



ARIZONA CORPORATION COMMISSION

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Commission Approves Energy Efficiency Rules *Rules Increase Demand Side Management Programs and Incentives for Electricity Customers*

PHOENIX—The Arizona Corporation Commission today approved rules to increase the use of energy efficiency programs by Arizona’s utilities and their customers. The rules require public utility companies to design Demand Side Management (DSM) programs that are cost effective and promote energy efficiency, load management, or demand response.

DSM programs focus on providing tools and incentives for customers to reduce their energy usage, thereby providing benefits such as lowering their energy bills, more effectively managing peak demand periods, and mitigating the need to build more generation and transmission infrastructure, keeping overall energy costs down for everyone. Examples of Demand Side Management programs include weatherization, home energy audits, promoting the use of compact fluorescent bulbs, and replacing home appliances to more efficient models.

Arizona’s public utilities will be required to achieve annual energy savings of at least 22%—measured in kWh—by 2020, with the savings to increase incrementally as a percent of retail energy sales in each prior calendar year to reach that goal.

Each utility will be required to file an implementation plan on June 1 every other year describing how the utility will meet the energy efficiency standard for the next two calendar years. The Commission will review and approve these plans before implementation and then require the utility to file progress report on their DSM programs by March 1 of each year.

Included in the implementation plan, the company will report:

- The estimated level of customer participation in each program,
- The estimated societal benefit and savings,
- The estimated environmental benefits,
- The estimated benefit-cost ration;
- And the utility’s estimated annual costs and budget for the program.

Additionally, each utility company will be required to develop programs to benefit residential, non-residential, and low-income customers, with the costs for low-income customers to be spread out among all other customer classes.

The approved Energy Efficiency rules will now be sent to the Arizona Secretary of State to open a notice of proposed rulemaking. Following approval by the Secretary of State, the rules would go to the Attorney General for endorsement before implementation.

“These rules are a value to ratepayers. Allowing energy-savings measures that include all classes of ratepayers – commercial, industrial and residential – is a common-sense solution to reducing energy

costs,” said **Commissioner Paul Newman**. “Energy efficiency is a bridge to the higher upfront – but lower lifetime – costs of renewable energy.”

“There is a widespread agreement in the electric industry that saving electricity is less expensive than building new power plants,” said **Commissioner Gary Pierce**. “While some of the estimated savings of energy efficiency are overstated, I do believe that these rules will help save ratepayer costs in the long run. On that basis, I voted aye.”

“These proposed rules will make Arizona a leader in energy efficiency and most importantly give ratepayers the tools they need to shield themselves from rising utility bills,” **Chairman Kris Mayes** said. “The negawatt -- energy we don't have to produce and use -- is the cheapest form of electricity of all and we should do everything we possibly can to maximize it.”

“Arizona is leading the way in energy efficiency efforts,” said **Commissioner Bob Stump**. “The Commission is thinking long-term, and all Arizonans will ultimately benefit.”

“This is a historic event. The proposed Energy Efficiency Rules that were thoroughly vetted during the workshop process, and as amended during today’s Open Meeting establishes one of the country’s most aggressive standards,” said **Commissioner Sandra Kennedy**. “I am proud that during my first year in office, the Commission created these great rules that benefit the ratepayers.”

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