

**Layton, Kimberly**

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**From:** Scott Bowers [sbowers@indianaec.org]  
**Sent:** Monday, June 09, 2014 7:18 PM  
**To:** Comments, Urc  
**Cc:** Roads, Beth Krogel  
**Subject:** IURC's EE/DSM Recommendations  
**Attachments:** Indiana Electric Cooperatives IURC EE & DSM Public Comment 6-09-14.pdf  
  
**Importance:** High

To Whom It May Concern,

Please see the attached letter from Indiana Electric Cooperatives in response to the IURC's request for public comment on DSM and EE policies and programs.

Thank you.

Scott

**SCOTT R. BOWERS**

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June 9, 2014

Ms. Beth Krogel Roads  
General Counsel  
Indiana Utility Regulatory Commission  
101 W. Washington Street, Suite 1500 E  
Indianapolis, IN 46204

Re: IURC's EE/DSM Recommendations

Dear Ms. Roads:

On behalf of our 39 member distribution and two generation and transmission (G&T) cooperatives, Indiana Electric Cooperatives appreciates the opportunity to respond to the Indiana Utility Regulatory Commission's (IURC) request for comment on energy efficiency (EE) and demand side management (DSM) policies and programs.

Due to the leadership of Hoosier Energy and Wabash Valley Power Association, our two G&Ts, Indiana's electric cooperatives have been at the forefront in the implementation and utilization of EE and DSM programs throughout the state. The results of these programs have been an invaluable aspect of our continued efforts to provide safe, affordable and reliable power to the 1.3 million Hoosiers our member distribution cooperatives serve.

Detailed below for your review are the programs and results, as written by Hoosier Energy and Wabash Valley Power, related to their respective EE and DSM initiatives.

### **Hoosier Energy**

2013 marked the fifth year Hoosier Energy and its network of 18 member distribution cooperatives offered a comprehensive suite of energy efficiency and demand reduction programs. These programs, which were developed for residential, commercial and industrial customers, were implemented in a partnership between Hoosier Energy and its member distribution systems. Because electric cooperatives are not under state regulatory oversight, all programs are voluntary. In 2008, the Hoosier Energy board adopted a policy to reduce energy and demand by 5 percent by 2018. The Hoosier Energy network has been successful in its journey toward this goal and remains committed to help consumers manage their energy bills in an era of rising rates. Hoosier Energy views DSM programs as an important part of its long range resource plan as the G&T treats DSM impacts on a par basis with traditional power supply options.

To date, Hoosier Energy estimates that nearly 1.7 million megawatt hours (MWh) of savings have accrued through its DSM portfolio of programs while reducing summer demand 31 megawatts (MW) and winter demand by 51 MW. The value of the DSM



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program is measured by generally-accepted cost/benefit analysis (Total Resource Cost) typically used in regulated states. To date, the DSM portfolio estimates \$2.32 in avoided cost value for every \$1 invested in DSM programs.

The Hoosier Energy DSM portfolio includes the following seven programs:

- **Residential Lighting.** Over 1.7 million inefficient incandescent lights have been replaced with energy efficient compact fluorescent lights. Going forward, this program will encourage consumers to replace inefficient lighting with LED technology
- **Commercial and Industrial Efficiency.** Hoosier Energy's fastest growing program. The program included incentives for high efficiency motors, heating equipment and lighting targeted to commercial and industrial customers of all sizes. We see continued program growth opportunities tied to "customized" efficiency applications for commercial and customers.
- **Residential Weatherization.** Over 4,000 residential homes received comprehensive weatherization measures installed. This program reduced energy and demand while providing consumers a more comfortable living environment. This program was discontinued after 2013 to direct dollars into other DSM programs. Some efficiency measures from this program were incorporated into other DSM programs that are currently in place.
- **Residential Heating and Cooling Equipment Incentives.** These rebates provide an incentive to consumers to install higher efficiency heating and cooling equipment in homes. Incentives for heat pumps, air conditioners, geothermal systems and other efficiency measures are part of this successful DSM program that are expected to continue into the future.
- **Touchstone Energy Home Program.** This is a new construction program that features high efficiency building measures resulting in a home that is 30% more efficient than an Energy Star home. This program has been successful as more and more builders and contractors have become certified for the program.
- **Appliance Recycling.** This program offers an incentive to remove inefficient refrigerators and freezers from consumer homes. Nearly 6,000 units have been recycled to date and this program is expected to continue into the future.
- **Load Control.** Electric equipment is cycled or shut down during peak demand periods in the summer and winter. This allows Hoosier Energy to incorporate reduction in future plant capacity as demand savings are included in our long range resource plan. This program will continue to grow as more residential and commercial accounts are added to the program.



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## Wabash Valley Power Association

Wabash Valley Power Association (Wabash Valley) is a nonprofit wholesale electric generation and transmission cooperative serving 26 distribution cooperative members in the states of Indiana, Illinois, Missouri and Ohio. Working together, the G&T and its member distribution cooperatives provide electricity and energy solutions to over 740,000 residential and just over 21,000 commercial and industrial members throughout its service territory.

Keeping its wholesale rates competitive and helping its members manage their electricity costs is the organization's primary mission. Wabash Valley serves all or portions of 75 primarily rural counties -- many of which are struggling with loss of population and are at a disadvantage in attracting primary employers to their area. Just over 38 percent of Wabash Valley's residential members have household incomes of \$50,000 or less and 37 percent of those members are retired or on a fixed income. The organization is sensitive to the cost of the electricity it provides, which is why it keeps diversification of our supply resources at the forefront of its planning.

From the supply-side perspective, traditional fuels still comprise the majority of Wabash Valley's generation portfolio, although its reliance on coal within that portfolio has dropped to just under 50 percent. It continues to grow its alternative energy program with sources such as wind, landfill gas, methane digesters and will soon be launching its first small commercial solar array. In 2009, Wabash Valley's board of directors stated the goal of 10 percent alternative energy by 2018. As a result, its program has become one of the largest in the State of Indiana, with a significant portion coming from its landfill gas initiative that began in 2002 in Danville, Ind.\*

Wabash Valley and its members have successfully included demand side management (DSM) resources as part of their power supply portfolio since 1981, when the direct load control program for residential water heaters was established. Today, Wabash Valley has nearly 36MW of two-way direct load control comprised of water heaters, field irrigators, air conditioners and even entire home shutdown programs. It began energy efficiency programs in 2010 to assist co-op retail members with effectively managing their energy use, with a goal of lowering their monthly bills. Energy efficiency (EE) programs are evaluated by comparing program costs to the expected cost of a market-based resource. We also use the generally-accepted cost/benefit analysis of Total Resource Cost (TRC) test -- typically used in regulated states. To date, Wabash Valley's efficiency portfolio estimates \$1.7 in avoided cost for every \$1 invested in efficiency programs, as calculated by its independent EM&V consultant. The POWER MOVES programs have saved 85,000 MWhs since their inception in 2010.

*\* WVPA sells, separately, the renewable energy credits from these alternative energy resources to third parties, which helps reduce the cost of power to our members.*



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In addition to member education, Wabash Valley currently provides the following efficiency programs to members through our POWER MOVES® initiative:

### Residential

- **Refrigerator/Freezer Removal Program.** Residential members with an old, working refrigerator/freezer are paid \$35 to give up the unit. These units are collected and recycled in an environmentally-friendly manner by a third party appliance recycling company. Participating members receive education on the benefits of not replacing the refrigerator/freezer or replacing it with an ENERGY STAR model.
- **Air Source Heat Pump Rebate.** Residential members with existing electric heat (electric forced air, electric baseboard or ceiling cable, or an old heat pump) are given a rebate to install a new air source heat pump that meets specified efficiency standards.
- **Geothermal Heat Pump Rebate.** Residential members building a new home or replacing electric, natural gas, propane or fuel oil heat are given a rebate to install a new geothermal heat pump that meets specified efficiency standards.
- **Touchstone Energy Home Program.** Energy efficient new construction program following a specific set of construction standards and providing a one-year heating and cooling cost guarantee.
- **CFL Discount Program.** Via a coupon program, incentives are given on specific CFLs.
- **LED Security Lights.** Wabash Valley pays an incentive to Member system co-ops to install LED security lights in residential applications.

### Commercial and Industrial (C&I)

- **Lighting Retrofit Incentives**
- **HVAC Retrofit Incentives**
- **Schools Retrofit Program.** Energy performance audits are offered to K-12 school buildings. Buildings will be eligible to receive lighting and HVAC incentives at a higher incentive level than general C&I accounts.
- **Agricultural Retrofit Program.** Incentives and energy performance audits are also offered through this program to agricultural accounts.
- **C&I Custom Retrofit Program.** C&I consumers who wish to receive incentives for energy efficient equipment that does not fit into any other program category can submit energy savings projects for review by an independent third party engineering firm. Incentives will be based on the projected amount of energy savings and a set amount per KWh.
- **Business New Construction Program.** The intent of this program is to encourage the construction of energy-efficient commercial buildings. Incentives will be provided to increase building and system efficiency over the base energy code for Indiana, Illinois and Missouri. A set list of prescriptive measures is used, but will also review



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projects and offer a custom rebate for items that are not included on the prescriptive list. Owners/developers who are constructing a new commercial building or a new addition to an existing building, or are conducting a major renovation to an existing building or multi-family dwellings of six or more units are eligible for this program.

Hopefully, the information above provides you with a better understanding of and reinforces our commitment to the EE and DSM programs Indiana's electric cooperatives currently offer to their members.

As the debate about the future of EE and DSM from a state policy perspective continues, we would respectfully request that Indiana's electric cooperatives be excluded from any state mandates moving forward. As you may already know, Indiana's electric cooperatives were excluded from the EE and DSM mandate that was established in 2009 through the Energize Indiana program due primarily to our successful and widely utilization EE and DSM programs we already had in place.

Should you have any questions or comments regarding the EE & DSM programs offered by Indiana's electric cooperatives, please contact me directly.

Respectfully,

Scott R. Bowers  
Vice President of Government Relations  
Indiana Electric Cooperatives