2. Information provided by utilities
		3. Company’s share of NEEA regional conservation savings
		4. Independent customer conservation efforts
		5. Conservation due to codes and standards
		6. Elasticity
		7. Substitution (fuel switching)
9. Attrition adjustment
10. Other
11. Evaluation, Measurement, and Verification (EM&V)
	1. Limitations of EM&V
	2. Process for developing standards for EM&V
12. Impact on low-income consumers
13. Positive Incentives to Meet or Exceed Targets in Energy Independence Act
14. What is the impact of the provision that utilities must recover all feasible conservation that is cost-effective?
15. What would be examples of conservation beyond the EIA target?
16. What types of positive incentives could the Commission impose administratively?
17. Next Steps