LOUISIANA PUBLIC SERVICE COMMISSION

GENERAL ORDER 08-28-2025 (R-31106)

LOUISIANA PUBLIC SERVICE COMMISSION, EX PARTE.

Docket No. R-31106, In re: Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and gas utilities.

(Decided at the August 20, 2025 Business and Executive Session.)

(General Order Dated August 28, 2025 supersedes all other General Orders issued in Docket No. R-31106, including but not limited to General Orders dated April 24, 2024 Corrected and General Order dated May 6, 2025.)

OVERVIEW

This docket has a lengthy history spanning over 13 years. After several years of stakeholder collaboration, technical conferences, and written comments, the Commission approved a voluntary Quick Start energy efficiency program intended to include a two-phased implementation approach of establishing energy efficiency programs in Louisiana.[1] The Commission's goal in implementing a Quick Start phase was to encourage utilities, and their customers, to become more energy efficient and discourage inefficient or wasteful use of energy as quickly as possible rather than wait on fully-vetted rules to be established.[2] Staff and stakeholders agreed, a Quick Start program would be focused on an initial, limited set of energy efficiency programs designed to be implemented quickly and economically while allowing all parties to begin developing rules and the associated infrastructure to support the successful implementation of long-term energy efficiency rules.

The Commission's intent was to allow for an initial Quick Start program while permanent, more longer-term rules were established with, to the extent possible, a seamless transition from Quick Start programs to what has been coined as Phase II rules. As is evident by the abundant record in this Docket, the establishment of Phase II rules proved difficult given the diverging opinions amongst stakeholders, Staff, and the Commission. The Louisiana Energy Efficiency Program Rules, or LEEP Rules, builds upon the established Quick-Start program, sets automatic exclusions of certain utilities and customer classes, sets minimum program customer incentives, and increases the program budgets.

PROCEDURAL HISTORY

Docket No. R-31106 was initiated by publication in the Commission's Official Bulletin dated August 7, 2009, with numerous parties intervening. Initial interventions were received from the Association of Electric Cooperatives ("ALEC"),[3] the Alliance for Affordable Energy ("Alliance"), Atmos Energy Corporation ("Atmos"), Boise Packaging & Newsprint, LLC

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[1] *See* General Order dated September 20, 2013.
[2] *See* General Order dated January 10, 2013.
[3] At the time of filing its motion, the ALEC members consisted of Beauregard Electric Cooperative, Claiborne Electric Cooperative, Dixie Electric Membership Corporation, Jefferson Davis Electric Cooperative, Inc., Northeast Louisiana Power Cooperative, Inc., Panola-Harrison Electric Cooperative, Inc., Pointe Coupee Electric Membership Corporation, South Louisiana Electric Cooperative Association, Valley Electric Membership Corporation, and Washington-St. Tammany Electric Cooperative, Inc.

(“Boise”),[4] CenterPoint Energy-Arkla and CenterPoint Energy Entex (“CNP”), Cleco Power, LLC (“Cleco Power”), Entergy Louisiana LLC (“ELL”),[5] the Louisiana Energy Users Group (“LEUG”), Marathon Oil Company (“Marathon”), and Southwestern Electric Power Company (“SWEPCO”). Petitions for late intervention were filed, and granted, for CLEAResult, EnerNOC, Inc., Global Green USA, Green & Healthy Homes Initiative, Ken Smith, Louisiana Association of Community Action Partnerships, Inc., NRG Energy, Inc.,[6] Opower, Inc., Sierra Club, Southwest Louisiana Electric Membership Corporation (“SLEMCO”), Tagos Group, LLC, Together Louisiana, the U.S. Department of Energy, Vermont Energy Investment Corporation, and Walmart Stores, Inc. There were also several parties who filed for, and received, Interested Party status. Those parties are the APTIM, Asyndant Energy, Cadmus, EP2 Consulting, LLC, Greater New Orleans Housing Alliance, M&M Contractors, LLC, and Southeast Energy Efficiency Alliance (“SEEA”).

Given the lengthy history and filings made in this Docket, not every request for comment, comments received, and technical conference will be summarized herein; however, Staff attempts to summarize the key moments that occurred throughout this Docket leading to Staff’s proposal of the LEEP Rules. For a full procedural history, see *Staff’s Notice of Final Proposed Phase II Energy Efficiency Rules* filed October 31, 2023.

Phase I – Quick Start

After several round of comments and a technical conference, the Commission considered Staff’s Second Proposed Rule at its December 12, 2012 B&E whereby the two-phased implementation approach was approved, but with modifications read into the record at the B&E. General Order dated January 10, 2013 was issued memorializing the Commission’s action.

General Order dated January 10, 2013 set the framework for Quick Start programs whereby the utilities would implement an initial set of programs and anticipated Phase II Rules. At the Commission’s June 26, 2013 B&E, the Commission voted to stay the implementation of the January 10, 2013 General Order and allow public comment to be reopened. Pursuant to this direction, Staff filed a *Notice of Proposed Modifications to Energy Efficiency Rules and Request for Specific Comments* (“Proposed Modifications”).[7] The Proposed Modifications included, among other things, allowing the Commission’s Quick Start program to be voluntary, ensuring program costs are incurred only from customers eligible to participate. The majority, if not all intervenors, provided comments to the Proposed Modifications, and at the Commission’s August 21, 2013 B&E, the Commission voted to lift the stay of the Commission’s Quick-Start programs adopted in General Order dated January 10, 2013, subject to amendments filed into the record August 21, 2013.

The Commission issued General Order dated September 20, 2013 memorializing the Commission’s action at the August 2013 B&E (“Quick Start Order”). The Quick Start Order established a process for expedited energy efficiency program implementation, recognized a Phase

[4] Since filing its intervention, Boise has changed its name to Packaging Corporation of America.
[5] At the time of intervention, Entergy Louisiana LLC was two independent companies, Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC.
[6] On May 3, 2019, NRG Energy, Inc. withdrew its intervention.
[7] Filed July 3, 2013.

II implementation consisting of more detailed energy efficiency policy development, and required all electric and gas utilities to notify the Commission, in writing, of their election to participate in the Quick Start program. Cleco Power, ELL, and SWEPCO (the “IOUs”) were the only utilities who elected to participate in the Quick Start program.[8]

Pursuant to the Quick Start Order, Staff filed *Notice of Scheduling of Technical Conference on November 22, 2013* as the initial stakeholder meeting for the Quick Start process.[9] From approximately November 2013 until October 2014, Staff, the IOUs, and Interested Parties worked through various components of the Quick Start implementation, including approval of program design, rate riders, as well as an LCFC recovery mechanism. After the program design, including riders and LCFC recovery, were approved, the IOUs began implementation of energy efficiency programs within their respective service territories. All three IOUs complied with the Quick Start Order related to filing annual reports on energy efficiency activities, annually updating rate riders, and coordinating with Staff on audits of the respective IOUs’ program every two years.

Parties contemplated the Quick Start program continuing until October 2017; therefore, in January 2017, Staff recommended the Commission maintain the Quick Start program pending finalization of Phase II rules. At the Commission’s January 18, 2017 B&E, the Commission adopted Staff’s recommendation to maintain the Quick Start program, but also modified the requirements of the Quick Start program such that participating utilities were required to allocate 50% of their annual program budgets to programs for which eligibility was limited to school districts, local governments, state agencies, and higher education institutions or any other public entity. The Commission also provided that such proposals may be presented directly to the Commission for consideration, separate from the plans developed by the utilities. The Commission’s action was memorialized in Commission General Order dated April 13, 2017, and this component of the Quick Start program became known as the Public Entities program. The Quick Start program, including the Public Entities program, has been renewed by the Commission in subsequent years pending finalization of Phase II Rules.[10]

Phase II

On November 3, 2016, Staff filed a *Notice of Phase II Rulemaking*, which formally initiated the second implementation phase for energy efficiency rules. Staff’s *Notice* was filed in the Commission’s Official Bulletin dated November 4, 2016 to allow for additional intervention; however, those parties that had previously intervened were not required to intervene a second time. New parties that intervene for participation in Phase II were Bayou Steel[11] and Occidental Chemical Corporation.

Staff also filed a *Notice of Scheduling of Technical Conference and Initial Request for Comments.* After the technical conference and issuing two additional requests for comments,[12]

[8] In December 2021, Atmos filed its Quick Start energy efficiency program and proposed riders, which was reviewed by Staff, with a determination of compliance with the Quick Start rules filed on February 4, 2022. On July 31, 2023, CenterPoint Energy Resources d/b/a CenterPoint Entergy Entex and CenterPoint Energy Arkla filed their proposed Quick Start programs, with a determination of compliance filed by Staff on June 13, 2024.
[9] Filed October 11, 2013.
[10] *See* General Orders dated September 20, 2017, December 12, 2017, January 11, 2019, November 27, 2019, December 22, 2020, December 2, 2021, and May 4, 2023 for a two-year period.
[11] On July 14, 2022, Bayou Steel withdrew its intervention.
[12] The third request for comments was filed April 16, 2019, and the fourth request for comments was filed October 8, 2019.

Staff issued a *Notice on Expansion of Scope* and *Request for Comments on Expansion of Scope* ("Notice"), which indicated the Commission's intent for energy efficiency rules had shifted.[13] The Commission's intent shifted to exploring alternative administrative options, including alternatives to utility incentivized programs in order to ensure the most dollar-for-dollar benefit, accountability, and transparency in energy efficiency programs throughout Louisiana. After conducting independent research, reviewing comments filed in response to Staff's *Notice,* and two drafts of proposed rules, Staff issued the *Final Proposed Phase II Energy Efficiency Rules* ("Final Proposed Phase II Rules") for final stakeholder input and comment.[14] Comments were received by ALEC, the Alliance, CNP, Cleco Power, ELL, PCME, SLEMCO, SWEPCO, and Together Louisiana. Upon review of the additional comments received, Staff filed the *Notice of Final Phase II Energy Efficiency Rules* on December 1, 2023, which proposed a statewide Third-Party Administrator energy efficiency program. Staff's Final Phase II Rules were considered by the Commission at the January 24, 2024 B&E and memorialized in General Order dated February 9, 2024.[15]

After Commission General Order dated April 24, 2024 was issued, Staff began working to establish the parameters and requirements contained therein, including issuing Requests for Proposals for a Third-Party Administrator ("TPA") and an Evaluation, Measurement and Verification ("EM&V") Contractor. In September 2024, the Commission hired a TPA to assist with the design, development, and implementation of statewide energy efficiency rules, and in March 2025, the Commission hired an EM&V Contractor to also assist with the development of evaluation measurements for the statewide energy efficiency program.

At the April 2025 B&E, the Commission voted to cease working towards a statewide energy efficiency program, including directing Staff to provide written termination of the Commission's retention of the TPA and EM&V Contractor, but voted to maintain the energy efficiency quick start programs through the end of calendar year 2025.[16] The Commission, at its May 2025 B&E, moved to establish the Louisiana Public Service Commission Energy Efficiency Program, incorporating components of the Quick Start program, but with modifications. Those modifications sought to address the exclusion of all electric cooperatives and industrial customers, a revision to the program budget, and a cap on administrative costs each utility could incur under the new Louisiana Energy Efficiency Program.[17]

Based on the direction provided at the May 2025 B&E, Staff filed the *Notice of Technical Conference* on May 23, 2025 inviting stakeholders to participate in the discussion of how best to modify the current Quick Start programs and Commission Energy Efficiency Rules to address the specific topics raised at the May 2025 B&E. Staff's *Notice* also provided a proposed rule based upon the direction provided at the May 2025 B&E. A technical conference was held on June 26, 2025 with numerous stakeholders participating.[18] Comments and proposed redlines to the LEEP Rules were submitted by: SLEMCO, Concordia, Delta North Louisiana Gas Company, LLC and

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[13] Filed November 20, 2020.
[14] Filed October 31, 2023.
[15] A corrected General Order was issued dated April 24, 2024 to correct an inadvertent error regarding industrial opt-outs and the ability of industrial customers of electric cooperatives to opt-out.
[16] *See* the April 16, 2025 B&E minutes and General Order dated May 6, 2025.
[17] *See* the May 19, 2025 B&E minutes.
[18] *See* Report of June 26, 2025 Technical Conference filed July 3, 2025.

Delta South Louisiana Gas Company, L.L.C.,[19] Cleco, Atmos Energy, ELL, LEUG, SWEPCO, the Alliance, and Sealed Inc.[20]

THE LOUISIANA ENERGY EFFICIENCY PROGRAM

The Louisiana Energy Efficiency Program, LEEP, Rules considered the Commission's May 2025 B&E directive, the proposed redlines received by stakeholders, and discussions had at the June 26, 2025 technical conference. The LEEP Rules maintain the structure initially created under the Quick Start program while addressing the issues raised in the Commission's May 2025 directive ("Directive"). The main issues raised in the Directive were: the opt-out provisions, the program budget, and a cap on administrative costs of any future programs.

Exclusion/Opt-in Provision

One of the issues raised in the Commission's Directive was to exclude all industrial customers from mandatory participation in the LEEP, with the option to opt-in if so desired. When considering how to draft rules that exclude an entire class of customers, Staff sought comments on how to define an industrial customer. The three IOUs proposed defining an industrial customer as any customer receiving service at 69 kilovolt ("kV") or higher. At the technical conference, LEUG indicated that the IOUs proposal was not workable, mainly because LEUG had a few members that were served below 69 kV. After discussion at the technical conference, Staff, LEUG, and ELL agreed to work together to see if another definitive threshold could be used for defining industrial customers.

Based on follow-up discussions, Staff's independent research, and LEUG's only objection to a 69 kV threshold was that it was not workable, Staff recommended the use of the IOU's definition of an industrial customer. Staff still recognized that some LEUG members have relied on not participating, and have not participated, in the Quick Start programs throughout the years. Therefore, Staff proposed language to grandfather in those industrial customers who opted-out during Quick Start but do not meet the new definition of industrial customer for the LEEP Rules.

The Program Budget

The LEEP Rules allow utilities to recover their direct costs incurred related to the program, as well as Lost Contribution to Fixed Costs ("LCFC"), but does restrict said recovery to losses that directly impact the utility's earnings bandwidth. Staff's initial proposal was to allow LCFC recovery so long as the utility does not earn above the top of its band (for those under a Formula Rate Plan "FRP" or Rate Stabilization Clause "RSC"). Written comments were provided proposing that recovery should not occur above the utility's targeted midpoint, and discussion was had at the technical conference that suggested LCFC recovery should not occur if the utility is within its respective band at all, i.e., recovery only if a utility is below the bottom of its respective band.

Since the technical conference, Staff internally discussed recovery of LCFC and where such recovery should be permitted and prohibited. Staff recognized that should the LEEP Rules be adopted by the Commission, the program becomes mandatory, not voluntary. Staff also recognized

[19] Delta North and Delta South recently acquired the assets of CenterPoint Energy Entex and Arkla within Louisiana.
[20] Sealed Inc. filed a petition for late intervention on June 17, 2025, which was granted that same day.

that a utility's revenue requirement is somewhere within its respective bandwidth. Given this, Staff proposed that a utility with an FRP/RSC be allowed to recover LCFC associated with the LEEP Rules up to the targeted midpoint of the utility's bandwidth. The proposed rules maintain that should a utility not have a rate rest annually pursuant to an FRP/RSC, then the utility is allowed to recover LCFC for a total of three years or at its next rate reset, whichever is first.

The LEEP Rules maintained a four-year budget cycle, but updated the budget source to each utility's 2023 total calendar year revenue, and included a 1% cap of 2023 revenues that is to be adjusted annually, but cannot exceed a maximum expenditure of 1.5% of the utility's 2023 revenues by the end of program year 4.

Future Administrative Costs

In lieu of capping future administrative costs, the LEEP Rules focused on utility spending, and specifically spending on customer incentives. The LEEP Rules set the minimum budget for customer incentives in the first budget year at 70%, growing to at least 75% by the end of the first budget cycle, with a goal of reaching 80% in subsequent budget cycles. A focus on direct customer incentives better achieves the Commission's goal of ensuring program dollars are spent on customers and not spent on administrative costs.

Additional proposed revisions

There seemed to be a consensus that the LEEP Rules should have a dedicated percentage allocated to low-income or high energy burden households. Thus, based on discussion at the technical conference, and that all the IOUs currently have low-income programs, the LEEP Rules include a mandatory low-income program and requires a minimum of 15% of a utility's overall budget be allocated to low-income.

There also seemed to be consensus on a statewide EM&V Contractor to review the energy efficiency portfolios of all participating utilities and the public entity program. The goal behind a single, statewide EM&V Contractor was to ensure all portfolios and programs are "graded" from the same standards. As such, Staff recommended the Commission solicit TetraTech for a proposed budget to be the EM&V Contractor for the LEEP Rules as they were the successful bidder through the Commission's RFP process seeking an EM&V Contractor for the statewide TPA approach. The RFP process was a lengthy process with written proposals, follow-up questions, and interviews prior to the proposals being submitted to the Commission for consideration. Based on all the information provided to the Commission at that time, the Commission selected TetraTech as the best option for an EM&V Contractor; Staff recommended the Commission maintain that selection.

Upon the effective date of the LEEP Rules, each participating electric utility shall file its proposed rider pursuant to General Order dated July 1, 2019. For those utilities who have been participating in Quick-Start, the proposed rider can be filed pursuant to Section 501(C) of the General Order. For any electric cooperative who decides to participate in the LEEP Rules, the proposed rider shall be filed pursuant to Section 501(B) of the General Order dated July 1, 2019 as there would be a new proposed change in rates that the Commission has not approved. Further, the review of each utility's rate rider will occur during the audit, which shall occur every two years. Therefore, if it is determined that a revision needs to be made, it can be made during said audit.

Lastly, the LEEP Rules remain in place indefinitely, subject to Commission action to revise, which could be on its own accord or upon the suggestion of the Energy Efficiency Working Group.

COMMISSION CONSIDERATION

This matter was considered at the August 20, 2025 Business and Executive Session. Commissioner Coussan made the following motion: Considering that there are some industrial customers that have relied on not participating as this rulemaking has evolved, but they have industrial operations that are served below 69 kV, and they are not covered by an opt-out from the inception of the Quick Start program many years ago, I move that the definition of Industrial Customer in Section III of the proposed rules be revised to read as follows:

> **Electric:** Any entity receiving electric power at 69 kilovolts or higher, or any industrial customer account that elected to opt-out during the Commission's Quick Start program, or any industrial customer that provides its electric utility provider with a written notice of opt-out following Commission approval of these rules and not later than October 1, 2025.
>
> Consistent with the Quick Start program, eligibility for opt-out shall be limited to large industrial customers having one or more individual electric service accounts within its utility service providers' service territory with a combined aggregate demand of five thousand (5,000) kW or more. Only customers with annual peak loads equal to or greater than two hundred (200) kW, located within the utility's service territory, may aggregate.
>
> I also move that by September 1, 2025, the electric utilities that have currently existing industrial customer opt-outs under their Quick Start programs shall notify such customers that they have already elected to opt-out, to avoid duplication of time and effort.

After discussion, Vice Chairman Skrmetta made a substitute motion to adopt Commissioner Coussan's motion and include a revision to Section III.1 – Lost Contribution to Fixed Costs to allow utilities the ability to earn LCFC to the top of their respective bands, which was seconded by Commissioner Campbell. On motion by Vice Chairman Skrmetta, seconded by Commissioner Campbell, with Chairman Francis and Commissioner Coussan concurring, and Commissioner Lewis objecting, the Commission voted to adopt the Louisiana Energy Efficiency Program Rules filed on August 7, 2025, subject to the stated modifications, and direct Staff to solicit TetraTech for a proposed budget to assist as the statewide EM&V Contractor, subject to Commission approval. The motion passed 4:1.

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THEREFORE, IT IS ORDERED:

1) **The Louisiana Energy Efficiency Program Rules filed into the record August 7, 2025 with modifications made at the August 20, 2025 Business and Executive Session are adopted, as reflected in Attachment A hereto.**[21]
2) **This Order is effective immediately.**

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
August 28, 2025

/S/ MIKE FRANCIS
DISTRICT IV
CHAIRMAN MIKE FRANCIS

/S/ ERIC F. SKRMETTA
DISTRICT I
VICE CHAIRMAN ERIC F. SKRMETTA

/S/ FOSTER L. CAMPBELL
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

OPPOSED
DISTRICT III
COMMISSIONER DAVANTE LEWIS

/S/ JEAN-PAUL P. COUSSAN
DISTRICT II
COMMISSIONER JEAN-PAUL P. COUSSAN

BRANDON M. FREY
SECRETARY

[21] The formatting of Attachment A has changed slightly from Staff's Final Proposed Rules filed into the record on August 7, 2025; however, the substance of the rules did not change, except for the modifications made at the August 20, 2025 B&E.

ATTACHMENT A
LOUISIANA ENERGY EFFICIENCY PROGRAM RULES

LOUISIANA PUBLIC SERVICE COMMISSION
LOUISIANA ENERGY EFFICIENCY PROGRAM RULES

OVERVIEW

The following provides the Louisiana Public Service Commission's ("LPSC" or "Commission") Energy Efficiency Rules ("EE Rules"), which replace the Quick Start ("QS") EE rules that have been in effect since the General Order dated September 20, 2013 was issued.[1] These EE Rules shall be used by LPSC-jurisdictional investor-owned electric utilities and Group 1 gas utilities (also referred to simply as "electric" or "gas" or "utility") for the implementation of Energy Efficiency ("EE") programs in Louisiana beginning January 1, 2026. Jurisdictional electric cooperatives have the option to participate, and if a cooperative chooses to implement EE programs, these rules shall govern.

The LPSC shall hire one Third Party Evaluator ("TPE") to oversee the Evaluation, Measurement, and Verification ("EM&V") of all utilities that offer energy efficiency programs under these rules.

The prior Quick Start rules expedited the creation of an initial set of EE programs, and began the development of the infrastructure necessary to implement cost-effective comprehensive long-term Commission approved EE programs. Any EE programs that were implemented under the Quick Start process may continue, but shall be modified to conform to the rules set out in **Attachment "A"** herein upon the effective date of a Commission Order approving the same.

The Commission's Public Entity Programs will be administered in partnership with the Commission and the utilities according to the Guidelines set forth in **Attachment "B"** herein. Funding and recovery of the associated costs will be included in the jurisdictional utilities' annual energy efficiency rate redeterminations.

Public Entity EE projects implemented and administered under Attachment B are not eligible for participation and implementation under Attachment A, except as set forth in Attachment B. Likewise, utility EE projects implemented and administered under Attachment A are not eligible for participation and implementation under Attachment B.

The goals for the Commission EE program are as follows, and utilities should strive to meet as many of these goals as possible:

- Promote the use of least cost energy resources;
- Provide an expanded amount of energy savings benefits;
- Provide an expanded amount of permanent peak demand reductions;
- Be cost effective and be implemented efficiently;
- Promote the use of energy efficiency to reduce emissions;
- Increase system energy security, reliability and resilience;
- Reduce the need for supply-side resource additions; and,
- Increase utility energy efficiency capabilities and promote job growth through increased energy efficiency infrastructure.

[1] The Quick Start EE General Order was decided at the Commission's August 21, 2013 B&E Session, and was issued on September 20, 2013 in Docket R-31106.

AUTHORITY

Article IV, Section 21 of the Louisiana Constitution of 1974 provides the Commission with the following authority:

> B. Powers and Duties. The Commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by Law. It shall adopt and enforce reasonable rules, regulations and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by Law.

Consistent with the above authority, the Commission adopts these Rules as the Louisiana Energy Efficiency Program Rules. All investor-owned electric and group 1 gas utilities are required to participate. Should any other utility decide to implement energy efficiency measures within its service territory, such programs shall adhere to these Rules and be approved by the Commission prior to implementation.

Section I. Definitions

Administrator - The entity responsible for creating and managing the energy efficiency program or Portfolio of programs for each respective utility.

Budget Cycle - Each budget cycle shall consist of a four-year calendar-based cycle.

Cost-Effectiveness - A comparison of the approved categories of costs and benefits of an EE program or measure, to determine the net benefits of the program or measure. Typically, present value benefits are compared to present value costs to determine if the program or measure is economic.

Deemed Savings - Deemed Savings are used to define energy and peak demand savings values for projects with well-known and documented savings.[2] Deemed Savings are pre-determined, validated estimates of energy and peak demand savings attributable to energy efficiency measures whose performance characteristics and use conditions are well known and consistent. Deemed savings may be based on engineering calculations, baseline studies and/or reasonable assumptions. Deemed savings estimates may be derived from other evaluations previously performed and conducted by the utility, other utilities, or other governmental/regulatory agency studies. A utility may use these estimates instead of energy and peak demand savings estimated through measurement and verification (M&V) activities. Deemed savings should be revised periodically to reflect new technologies, as well as new federal, state, or local policies and codes. The Commission approved the use of the Arkansas Technical Reference Manual ("TRM") for deriving deemed savings estimates in the Quick Start Phase and continues to recommend it for the Louisiana

[2] Note that whenever the phase "peak demand savings" is mentioned, that phrase applies to electric utilities, not gas utilities.

EE Program with appropriate adjustments for Louisiana, such as adjustments for different climate zones and weather conditions.[3]

Demand Response - Changes in energy use by customers from their normal consumption patterns in response to changes in the price of energy over time, or in response to incentive payments designed to induce lower energy use at times of high wholesale market prices or when system reliability is jeopardized, or reduced energy demand from customers as a result of direct load control by the utility or third party. Demand Response Programs that are part of an EE Portfolio subject to this Rule are not intended to be subject to the compliance obligations instituted in the Advanced Metering General Order dated September 9, 2009 (Docket No. R-29213) or the Demand Response General Order dated May 26, 2021 (Docket No. R-35136).

Demand Side Management ("DSM") – Refers to a collection of programs designed to modify customer demand for energy through various methods such as financial incentives and behavioral change through education. Demand response and energy efficiency programs are ways in which demand side management may be implemented.

Energy Efficiency - Refers to a decrease in the use of energy, while maintaining or improving the customer's existing level of comfort and end-use functionality at a lower customer cost. Reducing the rate at which energy is used may be achieved by substituting more advanced technology, or by reorganizing the process to reduce waste heat, waste cooling, or energy. Demand response is included as a form of energy efficiency for purposes of this Rule. Energy Efficiency is also known as Energy Conservation.

Energy Efficiency Savings - Those kW, kWh, or Ccf savings realized by comparing measured energy use before and after implementation of an energy efficiency measure, or by reference to a set of deemed savings approved by the Commission.

Energy Efficiency Working Group ("EEWG") - In general, the EEWG will assist with program development issues, evaluations of EE rules, and research projects. In addition, the Commission may seek the input of the EEWG on other topics including the Technical Reference Manual and Technical Potential studies. The EEWG shall not replace or circumvent the Commission's Rules of Practice and Procedure, or policy related to review, evaluation, and revisions to Commission's Orders and Rules.

Evaluation, Measurement and Verification ("EM&V") - Studies and activities intended to determine the actual savings and other effects from energy efficiency programs and measures. The full scope of the EM&V process includes the evaluation of program design, implementation, cost effectiveness, market penetration, and verification of savings achieved from the programs.

> **Evaluation** - Evaluation refers to methods used to determine impacts resulting from the implementation of EE programs, including program performance, program markets and operations, expected levels of energy and demand savings, and program cost-effectiveness.

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[3] The latest version of the Arkansas TRM, Version 10.0, was approved on November 14, 2024 by Order No. 44 of APSC Docket 10-100-R and may be found at https://apsc.arkansas.gov/wp-content/uploads/Arkansas-TRM-v10.0-vols-1-2-3-combined.pdf. The Commission reserves its right to develop a Louisiana TRM in the future.

Measurement and Verification ("M&V") - M&V is the form of evaluation performed after implementation that relies on data collection, monitoring, and analysis associated with the calculation of overall energy and demand savings at individual sites or projects using one or more methods that can involve measurements, engineering calculations, statistical analyses, and/or computer simulation modeling with the goal of verifying the level of savings achieved.

Implementer - A person or entity charged by a utility to deliver programs to customers. Implementers, administrators, and utilities may be the same entity, or may be related by contract.

Low-Income Programs - EE programs implemented at households whose annual income is at or below 200% of the most recent year's federal poverty level.

Market Transformation - Strategic efforts to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services and practices. Energy savings from market transformation programs must be beyond that which would be achieved through compliance with building codes and appliance and equipment efficiency standards.

Measure - The equipment, materials, and practices that, when installed or implemented at a customer site, result in a measurable and verifiable reduction in either purchased energy consumption, measured energy or peak demand, or both.

Measured Savings - is an approach to measure energy savings for a range of energy efficiency measures. A measured savings approach involves direct measurement of energy usage before and after installation, and the application of weather normalization calculations to derive energy savings.

Portfolio – The entire group of programs that are offered.

Portfolio Plan – A plan to implement a group of EE programs, which includes a set of benefit/cost test results, specific objectives that can be evaluated using quantifiable measures, and provisions to evaluate, monitor, and verify results.

Program - A group of projects with similar characteristics and installed in similar applications or targeting a particular population.

Program Year - The Calendar year in which programs are administered and delivered for the purposes of planning and reporting.

Public Entity EE Program - An EE program for which eligibility is limited to facilities associated with public school districts, public higher education institutions, local governments, state agencies, or any other public entity as defined by La. Constitution Article VI, Section 44 and is developed and administered according to the Guidelines set forth in **Attachment "B.**"

Screening Tests - Evaluations that shall be performed to determine the cost-effectiveness of energy efficiency measures and Portfolio Plans. Screening tests shall follow the guidelines published by the California Public Utility Commission in its California *Standard Practice*

Manual, which was first published in February 1983, and most recently updated in 2001.[4] The California Standard Practice Manual defines the following standard tests:

- Participant Test - This test measures the quantifiable benefits and costs to the customer. The benefits to a customer include the reduction in the customer's utility bill (using the retail rate), any incentives paid by the utility, and any other benefits to the customer that can be quantified. Savings estimates should be based on gross energy savings, as opposed to net savings.[5] The costs to a customer are all out-of-pocket expenses incurred, plus any increases in the customer's utility bill. The out-of-pocket expenses include all costs of purchasing and installing equipment or materials, any ongoing operation and maintenance costs; any removal costs (less salvage value); and the value of the customer's time in arranging for the installation of the measure, if significant.

- The Ratepayer Impact Measure ("RIM Test") - This test measures what happens to customer bills or rates due to changes in utility revenues and operating costs caused by the program. Rates will go up if revenues collected are less than the total costs incurred by the utility in implementing the program. The benefits calculated in the RIM test are the savings from avoided supply costs. These avoided costs include the reduction in transmission, distribution, generation, and capacity costs for periods when load has been reduced and includes the increase in revenues for any periods in which load has been increased. Both the reductions in supply costs and the revenue increases should be calculated using net energy savings. The costs for this test are the incremental program costs directly incurred by the utility, the incentives paid to participants, decreased revenues for any periods in which load has been decreased, and increased supply costs for any periods when load has been increased. The utility program costs include incremental initial and annual costs, such as the cost of equipment, operation and maintenance, installation, program administration, and customer dropout and removal of equipment (less salvage value).

- Program Administrator Cost Test - measures the net costs of a program based on the costs incurred by the utility. The *benefits* are the avoided supply costs of energy and demand, the reduction in transmission, distribution, generation, and capacity valued at marginal costs for the periods when there is a load reduction. The avoided supply costs should be calculated using net program savings. The *costs* for the Program Administrator Cost Test are the incremental costs incurred by the utility, including the incentives paid to the customers, increased supply costs for the periods in which load is increased, program costs, which include initial and annual costs, such as the cost of utility equipment, operation and maintenance, installation, program administration, and costs due to customer dropout and removal of equipment (less salvage value).

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[4] https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/energy_programs/cpuc-standard-practice-manual.pdf

[5] Gross savings are savings in energy and demand seen by the participant at the meter. These are the appropriate program impacts to calculate bill reductions for the Participant Test. Net savings are the savings attributable to the program, and derived as gross savings minus those changes in energy use and demand that would have happened even in the absence of the program.

- The Total Resource Cost Test ("TRC Test") - measures the net cost of a program based on the total costs of the program, including both the participants' and the utility's costs. The *benefits* calculated in the TRC Test are the avoided supply costs, the reduction in transmission, distribution, generation, and capacity costs valued at marginal cost for the periods when there is a load reduction. The avoided supply costs should be calculated using net program savings. The *costs* in this test are the program costs paid by the utility and the participants plus the increase in supply costs for the periods in which load is increased. Thus, all equipment costs, installation, operation and maintenance, cost of removal (less salvage value), and administration costs, no matter who pays for them, are included in this test. Any tax credits are considered a reduction to costs in this test. See additional details regarding the TRC test in Section IV below.
- Societal Test - is considered to be a variant of the TRC test, and it measures the economic impact to the utility, service territory, state or broader region, as measured by the TRC test, plus it includes indirect impacts such as environmental impacts.

The TRC test shall be the primary screening test that must be met for EE portfolios. However, all other California Standard Practice Screening tests, except for the Societal Test, shall be included in all analyses in which cost/benefit results are reported. Utilities may report the Societal Test results as well, at their own discretion.

Also, while the guidelines published in the California Standard Practice Manual shall continue to be used in performing EE screening tests, a "National Standard Practice Manual" ("NSPM") has been published by the National Efficiency Screening Project and it may be considered for use in performing the EE screening tests.[6] However, should any party desire to change the cost and benefit components, then the changes should be discussed by the EEWG, and if the changes are supported by the EEWG, then the changes will be submitted in a request to the Commission for consideration and approval.

Third Party Evaluator ("TPE") – The Commission shall hire a TPE to conduct EM&V evaluations for the EE Programs (EM&V Contractor). The role of the TPE is important to ensure that actual program savings are reported accurately since aspects of the EE programs depend on the energy savings calculations, including lost revenue payments. The TPE shall also be responsible for reviewing each utilities' programs, including actual design, implementation, and achievement of the goals laid out herein. If approved and directed by the Commission at a later date, the TPE shall also be responsible for developing a Louisiana-based TRM and any necessary updates to the TRM.

Section II. Industrial Customer Opt-In

An industrial customer, as defined below, is excluded from participating in these rules, but may opt-in to EE programs offered by their respective utilities. An industrial customer that chooses to opt-in shall contact its utility provider and submit notice in accordance with the utility provider's

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[6] The National Efficiency Screening Project states it consists of organizations and individuals working to update and improve cost-effectiveness screening practices for distributed energy resources. The 2020 edition of the NSPM was published in August 2020 and may be found at https://www.nationalenergyscreeningproject.org/wp-content/uploads/2020/08/NSPM-DERs_08-24-2020.pdf

requirements, which shall be posted on the utility provider's website. In order to allow the respective utility provider the opportunity to account for such customers wanting to opt-in, existing customers must provide written notice to the utility provider no later than September 1, prior to the start of the four-year program cycle. Industrial customers who opt-in will remain in the program for the entire four-year program cycle. A customer who has previously been excluded, can only opt-in at the start of the next four-year program cycle, and must remain in for the full program cycle. For the first four-year program cycle, beginning in January 2026, industrial customers who wish to participate (opt-in) must provide written notice to the utility provider no later than October 1, 2025.

For new customers that begin receiving service in any given year after the opportunity to opt-in has passed, the notice requirement is modified such that the new customer must provide written notice of the decision to opt-in within thirty (30) days of receiving service.

For purposes of determining which customers are excluded, the below definitions shall be used:

Electric: Any entity receiving electric power at 69 kilovolts or higher, or any industrial customer account that elected to opt-out during the Commission's Quick Start program, or any industrial customer that provides its electric utility provider with a written notice of opt-out following Commission approval of these rules and not later than October 1, 2025.

Consistent with the Quick Start program, eligibility for opt-out shall be limited to large industrial customers having one or more individual electric service accounts within its utility service providers' service territory with a combined aggregate demand of five thousand (5,000) kW or more. Only customers with annual peak loads equal to or greater than two hundred (200) kW, located within the utility's service territory, may aggregate.

Gas: Large industrial customers having one or more individual natural gas service accounts within its utility service provider's service territory with a combined aggregate demand of seventy thousand (70,000) MMBtu or more. Only customers with annual usage equal to or greater than fourteen thousand (14,000) MMBtu, located within the utility's service territory, may aggregate.

Section III. Fuel Switching

The Commission's EE Rules prohibit the offering of EE programs that encourage customers to switch from electric to natural gas or from natural gas to electric appliances and services as a marketing initiative. However, in the future, if decarbonization becomes mandated at the Federal or State level, or if it becomes a policy of the state to promote decarbonization, then strategic marketing programs involving fuel switching may become desirable. If such a Federal or State mandate or policy goes into effect, stakeholders could encourage the Commission to reconsider this issue at that time.

Section IV. Information Designated as Trade Secret, Proprietary, or Confidential

To the extent that any information required to be provided by this Order is provided to the Federal Energy Regulatory Commission or any other public agency, and is published, reported or otherwise disseminated outside of the utility, or is otherwise a matter of public record, it will not be considered proprietary or confidential information or a trade secret. If a claim is made that information is proprietary, confidential, or trade secret, that issue shall be addressed in accordance with the provisions of Rule 12.1 of the Commission's Rules of Practice and Procedure and the Commission's August 31, 1992 General Order.

Section V. Rule Revisions

The EE Rules recognize specific adjustments may be desired or necessary over time, which may require revisions to the EE Rules, or separate rules/orders addressing a narrowed area within EE. These adjustments will be determined on a case-by-case basis. Upon request via the EEWG, or upon its own action, the Commission may review and analyze these EE Rules, or specific EE program(s), at any time in the future. Any changes to the most recently approved EE Rules shall be proposed by the EEWG in sufficient enough time to be approved on or before the last B&E Session of the third year of the four-year budget cycle. Such review and analysis will follow the Commission's Rules of Practice and Procedure, including initiating a new docketed proceeding, allowing for public participation, and may result in rule revisions or separate orders.

Section VI. Energy Efficiency Working Group ("EEWG")

The Commission will establish the EEWG, including the participants therein. While there is no set limitation on the number of participants, the Staff shall seek participation of parties that have appropriate experience with EE programs. Staff shall also consider having at least minimum representation on the EEWG that includes utilities participating in the EE program, trade allies, other state agencies, and low-income advocacy groups participating in the EEWG.

The first meeting of the EEWG shall be held prior to December 31, 2025 and have the main goal of determining whether the EEWG shall establish protocols, including the frequency that the EEWG will meet, and whether sub-committees and voting rights should be established.

Staff shall coordinate the activities of the EEWG, with guidance and direction from the Commission. In general, the EEWG will assist with program development issues, evaluations of EE rules, and research projects. In addition, the Commission may seek the input of the EEWG on other topics including the Technical Reference Manual and Technical Potential studies. The EEWG shall not replace or circumvent the Commission's Rules of Practice and Procedure, or policy, related to review, evaluation, and revisions to Commission's Orders and Rules.

As appropriate, the Commission may open a docket to allow public input and consideration of topics stemming from the EEWG, which will adhere to the Commission's Rules of Practice and Procedure.

Section VII. Low Income EE Programs

Utilities should implement programs designed specifically to meet the needs of low-income customers. These programs will be subject to the same reporting requirements as other programs but will not be required to meet cost-effectiveness ratios of 1.0 TRC. However, each utility will still be subject to the requirement that the utility's entire portfolio must exceed a 1.0 TRC requirement, even with these programs. Low-Income programs must be part of the residential group, and each utility shall allocate at least 15% of their residential Portfolio budget to a low-income residential program. The utilities at their discretion may include a low-income program for the non-residential group.

ATTACHMENT A

Energy Efficiency Program Guidelines for Jurisdictional Investor-Owned and Gas Utilities

I. General Energy Efficiency Program Requirements

Subject to certain requirements described in more detail below, all participating utilities shall be responsible for developing, implementing, administering, and reporting its set of cost-effective EE programs. Each utility shall be responsible for the following related to EE programs:

- Developing an implementation plan for EE programs;
- Developing a budget for EE programs, which shall comply with the budget parameters discussed below, including a cap on the utility's administrative costs. Further discussion of the cap on administrative costs is included in Section VI(3) below;
- Working with the LPSC hired TPE to develop an EM&V plan for the portfolio of EE programs;
- Developing a program cost recovery plan to collect the direct program related costs,[7] and all other approved charges from customers. Each utility shall use the attached approved uniform Phase II EE Rate Rider (included as Attachment C), modified only as necessary to address specific needs of the utility, for its cost recovery plan;[8]
- Seeking approval for the EE Programs;
- Implementing the EE Programs;
- Evaluating the results of the EE Programs; and
- Reporting information to the Commission as required by these rules.

II. EE Program Design Requirements

Three months prior to the start of each four-year budget cycle, each utility shall file their Portfolio Plans with the Commission. Commission approval is not required for Portfolio Plans of those utilities who participated in the Commission's QS program. Should any new utility decide to opt-in and participate in the Commission's EE Program, said utility's initial program design must be submitted to the Commission for review and approval at the Staff level. For the first budget cycle, such submissions shall be submitted at least three months prior to start of the four-year budget cycle. For budget cycles after that, such submissions shall be submitted at least six months prior

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[7] Program related costs are costs directly related to the EE programs, and would not exist in the absence of implementing the Commission's EE rules.

[8] The Commission expects all electric utilities to collaborate on the development of the uniform Phase II EE Rate Rider ahead of the start of the Louisiana EE programs. Similarly, the Commission expects all Group 1 gas utilities to collaborate together and all electric cooperative utilities that intend to opt-in to the program to collaborate together to develop uniform EE Rate Riders ahead of the start of the Louisiana EE programs. Sufficient time shall be allowed for the Commission to approve the uniform riders ahead of the start of the programs.

to start of the four-year budget cycle. All Portfolio Plans shall, at a minimum, include the following information for each year of the budget cycle for each EE program:

1. General description of each program;
2. Specific objectives for each program;
3. Rate classes to which the program will apply;
4. Customer Incentives (i.e., rebates or incentive payments to customers to induce participation in EE programs), if any;
5. The estimated useful life ("EUL") of a given program measure. The EUL shall only be used in the calculation of program measure cost effectiveness screening;
6. Estimated annual energy savings, lifetime energy savings, and peak demand reductions for each program;
7. Detailed EM&V measures to evaluate whether each program has met its stated objective(s);
8. Estimated budget plan including all program costs, broken out by budget categories, defined in Section VI(3) below.
9. Estimated costs that participating customers will pay out-of-pocket for energy efficiency program measures, not including the EE Rate Rider charges that customers pay as part of their utility bill;
10. All of the relevant details of the benefit cost analyses, including the annual and cumulative present value of costs, the annual and cumulative present value of benefits, the annual and cumulative net benefits, and the benefit-cost ratios for the cost evaluation tests discussed below;
11. Anticipated program participation rates, in which participation is measured in terms of households served, businesses served, measures installed, or other unit that is appropriate for the nature of the program;
12. Uniform cost recovery EE Rate Rider; and
13. Plan for developing infrastructure necessary, such as technical training (also considered Market Transformation Programs) or research and development, as appropriate for the specific EE programs.[9] R&D activities may be carried out to find new and innovative ways to meet the Phase II EE goals.

Note, utilities shall not comingle residential and non-residential EE program revenue. Each category of revenue shall be used for separate programs implemented and administered by the participating utilities pursuant to this rule. Additionally, a utility shall file an interim Portfolio Plan if significant changes to either Program offerings or budgets are anticipated.

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[9] Technical expertise in the marketplace is an important issue that should continue to be considered by each utility.

a. <u>Program Cost-Effectiveness Requirements</u>

Utilities shall coordinate with the TPE to provide a cost effectiveness evaluation for each EE program offered, and shall include the following: The Participant Test, the RIM Test, the Utility Cost Test, and the TRC Test (collectively "Required Evaluations"). Utilities may use the Societal Test at their discretion to supplement the Required Evaluations.

At a minimum, the utility's entire Portfolio of EE programs must equal or exceed a 1.0 TRC requirement each year. It is preferable for each of the utility's individual programs within their portfolios to have a benefit cost ratio of at least 1.0 for each of the Required Evaluation Tests, except for the RIM Test, but is not mandated under these Rules.

The Commission retains the authority to approve programs requested by a utility including those that, by design, will not meet or exceed a 1.0 TRC, including possibly low-income, R&D, and Market Transformation programs. The burden of proof to justify all programs remains with the utility.

b. <u>Program Administration and EM&V Evaluator</u>

Utilities may hire an administrator (contractor) as appropriate to handle administration and/or implementation of their respective EE Programs. See section VI(3) below regarding the capping requirement on administrative costs.

Any Administrator hired by a utility shall be made available to answer any questions of the Commission or Staff, as well as make records available for review upon request of the Commission or Staff.

An independent Third-Party Evaluator ("TPE") shall be hired by the Commission to conduct EM&V evaluations for each utilities' respective EE Programs.

No more than 5% of the utility's respective annual EE budget, including Public Entity budget (See Attachment B), shall be spent on EM&V activities in any given year.

III. Cost Recovery and Lost Contribution to Fixed Costs

Utilities shall be permitted to recover all direct program costs, including rebates, incentives paid to customers, program EM&V costs, and other comparable items associated with implementing EE programs. In addition, utilities shall be permitted to recover a Lost Contribution to Fixed Cost ("LCFC") amount. Each utility shall use the attached Uniform EE Rate Rider (Attachment C), modified only as necessary to address specific needs of the utility for its cost recovery plan. Any deviation from the Uniform EE Rate Rider must be approved by the Commission.

The rate rider shall account for recovery of all direct program costs and shall include a formula to recover approved LCFC. Rates shall be derived separately for residential and non-residential customers. Recoverable costs and LCFC shall be estimated when new EE Programs are developed and shall be included within the utility's budget for approval. LCFC costs shall be displayed as a separate line item within the utility's budget. Budgets for all recoverable costs shall be subject to true-up for energy savings (kWh, Ccf, or therms) and estimated LCFC (cents per kWh, Ccf, or therms).

Revenues recovered for EE costs based on projected rates, as well as program costs and LCFC, will be trued-up in the next year when the utility performs an EE rate reconciliation analysis. The rate reconciliation filing shall be made by May 1st after the end of the last EE Plan Year and new rates shall become effective one month later on June 1st.

1. **Lost Contribution to Fixed Costs**

Utilities that do not have a Formula Rate Plan ("FRP") and/or a Rate Stabilization Plan ("RSP") shall be allowed to fully recover LCFC costs until base rates are reviewed, at which time the effects of EE programs shall be considered. Utilities that have an FRP and/or an RSP shall be allowed to recover LCFC costs associated with energy savings from the EE program based on an FRP/RSP evaluation calculation, which shall include the utility's LCFC calculation. In order to recover LCFC, the utility bears the burden of proof to demonstrate that an LCFC calculation is included within its FRP/RSP evaluation and that the utility is not over-recovering its allowed revenues with the LCFC calculation included.

The LCFC rate will be included as part of the projected rate in the EE rider and will be different for the residential versus non-residential customer classes. The level of LCFC costs for each customer class shall be projected by multiplying the Class LCFC Factor by the projected annual level of energy savings. Generally, the Class LCFC Factor is calculated by dividing the projected non-fuel revenues (both energy and demand) allowed in the utility's most recent rate case or FRP/RSP Annual Review by that year's projected kWh electric sales, Ccf, or therms gas sales.

LCFC will be trued-up for the prior 12-month period as part of the utility's annual EE rate redetermination process and will be based on a review of the evaluated monthly energy savings achieved during the period. The evaluated monthly energy savings will be compared to the projection of savings during the same 12-month period. The Class LCFC Factors, updated for the true-up period, will then be applied to the evaluated annualized energy savings. Any difference in the projection of LCFC and the evaluated LCFC by class will be used to adjust the new energy efficiency program year revenue requirement according to the procedure outlined in each utility's EE Rate Rider.

LCFC charges may be derived on a cumulative basis until there is a rate review as part of a base rate proceeding or an FRP/RSP Annual Review proceeding. When a utility has an FRP/RSP in place, the utility may accumulate LCFC costs only until new FRP/RSP base rates go into effect as part of an FRP/RSP review regardless of the outcome of the FRP/RSP review.

While a utility that has an FRP/RSP in place shall be permitted to recover its LCFC costs, its recovery shall be limited as described below. If LCFC revenues are not accounted for in the utility's FRP/RSP Annual Review, another evaluation shall be performed after the FRP/RSP Annual Review has been completed to determine the utility's ability to recover LCFC. If the utility exceeds the upper band of its permitted rate of return with the LCFC revenue, then the utility must refund a portion of the LCFC revenues in accordance with the utility's FRP/RSP requirements. Otherwise, the utility shall be entitled to keep all of the LCFC revenue. The amount of LCFC that is subject to refund is limited to the amount of the utility's shared portion of the over-recovery. If the utility's rate of return exceeds the upper band and the utility is obligated to return a portion of the LCFC, the refund with interest, shall be accounted for at the time that the utility's next EE rate redetermination process occurs to reset its EE rider rates accordingly. Interest shall be calculated using the Prime Interest Rate and shall only apply to the refunded amount for the period of time between the effective date of the EE Rider and the FRP/RSP.

For utilities that do not have an FRP/RSP in place, or whose FRP/RSP restricts them from resetting their base rates, they shall be permitted to recover and accumulate LCFC until the utility has a base rate review. However, in no instance shall such utilities be permitted to accrue LCFC any longer than either the effective measure life of the program or three years, whichever is shorter.

IV. Combined Heat and Power Programs ("CHP")

The Commission seeks to encourage utilities and customers to implement CHP systems, and therefore the Commission welcomes utilities to explore the possibility of developing CHP systems as part of energy efficiency measures. Due to the nature of CHP systems, which typically require sizable capital investment, any proposed CHP programs will be evaluated by the Commission on a case by case basis, and subject to other applicable Commission Orders. Should a utility desire to implement a CHP program, the utility's proposal should be included in its EE plan filing at the start of a budget cycle; however, inclusion within the utility's budget cycle does not alleviate any potential requirement to seek separate Commission approval for such projects.

V. Advanced Metering Systems

Utilities that promote the implementation of advanced metering systems ("AMS") or advanced metering infrastructure ("AMI") typically note that the deployment provides the ability to implement specific demand response programs. As such, the Commission encourages utilities that have deployed AMS or AMI systems or that may deploy those systems in the future to include specific demand response programs as part of their EE plans for Commission consideration and potential approval. The Commission also encourages utilities that have AMS or AMI systems to provide as much data as possible to customers, subject to existing privacy protections, standards, and laws, derived from the metering so that customers can use that information to increase the energy efficiency of their homes and facilities. Nothing in these Rules is intended to supplant or supersede the Commission's Advanced Metering General Order dated September 9, 2009 (Docket No. R-29213) or the Demand Response Rules proposed in LPSC Docket R-35136.

VI. Program Budgets and EE Savings Targets

Each Utility shall follow the guidelines set forth herein for developing EE programs, budgets, and energy savings targets for each calendar year, beginning January 1, 2026.

a. <u>Electric Utilities</u>

The maximum program budget cap for calendar year 2026 shall be set to 1% of each utility's 2023 FERC Form 1 (or RUS Form 7 for electric cooperatives) total calendar year revenue. The budget cap shall be adjusted annually, but shall not exceed a maximum expenditure of 1.5% of the utility's 2023 FERC Form 1 (RUS Form 7 for Electric Cooperatives) total calendar year revenue by year 4 of the program, where it shall remain until changed by Commission Order. The budget cap calculation shall exclude revenue associated with industrial customers excluded from participating in the EE program. See Section VI(3) below regarding the structuring of budget components.

Incremental savings targets are to be established as goals and shall be expressed as a percent of the utility's energy sales in 2023. The targets for the first year shall be at .1% greater than what that utility achieved in 2023 Program Year. For each year of the program cycle thereafter, electric utilities shall increase the incremental energy savings target by .1% over the prior year, with the ultimate goal of achieving 0.5% - 0.7% in total energy savings by the end of the four-year budget cycle. For future Program Cycles, utilities that have an IRP shall determine program plans, budgets, caps and savings targets in conjunction with the IRP process. Utilities with an IRP shall prepare a study of technical and economic energy efficiency potential in advance of the Utility's IRP process, such that this study shall be reviewed in the IRP stakeholder process and used to inform a utility's proposed EE Program and implementation budget and energy savings targets.

Electric utilities must work to achieve maximal energy savings that increase over time, such that the budget cap defined above is observed.

b. <u>Gas Utilities</u>

The maximum program budget cap for calendar year 2026 shall be set to 1% of each utility's 2023 FERC Form 2-A or 2023 annual filing total calendar year revenue. The budget cap shall be adjusted annually, but shall not exceed a maximum expenditure of 1.5% of the utility's 2023 FERC Form 2-A or 2023 annual filing total calendar year revenue by year 4 of the program, where it shall remain until changed by Commission Order. The budget cap calculation shall exclude revenue associated with industrial customers who are excluded from participating in the EE program. See Section VI(3) below regarding the structuring of budget components.

Incremental savings targets are to be established as goals and shall be expressed as a percent of the utility's gas volume sales in 2023. The targets for the first year shall be a minimum of .05% of the gas volume sales the utility achieved in 2023. For each year of the program cycle thereafter, gas utilities will increase the incremental gas volume savings target by .05% over the prior year, with the ultimate goal of achieving between 0.2-0.4% in total energy savings.

Gas utilities must work to achieve maximal energy savings that increase over time, such that the budget cap defined above is observed.

c. <u>Program Cost Categories and Customer Incentive Targets</u>

All budgets shall be defined and tracked based on the following categories: 1) Administration Costs; 2) Planning and Design; 3) Marketing and Delivery; 4) EM&V costs; and 5) Customer Incentives.

Utilities shall work to maximize the amount of funds spent on Customer Incentives, and correspondingly minimize the amount spent on the other cost categories. At a minimum, spending on Customer Incentives should be no less than 70% of the total program budgets annually beginning at the start of the first budget cycle, growing to at least 75% by the end of the first budget cycle, and with a goal of reaching 80% with program maturation in subsequent budget cycles. Should any new utility desire to opt-in and participate in the Commission's EE program, Staff and the utility will work to establish an appropriate budget for Customer Incentives recognizing the higher administrative costs when first implementing EE programs.

For reporting purposes, costs shall be categorized as follows:

Administrative Costs:

- Program Management
- Financial Management
- Training/Trade Ally Coordination
- Call Center Operations
- Utility personnel training costs
- Utility costs incurred to be compliant with EE rules (e.g., costs related to EE dockets, costs of preparing annual reports and EECR filings, costs related to regulatory-specific collaborative meetings and events, etc.)

Planning and Design:

- Information System/Database Management
- Tracking and Reporting
- Research and development costs
- Integrated Resource Plan costs for DSM portion only
- RFP preparation and evaluation
- Costs for consultants used for program design and planning
- Utility personnel costs related to program design, planning, and research & development
- Measure management

Marketing and Delivery:

- Field employees
- Contract (and subcontract) Management including QA/QC Online Marketplace
- Marketing/Market Research
- Community Outreach Events
- Advertising (educational/promotional materials, website development/updates)
- Utility personnel costs for performing marketing and delivery functions
- Database development/update costs
- Trade ally training events
- Measurement and verification costs as related to direct program/project/measure costs to validate savings within the program and outside of independent EM&V

EM&V:

- Costs allocated to each utility by the TPE for EM&V costs associated with their energy efficiency programs.
- Costs incurred for the preparation/update of deemed savings and TRM

Customer Incentives:

- Payments made to customers or trade allies for completed projects that result in energy savings.

Should a utility hire an administrative and/or implementation contractor, utilities shall ensure that all costs are captured under the categories identified above. All program costs should be sufficiently tracked such that the EM&V evaluations and audits can be performed efficiently.

VII. Filing of Plans, Annual Reports, and Rate Redetermination

Each LPSC jurisdictional electric and gas utility shall develop, implement, and administer a set of cost-effective EE programs in accordance with the activities and timeframes identified herein.

For each program year, utilities shall develop programs in accordance with these rules by October 31st of the prior year, with the first program year beginning January 1, 2026. By May 1 following the end of each EE Program Year, utilities shall file an Annual Report, which shall describe the results of the utility's EE programs during the prior program year.

In addition, annual rate redetermination filings will be made at the same time to allow utilities to be able to adjust their rates charged for direct EE costs, LCFC costs, and to capture under or over-recovered costs where appropriate. Each Company shall file supporting workpapers with the energy efficiency plans, annual reports, and rate re-determination filings, with working spreadsheets, all formulae intact, and no hard-coded values. Each Company shall calculate any carrying costs on the under/over-recovered program costs at the Prime Interest Rate.

a. Annual Reports

The following reports apply to all EE programs. Each utility's Annual Report shall be filed into a single repository docket created specifically for EE Annual Reports. Annual Reports shall include the same Standard Annual Reporting Program ("SARP") that was filed by all utilities in the Quick Start Phase, modified to address the requirements included in Section VI(3) above, to ensure consistent reporting across all utilities and programs. In addition, the following information for each EE program should be provided:

- Program descriptions, rate classes the programs apply to, and objectives for the programs;
- Customer incentives paid;
- Participants costs;
- Annual energy savings (in MWh) for electric utilities;
- Annual energy savings as a percentage of previous year's retail sales, excluding opted-out customers
- Lifetime savings (in MWh) for electric utilities;
- Annual load reduction (in kW) for electric utilities;
- Annual natural gas volume savings (in Ccf) for natural gas utilities;
- Lifetime gas volume savings (in Ccf) for natural gas utilities;
- Annual program cost, broken out by (a) administration and planning, (b) promotion and advertising, (c) customer incentives, (d) delivery and vendors, (e) participant contributions, and (f) monitoring and verification;

- Annual and cumulative present value of benefits, annual and cumulative present value of costs, annual and cumulative present value of net benefits, and benefit cost ratios, using at least the TRC Test, the RIM Test, the Utility Cost Test, and the Participant Test;
- All assumptions and workpapers needed to derive the benefits and costs used in each of the benefit cost ratio calculations, including but not limited to all avoided costs and discount rates;
- Annual LCFC amount and derivation;
- Total revenue and sales of the prior two years, as well as for all years in the current EE budget cycle;
- Program participation rates. Participation can be defined in terms of households served, businesses served, measures installed, or other unit that is appropriate for the nature of the program;
- Implementation issues, such as barriers against increased participation;
- Recommendations to improve the programs; and
- Efforts by the utility to staff and train employees regarding the development and implementation of EE programs and infrastructure (such as the development of trade allies in the utilities' regions).

Each Annual Report and/or SARP shall also include a section that directly compares the information above with the same information from the Portfolio Plan projection, in order to assess how well the utility performed in meeting the plan forecasts. Furthermore, the Annual Report should also compare the current year results to the prior year to assess the changes that occurred from one year to the next.

The Commission selected TPE shall conduct annual evaluations and provide annual evaluation reports that contain detailed explanations of the EM&V evaluations performed for each EE program, as well as all assumptions, work papers, supporting documentation, and spreadsheets used in the EM&V calculations. Utilities shall coordinate with the EM&V contractor and file the same uniform Standard Annual Reporting Worksheet spreadsheets that they had been filing during the Quick Start programs.[10] In addition, utilities should file workpapers detailing how they determined all inputs such as the calculation of all avoided cost values that were used in the calculation of their cost/benefit tests. Calculations of LCFC costs should also be provided.

Programs are subject to review at the Commission's discretion, and records should be maintained in sufficient detail to permit audit and evaluation. Records should be maintained for a period of at least five years from the end of the Program Year in order for Staff to conduct a review and audit, as described in Section VIII below. To the greatest extent possible, any information or workpapers provided in annual reports or requested from the utilities by the Commission or Staff, should be provided with all formulas and assumptions included, without hard-coded values.

[10] In the Quick Start process, utilities have been relying on the Arkansas Standard Annual Reporting Program ("SARP").

VIII. Staff Review and Audit

Each utility will be audited at the conclusion of every two program years. The audits will be designed to review the costs that have been recovered through the EE Rate Rider. The audit contemplated by this rule is intended to be consistent with procedures employed by the Commission in audits of fuel adjustment clause[11] and purchased gas adjustment[12] filings, as follows:

- Notice. Staff will provide notice in the Commission's Official Bulletin of the commencement of each audit. This notice will be for information purposes only.
- Audit Report. At the conclusion of Staff's investigation, an audit report shall be issued. Staff will make specific findings and recommendations concerning whether or not the costs passed through the EE Rider were reasonable and prudent, and appropriate for recovery in the EE Rider mechanism consistent with these rules. The report should also review the reasonableness of the energy savings that have been achieved, and the cost effectiveness of the EE programs. Staff's Audit Report shall be published in the Commission's Official Bulletin for intervention with the audited utility being automatically a party to the docket. If a party intervenes, the parties will agree to a reasonable discovery timeline for the intervenor to conduct discovery on Staff's Audit Report. After a reasonable discovery period, should any contested issues remain, the matter will proceed to a contested hearing. If no intervention is filed, and there are no issues with the audit report by the audited utility, a Joint Report and Draft Order will be issued for the Commission's consideration. The Commission may accept the audit report as written, make modifications, and order changes and/or refunds where appropriate. Any costs that are disallowed shall be refunded to customers through the EE rider at the Prime Interest Rate and over a time period determined in the audit proceeding.
- Burden of Proof. Each utility has the burden of proving that all of the costs passed through its EE Rate Rider were prudently incurred and were eligible for recovery through the EE Rate Rider.
- Retention of Documentation. Each utility utilizing the EE Rate Rider must maintain the records to support its costs for a period of at least five years from the end of the Program Year. In addition, should any audit of a utility's EE Rate Rider costs become the subject of a Commission investigation, all documents pertaining to those costs must be maintained until all final appeals of any Commission action have been exhausted.

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[11] General Order dated 11/6/97, Docket No. U-21497 – Louisiana Public Service Commission, ex parte. In re: Development of standards governing the treatment of fuel costs by electric utility companies.

[12] General Order dated 03/24/99, Docket No. U-22407 – Louisiana Public Service Commission, ex parte, In Re: Development of Rules, Regulations, Practices and Procedures Relative to the Weighted Average Cost of Gas Filings made by Jurisdictional Gas Utilities.

ATTACHMENT B

Energy Efficiency Program Guidelines for Public Entities

These EE rules were developed specifically for Public Entities, which shall include public school districts, public higher education institutions, local governments, state agencies, or other entities as defined by La. Constitution Article VI, Section 44. To this end, the Commission requires that all participating utilities set aside a budget, as identified below, to offer EE programs to Public Entities. Any Public Entity interested in participating in the Commission's Public Entity program shall submit an application/proposal to the Commission pursuant to the requirements in Section II below.

Commissioners shall have the discretion to redirect their Public Entity funds for their district back to the utility to be managed entirely by the utilities. Should a Commissioner prefer to reallocate Public Entity budgets to the utilities, the budget re-allocation election should be made annually, by June 30th prior to the start of the next program year, to allow programs to be planned efficiently.

I. Funding and Cost Recovery

a. The maximum budget for the Public Entity Program for each program year shall be set to 0.25% of the utility's 2023 total revenue using one of the following: FERC Form 1 (electric), RUS Form 7 (Coops), FERC Form 2-A (gas), or 2023 annual filing total calendar year revenue (gas), adjusted for customers that are excluded per Section III of Attachment A.

b. Each Commissioner can nominate a qualified engineering firm to provide professional services for the respective district, subject to Commission confirmation and approval of the nomination. Any retained firm will assist the Commissioner in evaluating submitted applications along with the Project Team, as defined below. The allowed budget for hiring such engineer shall not exceed one percent (1%) of the total budget of the Public Entities program budget.

c. Cost recovery for Public Entity Programs will be maintained under the same rider as used for the Attachment A General EE programs. The rate rider shall include an amount for the recovery of LCFC based on TPE verified energy savings for projects completed under the Public Entities Program, subject to the same recovery and annual true-ups as outlined in Section III(1) of Attachment A. The rate reconciliation filing for the Public Entities Program shall adhere to the same filing guidelines found in Section III of Attachment A.

d. Funding for the Public Entity Program shall be allocated by the Commission according to participating utility coverage territories and Commission Districts. No later than November 1 of each year, the utilities shall provide to the Commission's Executive Secretary, or his/her internal designee, and the Commissioners the amount of funds available for the Public Entities EE Program for the following program year, less administrative costs incurred by the utility associated with funding the Public Entity EE Program.

e. No funds shall be disbursed under the Public Entity Program until the utility, or its implementer has been notified of completion of the project and has signed off that the project is in fact complete and to the parameters approved in the Public Entity's application.

II. Application Process

The Public Entity EE Programs will be managed by each Commissioner and his District Office staff, with the assistance from the Executive Secretary, or his/her designee (the "Project Team").

Public Entity programs shall aim to achieve energy efficiency improvements by attempting to meet a TRC test that is greater than 1.0, with the entire Public Entity portfolio for each District meeting the TRC standard of 1.0. Applications for Public Entity programs shall be submitted via a standardized application process. All applications submitted for consideration shall contain the following information:

a. Public Entity's Name;
b. Project Location, including physical address;
c. Project Description, including a description of the improvement in energy efficiency the project will achieve and a proposed implementation date;
d. Need(s) for the proposed project;
e. An energy efficiency improvement calculation using, as a minimum, a Total Resource Costs Test, and the "Participants Test" contained in the Commission's Energy Efficiency Rules, definitions section above.[13]
f. Affirmation that all equipment included within the application is customer-owned;
g. Estimated EE customer incentive payments;
h. Projected demand and energy savings;
i. Amount of funds customer willing to commit to project;
j. A copy of the most recent twelve (12) months of utility bills for each location of the proposed project (total bill amount and kWh/ccf usage); and
k. Proof of utility service provider.

Failure to provide all of the above requirements with a submitted application will result in the Application being rejected.

In addition to the above requirements, each application shall contain the name of the contractor anticipated to be used for the project, if known at the time of submitting the application, and the following:

a. A copy of the contractor's Contractor License with the State of Louisiana;
b. A guarantee from the contractor on all parts, labor, and power units for project for a period of ten years; and
c. Proof of the contractor's worker's compensation and liability insurance.

Upon receipt of an Application, the Project Team will review each application to confirm the proposed project meets the minimum requirements contained herein, including reviewing the energy efficiency improvement calculation results. Upon review, and confirmation the minimum requirements are met, the Project Team will submit the application to the respective Commissioner for consideration and approval. A Commissioner may consider approving partial funding of any application received.

[13] *See* pages 6-7.

III. Implementation Process

Upon the Commissioner's selection of an application, the Project Team shall notify the Public Entity of its selection and shall provide the Public Entity with General Terms, Conditions, and Understanding that adhere to these rules. Such General Terms and Conditions shall include, but are not limited to:

a. The Public Entity's acknowledgement that program funds are to be used exclusively for the purposes approved in the application, and that it is the Public Entity's responsibility to ensure adherence to not only the application, but also these rules.

b. The Public Entity's acknowledgement that the proposed project must commence within six months from notification of Commission approval and that failure to timely commence the proposed project can result in program funds no longer being available.

c. The Public Entity's acknowledgement that there shall be no assignment, designation, or any other type of transfer, of the Public Entity's rights and obligations under the Public Entity Program.

d. The Public Entity's acknowledgement of record retention associated with the approved application.

e. The Public Entity's acknowledgement of certain notifications upon initiation, during, and completion of the proposed project.

f. The Public Entity's acknowledgement that no funds shall be disbursed until the proposed project is fully complete and has been signed off on by the Project Team.

g. The Public Entity's acknowledgement that any funds disbursed are being distributed from the respective utility, or its implementer, and not the Commission, therefore, payments may take longer than a traditional thirty-day turnaround.

h. The Public Entity's acknowledgement that the Commission and/or the TPE shall have reasonable access to files, records, accounts, etc. related to the application and the proposed project, for a period of three years following completion of proposed project.

i. The Public Entity's acknowledgement that by approving the application and any proposed projects therein, the Commission is not providing any warranty or guarantee of the project's success.

It shall be the responsibility of the trade ally to demonstrate that the EE project is one-hundred percent (100%) complete.

IV. Review/Payment Process

Upon notification by the Public Entity that its proposed project is complete, the utility, or its implementer, and in coordination with the Project Team, will review the project to ensure it was completed as set forth in the application. Upon confirmation of successful project completion, the utility will disburse the approved project funding for the application.

On a quarterly basis, the utility, or its implementer, shall notify the respective Commission District on the status of completed and paid projects.

V. Retention of Documentation

The Project Team shall maintain records to support program costs for a period of at least three (3) years from the end of the calendar year in which the EE programs end.

VI. Staff and TPE Review, Annual Reports, and Audit

All EE programs, including Public Entity programs, will be reported in Utility Annual Reports, and will be evaluated by the TPE and reported in the TPE's Annual Reports. The annual reports will be performed as described in Section VII of Attachment A and filed with the Commission.

Each utility will be audited at the conclusion of every two Program Years. The audits will be designed to review the costs that have been recovered through the EE Rate Rider, and will be performed in conjunction with the audits described in Section VIII of Attachment A.

VII. Transition year

Any Public Entity program approved prior to January 1, 2026 shall be completed no later than December 31, 2026.

ATTACHMENT C

Energy Efficiency Rider

1. Applicability
2. Purpose
3. Rate Determination
4. Term

		Residential	Non-Residential
[1]	Projected Energy Efficiency Program Costs Attachment A EE Programs[1]		
[2]	Projected Energy Efficiency Program Costs Attachment B Public Entity Programs[1]		
[3]	Projected Lost Contribution to Fixed Costs		
[4]	Prior Period (over)/under amount (TUA)[2]		
[5]	Recoverable Costs[3] (1+ 2 + 3 + 4)		
[6]	Billing Units		
[7]	Rider Rate (5 / 6)		

[1] The Projected Energy Efficiency Program Costs shall be the planned, projected incremental costs of customer programs during a program cost period.

[2] The prior period over/under amount shall include carrying costs at the prime interest rate.

[3] Recoverable costs include: 1) projected program costs for the LPSC Energy Efficiency Program, by customer class; 2) projected LCFC; and 3) the prior period true-up adjustment, if any.