

AGENDA
Docket U-100522
Conservation Incentive Inquiry- 2nd Work Session
June 29, 2010, 9:30-4:00

- I. Introductions
- II. Opening Remarks by Commissioners
- III. What is the Problem?
 - A. 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”
 - a. Gas utilities
 - b. Electric utilities
 - 3. Impact on risk profile of utility
 - a. Does lack of lost margin recovery make investments in utility more risky, thereby warranting a higher rate of return, all other things being equal?
 - b. 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
 - B. Magnitude of Problem – How much “lost margin” are utilities experiencing?
 - 1. Gas utilities
 - 2. Electric utilities
 - a) Impact of off-system sales
 - b) Cost of avoided short-term purchase power

- IV. Possible Options for Recovery of Lost Margin
 - A. Recovery of any deviation of actual sales from expected sales (Full decoupling).
 - B. 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)
 - C. Attrition adjustment
 - D. Other
- V. Evaluation, Measurement, and Verification (EM&V)
 - A. Limitations of EM&V
 - B. Process for developing standards for EM&V
- VI. Impact on low-income consumers
- VII. Positive Incentives to Meet or Exceed Targets in Energy Independence Act
 - A. What is the impact of the provision that utilities must recover all feasible conservation that is cost-effective?
 - B. What would be examples of conservation beyond the EIA target?
 - C. What types of positive incentives could the Commission impose administratively?
- VIII. Next Steps