April 16, 2019

Dear Ms. Bordelon:

Enclosed for filing is a Notice of Phase II Proposed Energy Efficiency Rule, Third Request for Comments, and Notice of a Technical Conference.

Please do not hesitate to contact me if you have any questions concerning this filing.

Very Truly Yours,

Kathryn H. Bowman
Staff Attorney

RE: Docket No. R-31106, Louisiana Public Service Commission, ex parte

KHB/kst
cc: Service List
Enclosure
In re: Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and gas utilities.

NOTICE OF PHASE II PROPOSED ENERGY EFFICIENCY RULE, THIRD REQUEST FOR COMMENTS, AND NOTICE OF A TECHNICAL CONFERENCE

The Louisiana Public Service Commission Staff ("LPSC" or "Commission" Staff) hereby issues the attached proposed "Phase II Energy Efficiency and Conservation Rule" ("Proposed EE Rules") as Attachment A to this Notice. Comments are due on the Proposed Rules on or before May 17, 2019. Staff also provides notice of a Technical Conference scheduled for June 14, 2019, at 9:00 a.m. in the Natchez room, while targeting September 2019 for a Commission vote, and January 2020 for Phase II program implementation to begin.


Staff reviewed all comments provided and while there were diverging interests concerning most of the important issues, Staff considered all comments received, as well as relied on guidance from Commissioners such as with regard to the rules related to the Public Entities program. Therefore, Staff has prepared the Proposed Rules as a starting point for further consideration and revision. Staff has...
included a number of substantive changes compared to the Quick Start EE rule, though many elements of the Quick Start EE rule are being preserved. Staff requests, in comments provided in response hereto, any party offering comments to offer specific revisions to the Proposed EE Rules in redline form, and anything requiring additional discussion may be included separately.

As indicated above, Staff is also providing notice of a Technical Conference to discuss Staff's Proposed EE Rules. The objective for the Technical Conference will be to reach consensus on outstanding issues associated with the Proposed EE Rules that exist at that time, based on a collaborative process between all participating parties. At this time, Staff anticipates transcribing the Technical Conference to ensure all outstanding issues are adequately captured. No party may participate by phone, unless good cause is given.

ANALYSIS

The Proposed EE Rules are intended to allow for a seamless transition from the current Quick Start Program. As with the Quick Start Program, the Proposed EE Rules are intended to be a voluntary process whereby jurisdictional electric and gas utilities who elect to participate in the Commission's EE Program do so under these Proposed EE Rules. The Commission's objective in implementing the Proposed EE Rules is to encourage utility companies and their customers to continue building upon the foundation from the Quick Start Program by making efficient use of energy and allowing customers the ability to realize bill savings from implementing energy efficiency measures. Another important objective is to expand EE program offerings comprehensively across market segments to reach more customers. While Staff anticipates more comprehensive programs would be implemented in Phase II, the EE programs must still be cost-effective, and must provide quantifiable and verifiable energy reductions. While programs may be included in each utility's portfolio that strive to develop the EE infrastructure in Louisiana, each utility's overall collection of programs must be found to be cost-effective on a portfolio basis. Each EE program shall strive to meet as many of the following objectives 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;

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- Be cost effective and be implemented efficiently;
- Reduce emissions;
- Increase system energy security, reliability and resilience;
- Reduce the need for supply-side resource additions;
- Reduce price volatility; and,
- Increase utility energy efficiency capabilities and promote job growth through increased energy efficiency infrastructure.

Under the Proposed EE Rules, utilities are still encouraged to develop comprehensive, cost-effective programs. For purposes of cost effectiveness evaluations, utilities may continue to use deemed saving estimates to measure kilowatt ("kW") and kilowatt-hour ("kWh") savings, and natural gas volume (MMBtu, or 100 cubic feet “Ccf”) savings in the determination of EE program benefits. Staff continues to prefer that utilities use the latest Arkansas Technical Reference Manual (“TRM”) to derive deemed savings estimates in support of their program design and Evaluation, Measurement and Verification ("EM&V") activities. The Arkansas TRM has been scrutinized in Arkansas, Louisiana, and Mississippi. Utilities are also encouraged to make utility specific adjustments as appropriate to account for weather in different climate zones, provided those adjustments are fully documented in program development plan reports, and in annual reports.

Cost effectiveness evaluations should be reported for each EE program using the following cost effectiveness tests: The Participants Test, the Ratepayer Impact Measure Test, the Utility Cost Test, and the Total Resource Cost Test. At a minimum, the utility’s entire Portfolio of EE programs must equal or exceed a 1.0 TRC requirement each year. This portfolio-based requirement allows the utilities flexibility in developing EE programs, including market transformation programs, pilot programs, etc. It is preferable for each of the utility’s individual programs within their portfolios to have a benefit cost ratio of 1.0 for each of the Required Evaluation Tests, except for the RIM Test, but is not mandated under these Rules. However, the Commission retains the authority for approving all programs, and each utility must

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1 The latest version of the Arkansas TRM, Version 7.0, was approved on September 13, 2017 in APSC Docket 10-100-R and may be found at http://www.apscservices.info/EEInfo/TRMv7.0.pdf.

2 For purposes of the Phase II programs, utilities may report results of a Societal Cost Test at their discretion; however, all of the other tests listed must be reported in program development reports and in annual reports.
provide justification concerning the implementation of any individual EE program, that by design, will not meet or exceed a 1.0 TRC value. Note that it is permissible for utilities to move funding between programs during a given plan year as necessary for program success, as long as funds are not comingled between residential and non-residential customers, and the 1.0 Portfolio TRC requirement is met.

Third-Party Administrators and Third-Party Evaluators

As with the Quick Start Program, utilities may hire an independent Third-Party Administrator ("TPA") to administer the EE Programs, however an independent Third-Party Evaluator ("TPE") must be hired to conduct EM&V evaluations. As with the Quick Start Program, Staff encourages utilities to collaborate in hiring the same TPAs to administer programs (assuming a utility hires one), and the same TPE to carry out EM&V duties. Staff's opinion is that collaboration among the utilities promotes consistency and administrative efficiency statewide. Staff is recommending that the Commission require any contractor, whether a TPA or a TPE, be made available to answer Commission questions, should any arise, as well as maintain records that can be reviewed upon the Commission's request.

Cost Recovery

As in the Quick Start Program, utilities shall be entitled to recover all incremental direct program costs, rebates, incentives paid to customers, and comparable items, associated with each EE program. Such recovery must be consistent with these Proposed Rules, with each utility recovering associated costs based on its Uniform EE Rate Rider. In addition, in light of the significant concern that utilities and other parties have expressed about the impact of the decrease in revenues that occurs from implementing EE programs (also known as "lost revenue" or "lost contribution to fixed costs") utilities will continue to be permitted to recover lost revenues from participating customers that are a direct result of energy efficiency measures. This Lost Contribution to Fixed Costs ("LCFC") cost shall be estimated when programs are developed and included in the budgets proposed for approval. The same formula that was used to derive LCFC charges in the Quick Start Program will continue to be used under the Proposed Rules. The LCFC recovery will be included in a utility's EE Rate Rider and will be subject to annual
true-up for both energy savings (kWh) and the estimated lost contribution to fixed costs rate (cents per kWh).³

Program Budgets and Target Savings

In drafting the Proposed Rules, Staff attempted to ensure that the process for determining program implementation budgets and targets under each utility’s respective EE Rider Schedule reflect the individual utility’s circumstances and existing planning processes. Staff believes that for those utilities that maintain an Integrated Resource Planning (“IRP”) requirement, demand-side programs should be evaluated in an integrated manner in the IRP along with supply-side resources. For those utilities, the Proposed EE Rules provide an interim process until their EE programs can be evaluated within their IRP process.

As the utilities with IRP requirements are currently developing their 2019 IRPs,⁴ the integration of EE programs with the IRP process will begin in conjunction with the Third Cycle IRP process, which is expected to begin around October 2021. The intention for integration within the IRP process is to allow the EE targets and budgets to be determined in the IRP process. EE programs determined as part of a utility’s Third Cycle IRP shall go into effect in January 2024 based on a four-year budget cycle.

During the interim period before this integration within the IRP process, and for utilities that are not subject to IRP requirements, the Proposed Rule provides budget caps and voluntary energy savings targets. These budget caps and voluntary energy savings targets would begin with implementation of Phase II programs in 2020, and follow a four-year budget cycle as well.

The caps and targets have been derived based on the following considerations. Utilities currently participating in the Quick Start Program are spending more than 0.25% of 2012 retail revenues on EE Programs and are achieving more than 0.1% in incremental energy savings annually. This implies that there is roughly a 2.5 multiplier between the the amount of incremental energy savings (as a percent of sales) and the program implementation budget cost (as a percent of revenues). The Proposed Rules set a


⁴ The utilities Second Cycle IRPs are expected to be completed and reviewed by the Commission by the end of January 2020.
maximum budget cap for each year of the four-year budget cycle of 1.75% of the utility’s best estimate of its 2019 FERC Form 1 total calendar year revenue, and requires the exclusion of revenue associated with customers who choose to opt-out of the EE Program and revenue in excess of the per customer cost cap.\(^5\)

In addition to a maximum budget cap, Staff is recommending that no utility’s budget should increase more than 75% from one year to the next during the budget cycle. This additional cap will ensure a gradual growth in energy budgets. If the implementation budget required for EE Programs were as high as 1.75% of the 2019 revenue, incremental energy savings would be expected to be about .7% of energy sales (1.75% / 2.5). However, depending on the programs selected, efficiency of implementation, experience, and economies of scale, and as the utilities continue to gain experience, the average cost per incremental savings kWh will likely continue to drop, which would result in higher incremental energy savings. Staff anticipates that setting the maximum annual budget cap initially at 1.75% of the 2019 revenue would be high enough to allow utilities to reach the annual energy savings target, without exceeding the maximum budget cap during the four-year budget cycle.

Staff proposes that for the 2020 Budget Cycle, electric utilities should strive to achieve an incremental increase in energy savings of at least 0.1% over the prior year, with the ultimate goal of achieving around a 0.5% to 0.7% amount of total energy savings. While utilities could ultimately exceed or fall short of meeting the annual energy savings target, the utilities should at least establish a goal of designing EE Programs that attempt to meet the annual energy savings target, but without exceeding the budget cap.

For future budget cycles, utilities will determine their own estimates of EE budgets, caps and energy savings targets. Electric utilities that begin evaluating EE programs within an IRP process (beginning with the Utility’s third IRP Cycle), will determine appropriate program implementation budgets and energy savings targets within their IRP process, but will still be subject to Commission approval as outlined in the Proposed EE Rules. Electric utilities that do not have an IRP process will perform their

\(^{5}\) According to the 2018 ACEEE State Energy Efficiency Scorecard, at page 34, https://www.aceee.org/state-energy-efficiency-scorecard, the US average spending on EE programs as a percentage of revenue in the 50 states was 1.72%. Of those states spending more than .5% and less than 1.75% of annual revenue, incremental energy savings averaged .56% of retail energy sales, and ranged from .09% to 1.45% of retail energy sales.

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own evaluations to determine their estimates of EE budgets, caps and energy savings targets, and will also
still be subject to Commission approval as outlined in the Proposed EE Rules.

For electric utilities that will evaluate EE programs within their IRP process, the rules require the
utility to prepare an initial study of technical and economic energy efficiency feasibility in advance of the
IRP Process, such that the study can be completed and filed with the initial IRP data assumptions. This
study will be considered in the IRP stakeholder process and will be used to inform the development of the
utility’s EE plan, including the budgets and voluntary energy savings targets. Staff proposes that supply-
side and demand-side resources should compete against each other in the IRP evaluation process in order
to derive the optimal set of resources for the respective utility. With this objective in mind, utilities shall
determine the specific modeling approach, consistent with the IRP requirement and industry best practices,
to evaluate EE portfolios, and utilities shall provide reports analyzing the different EE portfolios that were
evaluated.

Gas utilities do not have an IRP process, and therefore for the 2020 budget cycle, budget caps and
incremental savings targets are established in the Proposed EE Rules. As with the electric utilities, Staff’s
proposed maximum program implementation budget cap is set high enough so that when a gas utility
reaches the ultimate gas savings target, it is also unlikely that it would exceed the established maximum
budget cap. Staff proposes that for the 2020 budget cycle, the maximum annual budget cap for gas utilities
be set to 1.75% of the utility’s best estimate of its 2019 FERC Form 2-A total calendar year revenue,
excluding revenue associated with customers who choose to opt-out of the EE program and revenue
associated with the per customer cost cap. And, as with electric utilities, Staff proposes an additional
restriction whereby budgets cannot increase more than 75% between any two consecutive years. This
provision is included to control the transition in costs between program plan years.

Since this would be the first year that gas utilities have EE programs, the gas savings targets, expressed
as a percent of the prior calendar year’s company Sales, will initially be set to 0.05% of the prior year’s
retail energy sales.\(^6\) For each year thereafter, gas utilities will increase the gas savings target by 0.05%\(^6\)

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\(^6\) According to the 2018 ACEEE State Energy Scorecard, https://aceee.berkeley.edu/2018-scorecard, Table 10, shows that of states
tracking gas and fuel efficiency programs, 34 of 36 states are achieving more than 0.05% of retail sales savings, which
indicates that an initial target of 0.05% may be a reasonable first year target for gas utility programs.
over the prior year, with the ultimate goal of achieving savings of between 0.2% and 0.4% of energy sales.\textsuperscript{7} Since this is the first year that gas utilities will offer EE programs, the first year budget should not exceed 0.25% of prior year total revenues, excluding estimated revenue associated with customers who choose to opt-out of the EE program and estimated revenue associated with the per customer cap. While utilities could ultimately exceed or fall short of meeting this annual energy savings target, the utilities should at least establish a goal of designing EE programs that attempt to meet the annual energy savings target, but without exceeding the budget cap.

\textit{Commission Approval Process 2020 and Future Budget Cycle Programs}

The Proposed EE Rules includes a process whereby all participating utilities will file proposed program plans in separate dockets for review and acceptance by Commission Staff, subject to an audit also as contemplated by the Proposed EE Rules. Given that the EE plans and budgets will be audited every four years and that there is a true-up process on EE rates every year, Staff's opinion is that review and acceptance of a utility's proposed EE program should occur over a timeframe of less than a year. Therefore, Staff is proposing an abbreviated review and acceptance process, similar to that of a Formula Rate Plan Annual Review.

\textit{Opt-Out Provision}

In order to stay competitive within their industries, large commercial and industrial customers ("C&I") have stated they are already implementing energy efficiency measures to provide energy savings and therefore they should be exempt from having to participate in utility EE programs. Furthermore, they argue that many large energy users operate within intensively competitive industries, and EE program costs could contribute to those companies being harmed by losing business. Other parties oppose having an opt-out provision in the Proposed Rules, claiming that smaller customers are also implementing energy efficiency measures, and EE is a resource that ultimately benefits all ratepayers; thus, large customers should not be able to opt-out of EE programs, just like they cannot opt-out of paying for supply-side

\textsuperscript{7} According to the 2018 ACEEE State Energy Efficiency Scorecard at Table 10, US average energy savings as a percentage of retail sales is .39%. 22 of 36 states with programs report efficiency levels less than .5%, and 14 states report efficiency levels above .5% of retail sales. The target limitation (final target cap) of .5% of the prior year's retail energy sales would allow for gradual growth to a middle point in comparison to states with efficiency programs.
resources. Opt-out and self-direct requirements have been widely debated and, from Staff's research, have been generally permitted in many state EE rules adopted across the US. Furthermore, an opt-out provision was included for evaluation in this Commission's Quick Start EE rule. Staff continues to find an opt-out provision reasonable, and therefore recommends the Commission continue the opt-out provision in the Proposed Rules. However, Staff recommends that customers who opt-out of a utility’s EE program will have to certify that the customer has implemented or invested in measures within the ten years prior to the date the customer filed its certification, or that it has plans to implement or invest in measures within the duration of the next four-year budget cycle. Opt-out provisions are discussed in Section XIII of the Proposed EE Rule.

In order to allow utilities the opportunity to account for customers that plan to opt-out when the utilities develop their program plans, existing customers must provide notice no later than April 1st, nine months prior to the start of each four-year budget cycle. This requirement will be waived for new customers that begin receiving service any time after the April 1st deadline. This nine-month period will be shortened and announced at a later time prior to the start of the budget cycle that will begin in 2020.

Establishing a Working Group and Independent Monitor

Energy Efficiency best practices will change over time, and additional EE rules may be necessary; therefore Staff recommends in the Proposed EE Rules to establish an Energy Efficiency Working Group (“EEWG”). The EEWG would evaluate and drive changes over time to the EE rule. Staff also recommends that the EEWG be led by an independent monitor (“IM”) retained by the Commission at a cost to the utilities with active EE programs, shared on a load ratio share basis.

Staff recommends an IM in order to provide leadership and facilitate discussions, helping in the process of sharing relevant information between utilities and stakeholders in a collaborative effort to study and further develop the EE programs. No party shall be prohibited from participating in the EEWG; however, the intention behind the EEWG is to foster relationships between the utilities and stakeholders in a technical environment. Staff's opinion is that the fostering of such relationships would benefit by the working group being of a manageable size consisting of people having the expertise to be able to discuss technical matters. The EEWG itself should encourage participation from the fewest number of people
possible, while allowing representation to cover a broad spectrum of interests. Again, no limit on participation is being established in the Proposed EE Rules. Staff envisions the decision will be left to the IM and the group to achieve the appropriate participation level necessary. Potential topics for EEWG discussion include further consideration of the Technical Reference Manual, discussions of best practices in the development of EE programs, improved EM&V practices, etc. From time to time, the EEWG may bring forth recommended changes to the Commission’s EE Rules for the Commission’s consideration and approval.

Staff requests comments on the attached Proposed EE Rules no later the date specified in the first paragraph of this document, in order to prepare for the Technical Conference that is also specified above. Based upon the comments received, Staff anticipates narrowing the topics for discussion at the Technical Conference.

**SPECIFIC REQUEST FOR COMMENTS**

Along with providing redline comments on the Proposed EE Rules, parties are also encouraged to review several features that are new compared to the Quick Start EE Rule, and provide responses to the following specific questions associated with those new provisions:

1) **Budget Caps and Targets** – Will the proposed budget caps permit the utilities to be able to meet the savings targets? Are the savings targets achievable? Please provide alternative suggestions for budget caps and targets and provide an example of how the budget caps and savings targets would work. Please provide an excel analysis for this purpose with supporting analysis/workpapers, preferably with no hard-coded values.

2) **Timeline** - Please provide comments regarding the proposed timelines, particularly the amount of time required in the case that EE programs are planned within the IRP process and outside of an IRP process.

3) **Customer Cap** - Staff has revised the customer cap to be differentiated on a residential/non-residential customer basis. Please comment on this structure and provide an alternative customer cap, along with your justification for your proposed cap, if different than that proposed by Staff.
4) **Opt-Out** - Staff retained an Opt-Out provision for large commercial and industrial customers but included a certification requirement. Please provide comments regarding this requirement.

5) **Working Group** - Staff has included a new section providing for a working group and an independent monitor in order to create an opportunity for stakeholders to discuss potential future modifications to the rule, share information regarding energy efficiency program design, and discuss other best practices, which could ultimately lead to recommended revisions to these rules. Please provide comments on Staff's proposal for a working group.

6) **Approval Process** – In these rules, Staff is proposing that utilities file proposed EE plans for review and acceptance by Staff subject to the audit contemplated in the Proposed EE Rules. Staff's proposal is a streamlined version of a review and acceptance, similar to a Formula Rate Plan Annual Review. Please provide comments regarding Staff's proposed approval process. Also, please provide any suggestions as to what approval process you believe is necessary?

Respectfully submitted,

[Signature]

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing Notice of Phase II Proposed EE Rule, Third Request for Comments, and Plans for a Technical Conference on behalf of the Louisiana Public Service Commission has been served upon all counsel of record by email this 16th day of April 2019.

Kathryn H. Bowman
Energy Efficiency Rules-Phase II
Applicable to LPSC Jurisdictional Investor-Owned Electric and Group I Gas Utilities

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I. Overview

The following Energy Efficiency Rules may be used by LPSC-jurisdictional electric and gas utilities (also referred to simply as "electric" or "gas" "utilities") for the implementation of Phase II Energy Efficiency ("EE") programs ("Phase II"). Any utility that elects to implement EE programs in Phase II shall do so in accordance with these rules.

All Louisiana Public Service Commission ("LPSC" or the "Commission") Jurisdictional Electric (both Investor-Owned and Electric Cooperative Utilities), and Group I Gas Utilities may voluntarily elect to participate in Phase II by offering Phase II EE programs to their customers. Each utility shall notify the LPSC in writing, by November 1, 2019 of its decision whether it will or will not participate in Phase II. Once a utility notifies the LPSC of its decision, said decision shall be irrevocable, unless for force majeure reasons, the LPSC approves a waiver in response to a petition from a participating utility.

Phase I was a Quick Start process that developed rules to expedite 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.

Phase II consists of the rules that utilities shall follow to implement comprehensive long-term EE programs, if participating in the Phase II program. Any EE programs that were implemented under the Quick Start process may continue under Phase II but shall be modified to conform to the Phase II rules upon the effective date of Phase II.

These Phase II Rules also include requirements for Public Entity EE programs, which are being administered directly by the Commission according to the rules set forth in Section XVII below. These programs are to be treated separately from the EE Plans and Programs developed and administered by the participating utilities or by their third-party administrators; however, these programs should closely mirror the non-public Entity programs to the extent possible. Public Entity EE Programs shall adhere to the rules set forth in Section XVII only and are not required to adhere to the rules in Sections III through XVI of these rules.

Public Entities that receive funding for specific EE measures under the Public Entities Section of these rules (Section XVII) shall not be allowed to participate in EE programs associated with the same measures offered by their respective utility as administered under Sections III through XVI of these rules. However, Public Entities are not precluded from availing themselves to other EE programs offered by their respective utility, and which are administered under sections III through XVI of these rules, as long as the other programs do not overlap with the specific EE measures that they received funding for under the Public Entity section of these rules (Section XVII).

The goals for the Phase II 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;
- Reduce emissions;
- Increase system energy security, reliability and resilience;
- Reduce the need for supply-side resource additions;
- Reduce price volatility; and,
- Increase utility energy efficiency capabilities and promote job growth through increased energy efficiency infrastructure.

II. Definitions

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

**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. 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. Electric 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 and 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 in this phase, with appropriate adjustments for Louisiana, such as adjustments for different climate zones and weather conditions.¹

**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.

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¹ Note that whenever the phrase "peak demand savings" is mentioned, that phrase applies to electric utilities, not gas utilities.

² The latest version of the Arkansas TRM, Version 7.0, was approved on September 13, 2017 in APSC Docket 10-100-R and may be found at http://www.apscservices.info/EEInfo/TRM6-1.pdf.

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**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 a form of energy efficiency. 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. The Commission recommends use of Arkansas TRM for deriving deemed savings estimates, with appropriate adjustments for Louisiana, such as adjustments for different climate zones and weather conditions.

**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.

- **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.

**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 estimate savings for larger or less well-known measures, in which savings are calculated using methods that can involve measurements, engineering calculations, statistical analyses, experimental design, metering and monitoring, computer simulation modeling, etc.

**Portfolio** - The entire group of EE programs offered by the utility.

**Program** - A group of projects with similar characteristics and installed in similar applications or targeting a particular population.
Program Plan - A plan to deliver a Portfolio 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 Year - Normally, for purposes of planning and reporting, programs are administered and delivered over a 12-month period. To the extent possible, the 12-month period is to be based on a calendar year.

Public Entity EE Program - An EE program for which eligibility is limited to 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 which is developed and administered according to the guidelines set forth in Section XVII of these rules.

Screening Tests - Evaluations that shall be performed to determine the cost-effectiveness of energy efficiency measures and Portfolios. Screening tests shall follow the guidelines published by the California Public Utility Commission in its Standard Practice for Cost-Benefit Analysis of Conservation and Load Management Programs (“California Standard Practice Manual”), which was first published in February 1983, and most recently updated in 2001. 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. 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.

3 http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Utilities_and_Industries/Energy_-_Electricity_and_Natural_Gas/CPUC_STANDARD_PRACTICE_MANUAL.pdf

4 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.
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).

- **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.

Note that in Phase II, as in Phase I, the TRC test shall be the primary screening test that must be met for EE programs. However, the 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. However, should any utility desire to include any other cost and benefit components than those included in the California Standard Practice Manual, the utility must continue to meet the TRC test.

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5 The National Efficiency Screening Project states it consists of organizations and individuals committed to improving the way EE resources are assessed compared to other resources. Edition 1 of the NSPM was published in May 2017 and may be found at https://nationalefficiencyscreening.org/wp-content/uploads/2017/05/NSPM_May-2017_final.pdf
Manual. Justification for the other cost and benefit components must be included in the utility's EE plans, and be approved by the Commission.

III. General Energy Efficiency Program Requirements

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

- Developing an implementation plan for EE programs;
- Developing a budget for the EE programs, which shall comply with the budget parameters discussed below;
- Developing an EM&V plan for each program implemented;
- Developing a program cost recovery plan to collect the direct program related costs\(^6\), and all other approved charges from customers. Each utility shall use the attached uniform EE Rate Rider (included as Exhibit 1),\(^7\) modified only as necessary to address specific needs of the utility, for its cost recovery plan;
- 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.

IV. EE Program Design Requirements

Utilities shall include the following specific requirements in the design of their Phase II program plans. This should be included in the information reported to the Commission for each 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 subsidy payments to customers to induce participation in the program), if any.

\(^6\) Program related costs are costs directly related to the EE programs, and would not exist in the absence of implementing the Phase II EE programs.

\(^7\) Staff has included Entergy Louisiana LLC's EE Rate Rider as an example; however, Staff anticipates collaboration with the utilities to develop an uniform EE Rate Rider.
5. The average lifetime of a given program measure. The lifetime assumption should 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 the following categories: (a) utility internal administrative costs, (b) utility internal promotion and advertising costs, (c) other utility incurred costs, (d) customer incentive payments, (e) fixed payments to the third-party administrator ("TPA"), (f) variable payments to the TPA, and (g) monitoring and verification charges. Costs paid by any third party working on behalf of the utility, shall also be broken out and reported in these categories.

9. Estimated costs that participating customers will pay out-of-pocket for energy efficiency program measures, by cost category, 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.

13. Plan for developing infrastructure necessary, such as technical training, as appropriate for the specific EE programs.  

Note, Utilities shall not comingle residential and non-residential Phase II EE program revenue for EE programs and projects implemented and administered by the participating utilities pursuant to this rule. Such programs and projects shall prohibit cross allocation between residential and non-residential customers. Public Entity programs are exempt from this provision as detailed in Section XVIII below.

A. Program Cost-Effectiveness Requirements

Utilities shall provide a cost effectiveness evaluation for each EE program offered, and shall include the following: The Participant Test, the Rate Impact Measure ("RIM") Test, the Utility

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8 Technical expertise in the marketplace is an important issue that should continue to be considered by each utility during Phase II.
Costs Test, and the Total Resource Cost ("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 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 a program requested by a utility that, by design, will not meet or exceed a 1.0 TRC. The burden of proof to justify such a program remains with the utility.

B. Program Administration and Evaluation, Measurement, and Verification

Utilities have the option to hire a Third-Party Administrator ("TPA") to administer the respective EE Programs; however, an independent Third-Party Evaluator ("TPE") shall be hired to conduct EM&V evaluations for the utility's respective EE Programs. The TPE may be hired directly by the utility or by the TPA that the utility hires. The Commission encourages the utilities to collaborate in hiring the same TPA and/or TPE.

Any TPA and/or TPE 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.

No utility shall allocate or spend more than 5% of the utility's respective annual EE budget on EM&V activities in any given year. Should a utility find it necessary to spend more than 5%, the utility shall provide justification for the amount spent. Such justification shall be provided within the utility's annual report.

V. Cost Recovery and Lost Contribution to Fixed Costs

Utilities shall be permitted to recover all incremental direct program costs, rebates, incentives paid to customers, and comparable items, associated with each EE Program offered by the utility. A utility's recovery of such costs shall be consistent with these Rules and based on the utility's EE Rate Rider. As mentioned, each utility shall use the attached Uniform EE Rate Rider (Exhibit 1), 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 Lost Contribution to Fixed Costs ("LCFC") and 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 included within the utility's budget for approval. Budgets for both recoverable costs and LCFC shall be subject to true-up both for energy savings (kwh) and estimated LCFC (cents per kwh).
A. Lost Contribution to Fixed Costs

The LCFC rate will be included as part of the projected EE rate, and then trued-up in the next year. The LCFC rate will be different for the residential versus non-residential customer classes. The LCFC charges may be derived on a cumulative basis, unless and until there is a rate review by the Commission as part of a base rate or a formula rate proceeding, regardless of whether the utility’s rates are reset as part of that review. As in the Quick Start Phase, budget caps will only relate to costs to develop, implement, and administer EE programs, and will not include LCFC costs.

The level of proposed LCFC for each customer class shall be projected by multiplying the Class LCFC Factor by the projected annual level of energy savings to be achieved through each EE program. Generally, the Class LCFC Factor is calculated by dividing twelve months of customer class energy charge-related revenue, including formula rate plan increases or decreases, by the class kWh sales from the same period.

Each utility shall use the most recent twelve-month period to develop the initial Class LCFC Factor. For each successive year, the LCFC Factor shall be derived based on the the next 12 month-period.

LCFC will be trued-up as part of an annual rate redetermination process and will be based on a review of the actual monthly energy savings achieved during the relevant 12-month period. The actual 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 actual annualized energy savings. Any difference in the projection of LCFC and the actual 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.

VI. Program Budgets and EE Savings Targets

Each utility shall follow the guidelines set forth herein for developing EE Program budgets, as well as voluntary energy savings targets. EE programs shall be designed for implementation on four (4) year budget cycles. This section provides guidelines covering the next budget cycle that will begin in 2020, and future budget cycles. In addition, the guidelines distinguish between electric and gas utilities, as well as between electric utilities with and without an Integrated Resource Planning (“IRP”) requirement. Sub-Section A contains the guidelines for utilities to follow during the 2020 budget cycle. For electric utilities with an IRP process, these guidelines will be in place for the interim period until those utilities begin to determine cost-effective EE programs within their IRP process. Once that process begins, utilities will evaluate EE programs by allowing those programs to compete with supply-side resource options with the goal of deriving an optimal resource plan for the utility.

Sub-Section B contains the guidelines for electric utilities to follow for future budget cycles and it distinguishes between electric utilities that do and do not have an IRP process. Sub-Section C provides the guidelines for gas utilities to follow for all budget cycles, including the 2020 budget cycle and future cycles. Sub-Section D contains an additional ratepayer protection that caps the monthly cost that ratepayers will have to pay for EE programs.
For utilities with an IRP process, EE program plans, budgets, caps and energy savings targets for future EE cycles will be determined in the utility’s IRP process. For utilities without an IRP process, EE program plans, budgets, caps and energy savings targets for future EE cycles shall be developed by the utility using its normal planning process. Regardless of whether EE program plans, budgets, caps and energy savings targets are derived within or outside an IRP process, complete EE plans shall be filed with the Commission for approval no later than June 1st prior to the start of the next EE cycle.

Section VIII below provides details regarding the Commission approval process for EE Budget Cycle programs.

A. Electric Utilities – 2020 Budget Cycle

For the 2020 budget cycle, all electric utilities, including electric utilities with an IRP process will follow these guidelines. In other words, for electric utilities with an IRP process, these guidelines will be in place for the interim period until those utilities begin to determine cost-effective EE programs within their IRP process. These guidelines establish EE program implementation budget caps and voluntary energy savings targets.

The maximum program implementation budget cap for each year within the four year budget cycle beginning in 2020 shall be set to 1.75% of the utility’s best estimate of its 2019 FERC Form 1 total calendar year revenue, and shall exclude revenue associated with customers who choose to opt-out of the EE program, and revenue in excess of the per customer cost cap. Budgets shall not increase more than 75% between any two consecutive years within the budget cycle.

Incremental energy savings targets are to be established as goals and shall be expressed as a percent of the utility’s estimate of energy sales in 2019. The targets will begin the first year of Phase II at 0.1% greater than what the utilities achieved or estimate they will have achieved in calendar year 2019. For each year of the four-year budget cycle thereafter, electric utilities will increase the incremental energy savings target by 0.1% over the prior year, with the ultimate goal of achieving about 0.5% to 0.7% in total energy savings.

The following summarizes the budget cap and incremental energy savings targets for the 2020 EE budget cycle:

Max Annual Budget for Cycle: 1.75% of the utility’s best estimate of its 2019 FERC Form 1 total calendar year revenue, excluding revenue associated with customers who choose to opt-out of the EE program, and revenue in excess of the per customer cost cap.

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9 See Section XIII below for more information concerning opt-out requirements.
10 See Sub-Section D below for more information concerning the per customer cost cap.
11 According to the 2018 ACEEE State Energy Efficiency Scorecard, Table 17 shows that of approximately 27 states with savings targets, 23 states have targets above 0.7% incremental energy savings as a percentage of retail energy sales.
**Annual Budget Limit:** Budget should not increase more than 75% over the prior year.

**1st Year Eng. Savings Target:** 0.1% greater than the energy savings the utility achieved or estimates it will have achieved in the year prior to the start of the EE budget cycle.

**Annual Incr. Eng. Savings Target:** 0.1% greater than the prior year.

**B. Electric Utilities – Future Budget Cycles**

For future EE Budget Cycles, electric utilities that have an IRP process shall determine EE program plans, budgets, caps and energy savings targets in conjunction with the established IRP process.

Electric utilities that have an IRP process shall prepare an initial study of technical and economic energy efficiency feasibility in advance of the utility’s IRP process, such that this study shall be completed and filed with the initial IRP data assumptions for each IRP cycle. This study shall be reviewed in the IRP stakeholder process and used to inform a utility’s proposed EE Program implementation budget and voluntary energy savings targets.

Electric utilities that have an IRP process shall derive two cases to be analyzed, including: 1) a base case forecast reflecting the EE already implemented without any additional EE investment to be made; and 2) a Portfolio of EE programs resulting in a cost budget and energy savings targets for implementation of the EE program portfolio over the following four-year budget cycle. Stakeholders will be able to provide input to inform each utility’s EE plans as currently contemplated through the IRP stakeholder process.

In finalizing the EE portfolios, such portfolios shall be evaluated within the IRP process, in which supply-side and demand-side resources compete against each other in order to derive the optimal set of resources for the respective utility.

For future EE Budget Cycles, electric utilities that do not have an IRP process shall determine EE program plans, budgets, caps and energy savings targets in conjunction with their normal planning process.

**C. Gas Utilities – 2020 Budget Cycle and Future Budget Cycles**

Since gas utilities do not have an IRP process, and did not participate in the Quick Start Program, a maximum program implementation budget cap, a gas volume savings target, and an annual increase in gas volume savings target will be established herein. This section first presents the requirements for the upcoming 2020 EE Budget Cycle, and then for the future EE Budget Cycles.

For the upcoming 2020 EE Budget Cycle, the maximum program implementation budget cap for each year within the budget cycle shall be set to 1.75% of the utility’s best estimate of its 2019 FERC Form 2-A total calendar year revenue, and shall exclude revenue associated with customers...
who choose to opt-out of the EE program, and revenue in excess of the per customer cost cap. For 2020, the gas utility’s EE budget shall not exceed 0.25% of its 2019 retail FERC Form 2-A revenue. Budgets shall not increase more than 75% between any two consecutive years during the budget cycle.

Incremental gas volume savings targets are to be established as goals and shall be expressed as a percent of the utility’s best estimate of its FERC Form 2-A retail gas volume sales in 2019. The targets will begin the first year of Phase II at 0.05% of the utility’s 2019 retail gas volume sales. For each year thereafter during the budget cycle, the gas volume savings target shall increase by 0.05% over the prior year, with the ultimate goal of achieving gas volume savings of between 0.2% and 0.4% of total gas volume sales.

The following summarizes the budget cap and gas volume savings target for the 2020 EE budget cycle:

Max Annual Budget for Cycle: 1.75% of the utility’s best estimate of its 2019 FERC Form 2-A total retail revenue, excluding revenue associated with customers who choose to opt-out of the EE program, and excluding revenue in excess of the per customer cost cap.

Annual Budget Limit: First year to be no more than .25% of prior year total revenue. Budget should not increase more than 75% over the prior year.

1st Yr Gas Vol. Savings Target: 0.05% greater than the gas volume savings the utility achieved or estimates it will have achieved in the year prior to the start of the EE budget cycle.

Ann Incr. Gas Vol. Savings Target: 0.05% greater than the prior year.

For future EE Budget Cycles, gas utilities shall determine EE program plans, budgets, caps and energy savings targets in conjunction with their normal planning process.

D. Capping of EE Rider Rates

For both electric and gas utilities, regardless of usage, no residential customer shall be assessed more than $2.00 per month in total energy efficiency costs (both program implementation and LCFC costs). Similarly, no non-residential customer shall be assessed more than $150 per month in total energy efficiency costs (both program implementation and LCFC costs).

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12 See Section XIII below for more information concerning opt-out requirements.
13 See Sub-Section D below for more information concerning the per customer cost cap.

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VII. Filing of Energy Efficiency 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 below. These activities are designed to be followed based on four-year budget cycles.

Within ninety (90) days of the end of each program year, utilities will file an Annual Report, which shall describe the results of the utility’s EE programs during the prior program year. Section IX below describes the reporting requirements for the Annual Reports.

In addition, annual rate redetermination filings will be made to allow utilities to be able to adjust their rates charged for EE costs to capture under or over-recovered program costs and LCFC charges. Each Company shall file supporting workpapers with the rate re-determination filings, with all formulas 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.

VIII. Timelines for Implementation of EE Programs

Sub-Section A below lists the activities to be performed when EE programs are developed outside of an IRP process, with program implementation for the next budget cycle set to begin in 2020. This section applies to all participating utilities until those with an IRP process can begin to assess their EE programs within the IRP process.

Sub-Section B below lists the activities to be used when EE programs are developed within an IRP process. Evaluation of EE programs within the IRP process will occur in the next IRP cycle, and planning for that cycle will commence in late 2021. The final IRP and EE Plans would be produced around the middle of 2023, and plans would be implemented beginning in January 2024. The same schedule will be followed for future cycles as well.

A. EE Programs Developed Outside of an IRP Process

The activities for the EE programs developed outside the IRP process should be followed as described in this section but should be accelerated as indicated below to account for the 2020 program cycle implementation.

1. EE program plans and rate rider submissions - Program plans are to be filed under separate docket by each participating utility no later than June 1st prior to the start of the next EE cycle (November 1st for the 2020 program cycle implementation). Program plans for the four-year period should include details regarding the utility’s EE program portfolio, program budget estimates, estimates of annual program savings and benefits, estimates of energy savings, and estimates of annual cost effectiveness test results in accordance with the tests discussed in Section II of these rules. Utilities shall continue to choose programs that attempt to maximize net benefits to customers, while encouraging the development of the energy efficiency infrastructure in Louisiana. Along with program plans, utilities shall also submit a uniform EE Rate Rider as provided in Exhibit 1.
2. Upon a utility filing its proposed program plan, the plan will be docketed and published in the next Commission Official Bulletin for a 15-day intervention period. Staff, and any intervenors, shall have until the subsequent August 15th, or 75 days after filing, whichever is longer, to ensure the program plan complies with the Commission’s EE Rules and identify any issues with the proposed plan. Each identified issue shall include support and documentation for said issue. The utility shall then have fifteen (15) days to review any identified issues and propose a revision to address said issue(s), which shall be filed into the record. The parties shall work together, in good faith, to resolve such issues in a timely manner.

   a. If the parties can resolve the issue in the timeframe identified above, and upon filing of the revised program plan into the record, Staff shall file notice of acceptance of the program plan into the record, subject to an Audit as described in Section X below, for program implementation to begin January 1 of the following year.

   b. If the parties cannot resolve the issue in the timeframe identified above, the disputed issue shall be submitted to the Commission for resolution. Should a disputed issue not be resolved prior to implementation beginning January 1 of the following year, the remainder of the program plan can be implemented beginning January 1 of the following year, pending resolution of the disputed issue.

   c. For the 2020 program cycle, a utility shall file its proposed plan no later than November 1, 2019, with the same being docketed and published in the next Commission Official Bulletin for a 15-day intervention period. Staff, and any intervenors, shall have until December 6th, or 35 days from filing, whichever is longer, to ensure the program plan complies with the Commission’s EE Rules and identify any issues with the proposed plan. Each identified issue shall include support and documentation for said issue. The utility shall then have seven (7) days to review any identified issues and propose a revision to address said issue(s), which shall be filed into the record. The parties shall work together, in good faith to resolve such issues in a timely manner in an attempt to have a program plan accepted by December 31 to begin implementation on January 1. Upon resolution of any issues, Staff shall file notice of acceptance of the program plan into the record subject to an Audit as described in Section X below.

3. Annual reports and rate re-determination filings – By April 1st, three months following the completion of each program year, utilities shall file annual reports and make rate rider re-determination filings. Detailed requirements for annual reports are discussed in Section IX below. The rate re-determination filings shall include rider adjustments designed to collect any under-recovered amounts or refund any over-collected amounts that occurred during the prior program year. The utility’s revised rates shall go into effect by June 1st following the completion of each program year.
B. EE Programs Developed Within an IRP Process

The activities for the EE programs developed within the IRP process should align with the IRP schedule. Exhibit 2 contains a timeline describing the linkage between EE budget cycles and the IRP cycle. EE budget cycles should adjust as the IRP schedule adjusts, and should meet the following requirements:

1. Feasibility Study – Utilities shall prepare an initial study of technical and economic energy efficiency potential in advance of the IRP process, such that this study would be completed and filed with the initial IRP data assumptions. This study should be reviewed in the IRP stakeholder process and should be used to inform a utility’s proposed EE program budget and energy savings targets. Utilities shall review and evaluate EE programs within the IRP process, taking into consideration stakeholder feedback, resulting in a Draft Portfolio of EE programs to be in included in the Draft IRP Report.

2. EE program plan and rate rider submissions – Program plans are to be finalized and included with the Company’s final IRP Report, which should occur no later than June 1, approximately seven months prior to the start of the four-year EE budget cycle. Program plans for the four-year period should include details regarding the utility’s EE program portfolio, program budget estimates, estimates of annual program savings and benefits, estimates of energy savings, and estimates of annual cost effectiveness test results in accordance with the tests discussed in Section II of these rules. Utilities shall continue to choose programs that attempt to maximize net benefits to customers, while encouraging the development of the energy efficiency infrastructure in Louisiana. Along with program plans, utilities shall also submit a uniform EE Rate Rider as provided in Exhibit 1.

3. Upon a utility completing its final IRP Report, but no later than June 1 prior to the start of the four-year EE budget cycle, the utility shall file its proposed program plan, including an attestation that the proposed program plan was evaluated during the utility’s IRP process. Upon the utility filing its proposed program plan, the plan will be docketed and published in the next Commission Official Bulletin for a 15-day intervention period. Staff, and any intervenors, shall have until the subsequent August 15th, or 75 days after filing, whichever is longer, to ensure the program plan complies with the Commission’s EE Rules, was considered within the Utility’s IRP process, and identify any issues with the proposed plan. Each identified issue shall include support and documentation for said issue. The utility shall then have fifteen (15) days to review any identified issues and propose a revision to address said issue(s), which shall be filed into the record. The parties shall work together, in good faith, to resolve such issues in a timely manner.

   a. If the parties can resolve the issue in the timeframe identified above, and upon filing of the revised program plan into the record, Staff shall file notice of acceptance of the program plan into the record, subject to an Audit as described in Section X below, for program implementation to begin January 1 of the following year.

   b. If the parties cannot resolve the issue in the timeframe identified above, the disputed issue shall be submitted to the Commission for resolution. Should a disputed issue not be resolved prior to implementation beginning January 1 of the following year,
the remainder of the program plan can be implemented beginning January 1 of the following year, pending resolution of the disputed issue.

4. Annual reports and rate re-determination filings – By April 1st, three months following the completion of each program year, utilities shall file annual reports and make rate rider re-determination filings. Detailed requirements for annual reports are discussed in Section X below. The rate re-determination filings shall include rider adjustments designed to collect any under-recovered amounts or refund any over-collected amounts that occurred during the prior program year. The utility’s revised rates may go into effect by June 1st following the completion of each program year.

IX. Annual Reports

The following reports apply to all EE programs, whether developed within or outside an IRP process. Each utility’s Annual Report shall be filed in the docket where the EE programs were originally accepted subject to Audit as described in Section X below. Annual Reports shall include the following information for each EE program:

- Program descriptions, rate classes the programs apply to, and objectives for the programs.
- Customer incentives paid.
- Annual energy savings (in MWh) for electric utilities.
- 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 Total Resource Cost test and the Utility Cost test.
- 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.
- 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 shall also include a section that directly compares the information above with the same information from the program 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.

Utilities shall also provide a detailed explanation 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, and utilities shall file the same uniform Standard Annual Reporting Worksheet spreadsheets that they had been filing during the Quick Start programs. 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. Programs are subject to review, and records should be maintained in sufficient detail to permit audit and evaluation. 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.

X. Staff Review and Audit

Budget cycles have been designed to cover four-year periods. Each utility will be audited at the conclusion of the four-year budget cycle. 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 and purchased gas adjustment 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. 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

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14 In the Quick Start process, utilities have been relying on the Arkansas Standard Annual Reporting Program (“SARP”). The latest version of this workbook is SARP Version 4.0, dated August 31, 2017, and may be found at www.apscservices.info/EEInfo/AnnualReportWorkbook4.0.xlsx.


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 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 four years from the end of the Program Cycle. 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.

**XI. Fuel Switching**

Utilities shall be prohibited from offering 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, then strategic marketing programs involving fuel switching may become desirable. If such a Federal or State mandate goes into effect, the Commission could reconsider this issue at that time.

**XII. Combined Heat and Power Programs (“CHP”)**

The Commission seeks to encourage utilities to implement CHP systems, and therefore the Commission welcomes utilities and other parties 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 four-year budget cycle; however, inclusion within the utility’s four-year budget cycle does not alleviate any potential requirement to seek separate Commission approval for such projects.

**XIII. Large Customer Opt-Out Programs**

Large commercial and industrial customers will have the option to opt-out of the respective utility’s EE Programs. In order to allow utilities the opportunity to account for such customers in developing their EE program plans, existing customers of each utility must provide written notice to the utility no later than April 1st, nine months prior to the start of the four-year budget cycle.
The notice requirement is waived for new customers that begin receiving service after April 1st. However, any new customer must still provide written notice of the decision to opt-out within thirty (30) days of receiving service.

The following opt-out provisions will be in effect for electric and gas utilities.

**Electric:** Large customers having one or more individual electric service accounts within its utility service provider's service territory with a combined aggregate demand of five thousand (5,000) kW or more may elect to be excluded from participation in the EE programs administered by the Utilities for all of their accounts, and from all costs associated with such programs. However, if such customers do not elect to opt-out, they may participate in EE programs and will incur applicable EE costs. 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 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 may elect to be excluded from participation in the EE programs administered by the Utilities for all of their accounts, and from all costs associated with such programs. However, if such customers do not elect to opt-out, they may participate in EE programs and will incur applicable EE costs. Only customers with annual usage equal to or greater than fourteen thousand (14,000) MMBtu, located within the utility's service territory, may aggregate.

Any large customer that intends to opt-out must provide an affidavit to its utility service provider at least nine months (four months for the 2020 program cycle implementation) prior to the start of each four-year budget cycle certifying that the customer has implemented or invested in measures within ten years prior to the date the customer filed its certification, or that it will implement or invest in measures within the duration of the next four-year budget cycle. In addition, large customers that have exhausted all opportunities to conduct further meaningful cost-effective EE programs, and believe they cannot realize meaningful benefits through participation in their utility’s EE programs will be permitted to opt-out. The affidavit must be signed by a company official authorized to bind the customer and must include a discussion of the EE measures that the customer has implemented within the last 10 years or will implement during the four-year budget cycle. If the customer believes it has exhausted all opportunities to conduct further meaningful cost-effective EE programs, and believes it cannot realize meaningful benefits through participation in their utility’s EE programs, it must include in its affidavit an explanation of how it reached this conclusion.

This information may be used for future consideration to determine if additional self-directed requirements should be implemented. Customer information supplied to utilities may be supplied on a confidential basis. For purposes of EE program eligibility, electric service demand shall be determined based on the calendar year preceding adoption of the issuance of the Order approving these rules, or the most recent 12 months prior to the issuance of the Order approving these rules. New customers will be permitted to provide estimates of demand, which the utility will verify, for purposes of determining if the customer meets the requirements for being able to opt-out. Customers that opt-out will be required to re-certify at the start of each new four-year budget cycle.
XIV. 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.

XV. 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 a 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. If the Commission determines that any such information is proprietary, confidential or a trade secret requiring exemption from public disclosure, that exemption shall expire no later than two years from such Commission determination or upon the expiration of the contract/agreement containing the proprietary information, whichever is later, or at such other time as the Commission may designate.

XVI. Working Group and Independent Monitor

The Commission will hire an Independent Monitor ("IM") to lead and facilitate an Energy Efficiency Working Group ("EEWG"). The goal of the EEWG, with guidance and direction from the IM, is to evaluate the Commission’s EE Rules and drive appropriate changes over time.

The cost of the IM will be borne by the Utilities with active EE programs and shared on a load ratio basis.

While there is no set limitation on the number of participants in the EEWG, the participation shall be monitored and determined by the IM.

Beginning two (2) years after the implementation of these rules, the EEWG shall meet at least once a year to share relevant EE information, to discuss any new policies or rules established in the area of EE, and to consider whether a re-evaluation of the Commission’s EE Rules is warranted. Thereafter, the IM, in coordination with the EEWG, shall determine the appropriate timeframe by which the EEWG will continue to evaluate the Commission’s EE Rules.
XVII. Public Entity EE Programs

In addition to the Residential and Non-Residential Energy Efficiency Plans and Programs that are being developed and administered by the participating utilities or their third party administrators based on rules included in the prior sections, the Commission has also directed utilities to establish EE programs for Public Entities, including public school districts, public higher education institutions, local governments, state agencies, or any other public entity, which are to be developed and administered according to the Guidelines set forth in this section. All participating utilities in the Commission’s EE Rules shall establish a Public Entity EE Program in accordance with the rules set out in this section.

Public Entities that receive funding for specific EE measures under this section shall not be allowed to participate in EE programs associated with the same measures offered by their respective utility as administered under Sections III through XVI of these rules. However, Public Entities are not precluded from availing themselves to other EE programs offered by their respective utility, and which are administered under sections III through XVI of these rules, as long as the other programs do not overlap with the specific EE measures that they received funding for under this section of the rules.

The Public Entity EE Programs will be managed by the LPSC Executive Secretary, each Commissioner, and a point of contact for the participating utilities (the "Project Team"). Proposed projects shall be submitted to the Project Team prior to the start of each four-year budget cycle, as outlined below, for consideration and approval, and with collaboration and administration by the participating utility according to the Guidelines in this section. The tasks that the utility will perform for applications received under the Public Entity EE program include identification of allocable funding, evaluation of the proposed program design, and assistance in calculating projected demand and energy savings, and performing cost effectiveness tests.

The Commission will work with the utilities to identify programs that will provide meaningful and cost-effective energy efficiency benefits and will schedule the projects to be performed during the four-year budget cycle, to the extent that sufficient budget exists.

A. Funding

1. For each budget cycle, funding for each year within the four-year budget cycle shall be allocated based on 0.50% of the utility’s best estimate of its FERC Form 1, or Form 2-A, revenue from the year prior to the start of the EE budget cycle. This funding amount will remain constant during the four-year budget cycle, and the Commission will re-evaluate the amount to be allocated to the next four-year budget cycle at that time.

2. Public Entity EE Programs and funds shall be allocated by the Commission to the participating utility’s service territory based on the Commission Districts.

3. The utilities shall review the funding allocated to them and the proposals submitted by the Public Entities (See Applications discussed in Part B below) to assess the budgets that will be required, including all administrative costs that utilities expect to incur to implement and administer the Public Entity programs. The utilities will provide their evaluations of...
the Public Entity proposals by August 15 of the year prior to the start of the next budget cycle (December 1, 2019, in the case of the 2020 Budget Cycle) to the LPSC Executive Secretary, or her/his internal designee.\textsuperscript{17} The LPSC Executive Secretary will notify the Commissioner, or her/his representative designated by each Commissioner (from the Commissioner’s Staff)\textsuperscript{18} of the funds available that can be allocated to the Public Entity EE Programs that have been proposed to each Commissioner’s LPSC District for the upcoming budget cycle.

4. Public Entity EE Program funds shall be collected by the participating utilities through a separate Uniform Rate Rider designated for that purpose.\textsuperscript{19} The Rider shall include recovery for incremental direct EE program costs, and the LCFC based on projected energy savings (as identified per Section B(3)(d) below), subject to an annual true-up. Absent verified savings for projects participating in the Public Entity EE Programs, the utilities will include in the Rider true-up process the estimated energy savings as outlined in the customer application.

B. Applications

Applications for Public Entity EE Program projects shall be submitted, and sworn to, via verified affidavit, to the Project Team for consideration. All applications must be submitted to the entire Project Team at the same time. This means that a copy must be provided to the LPSC Executive Secretary, the Commissioner(s) whose District the proposed project is located in, and the point of contact for the participating utility that serves the Public Entity. The following requirements shall apply, and the Project Team will review each Application submitted.

1. The filing date for potential project Applications due to the Project Team is March 1\textsuperscript{st} prior to the start of the next budget cycle (November 1, 2019, in the case of the 2020 Budget Cycle).

2. Each Application shall contain a one-page overview and summary of the potential project. The one-page overview shall include:
   a. Public Entity’s Name
   b. Project Location
   c. Project Description
   d. Amount of Funds Requested for the Project
   e. Energy Efficiency Cost Effectiveness Evaluation using, at a minimum, the TRC test, which must be greater than 1.0, and the “Participant Test” contained in the

\textsuperscript{17} Hereinafter all references to the Executive Secretary shall mean the Executive Secretary or her/his internal designee.

\textsuperscript{18} Hereinafter all references to each Commissioner shall mean the Commissioner or the Commissioner’s representative from the Commissioner’s Staff.

\textsuperscript{19} The Uniform Rate Rider for Public Entity Programs shall be similar to the Uniform Rate Rider for non-Public Entity Programs, which is attached to these rules as Exhibit I.
Commission’s Energy Efficiency Rules, as described in Sections II and IV in the above Phase II EE Rules.

3. The Application shall also contain the following information related to each project submitted:
   a. Need(s) for the proposed project;
   b. Goal(s) of the proposed project;
   c. Activities to be conducted should the proposed project be selected;
   d. Cost/benefits of the proposed project;\(^{20}\)
      i. Overall Program Cost by cost category;
      ii. Total projected demand and energy savings; and,\(^{21}\)
      iii. If applicable, any matching funds used.
   e. Life cycle cost effectiveness test evaluation;
   f. Physical address of each project location included in the Application;
   g. A copy of the most recent twelve (12) months of utility bills for each location of the proposed project; and,
   h. Proof of utility service provider.

Failure to provide all of the above requirements, including the affidavit, with a submitted Application will result in the Project Team rejecting the Application.

4. Upon receipt of an Application, the Project Team for the Commission District where the project will be located will review the merits of each proposed project, including the participating utility providing an evaluation of the proposed program design and assisting in the calculation of projected demand and energy savings. Furthermore, the Project Team shall confirm that all proposed upgrades are within the participating utility’s service territory, and upon completion of the above, submit the Team’s findings and proposed project Applications to their respective Commissioner for consideration for approval. The Project Team will submit its findings on a proposed project to the Commissioner by October 1 of the year prior to the start of the next budget cycle.

\(^{20}\) If the proposed project contains more than one project or activity, the project costs should be broken down by activity.

\(^{21}\) Projected demand and energy savings may be forecasted using a “Deemed Savings” approach as outlined in an approved Technical Resource Manual as noted in Section V above.

ATTACHMENT A-Draft Phase II Rule
Docket No. R-31106
C. Review Process

1. Upon submission by the Project Team, each Commissioner will select projects for his respective district for implementation. Commissioners may also consider for approval the partial funding of projects. If partial funding of a project is considered, the project application shall be updated to reflect the new partial funding, along with an updated estimate of the projected demand and energy savings for the partial project.

2. Once an application has been selected, the Project Team will send a letter to the Public Entity indicating the project has been selected, along with any relevant factors concerning the selected project, including an explanation that no funding will be provided until the project is one hundred percent (100%) complete.

3. Once the Public Entity has demonstrated to the Project Team that the Public Entity EE project is one hundred percent (100%) complete, the Commission shall provide written notice stating this to the participating utility in order for the utility to directly issue payment in full to the Public Entity. Once the utility has issue payment, it shall provide written notice of the issuance of such payment to the Commission. A project shall be considered complete after, at a minimum, the following is provided to, and reviewed by, the Project Team:

   a. A final project report from the Public Entity that details the work that was performed, the costs incurred, and the benefits anticipated from the project. In addition, an affidavit should be supplied from a representative of the Public Entity that attests to the fact that the work met the requirements that was approved by the Commissioner;

   b. Invoices detailing the work performed, and the associated costs expended by the Public Entity; and,

   c. A walk-through has been conducted by at least one representative of the Public Entity and one representative from the Project Team of the completed project.

While not required, it is preferable that the Public Entity also provide pictures showing the project before and after completion.

4. Upon completion of a project under the Public Entity program, a Public Entity who has received partial, or full funding, shall provide the Project Team with an annual evaluation report (“Evaluation Report”) for a period of three (3) years.

5. The annual Evaluation Report shall contain an updated summary of the completed project, and shall at a minimum, provide:

   a. The Public Entity’s name;

   b. Description and location of selected Project;

   c. Total Amount of funds received under the Public Entity EE program, and an indication if there were any other funds dedicated to the selected project outside of the Public EE program;

ATTACHMENT A-Draft Phase II Rule
Docket No. R-31106
d. A copy of the most recent twelve (12) months of utility bills for each location of the project;

e. An updated estimate of the Energy Efficiency Savings since project completion;

f. An updated estimate of the TRC and Participants Cost Effectiveness Tests, recognizing that the TRC results are required to be greater than 1.0;

6. Retention of Documentation. The Project Team from each Commission District and the Public Entity shall maintain records to support its program costs for a period of at least three (3) years from the end of the calendar year in which the EE programs end.

7. Notwithstanding anything to the contrary in the Commission’s EE Rules and these Public Entity Guidelines, if the implementation of any Public Entity EE project proposal would exceed any other EE Program spending threshold, cross-allocation restriction or cap, the Commission hereby waives such requirement.

XVIII. Rule Revisions

Specific EE program direction from the Commission may require rule revisions or separate orders and will be determined on a case-by-case basis. Under this section, intervenors or other parties, have the right to petition the Commission for rule revisions. However, any potential changes should first be brought to the attention of the EEWG and should be considered by that group before being brought to the attention of the Commission. After it is brought to the Commission’s attention, the Commission will then decide how to proceed, such as whether rules should be changed through an immediate order, or if a docket or investigation will need to be opened for further consideration. If the EEWG decides a change should be made and determines the appropriate change, it should then request the Commission decide on how to proceed, such as whether rules should be changed through an immediate order, or if a docket or investigation will need to be opened for further consideration.
Exhibit 1 to Attachment A
I. APPLICABILITY

This Rider is applicable to all Customers of Entergy Louisiana, LLC ("ELL" or "the Company")
taking Service under a Legacy ELL Rate Schedule, all Customers taking Service under ELL's
Large Manufacturing Power Service ("LMPS") Rate Schedule, and billings for service under rate
schedules ALS-LED or SHL-LED when Customer is located in the Legacy ELL Service area,
except (a) for those Customers that have opted out of participation pursuant to Section XIII of the
Rules and (b) for Special Rate Contract Customers to the extent those Contracts would preclude
the Company from charging the Customers additional fees and those Customers have not
exercised the option to opt out under Section XIII. The applicable rates will be determined for two
Customer classes: (1) Residential and (2) Non-Residential.

Note: Generally, unless otherwise specified herein, capitalized terms used throughout this
document are as defined in the Company's Terms and Conditions.

II. PURPOSE

The purpose of the Quick Start Energy Efficiency Cost Rate Rider ("Rider EECR-QS-L" or "Rider")
is to establish the EECR-QS-L Rates by which the Company will recover its Quick Start energy
efficiency costs as approved by the Louisiana Public Service Commission (the "Commission") in
General Order No. R-31106, dated September 20, 2013, including: (1) the incremental direct
Energy Efficiency Program costs ("Projected Energy Efficiency Program Costs" or "PEEC") and (2)
the Projected Lost Contribution to Fixed Costs ("LCFC") as described and approved by the
Commission in Section VI of the Commission's Energy Efficiency Rules attached to General Order
No. R-31106 ("Rules") (collectively, the "Recoverable Costs"). Recovery of the PEEC is limited to
the incremental costs which represent the direct program costs that are not already included in the
then-current rates of the Company, including those costs identified in Section V (8) of the Rules.
The Rider EECR-QS-L Rates will be calculated to recover Legacy ELL's Recoverable Costs over
the period in which the Rider EECR-QS-L Rates will be in effect.

III. INITIAL RATE DETERMINATION

At least fifteen (15) days before the first billing cycle of November 2014, Rider EECR-QS-L Rates
were filed with the Commission by Legacy ELL. The Rider EECR-QS-L Rates were determined by
application of the Rider EECR-QS-L Rate Formula set out in Attachments A, B, and C to this Rider.
Each such rate was filed in Docket No. R-31106 and was accompanied by a set of work papers
sufficient to document fully the calculations of the Rider EECR-QS-L Rates. The rate reflects: (1)
the PEEC for the 12-Month period commencing on October 1, 2014; (2) the projected LCFC for the
12-Month period commencing on October 1, 2014; and (3) the actual incremental costs incurred
during the period leading up to the effective date of this Rider EECR-QS-L. The Rider EECR-QS-L
Rates in this initial rate determination shall be effective with the first billing cycle of November 2014.
IV. ANNUAL REDETERMINATION

At least fifteen (15) days before the first billing cycle of March of each Year beginning in 2016 ("Filing Date"), the reetermined Rider EECR-QS-L Rates shall be filed with the Commission by ELL. The reetermined Rider EECR-QS-L Rates shall be determined by application of the Rider EECR-QS-L Rate Formula set out in Attachments A, B, and C to this Rider. Each such revised rate shall be filed in Docket No. R-31106 and shall be accompanied by a set of work papers sufficient to document fully the calculations of the revised Rider EECR-QS-L Rates. The reetermined rate shall reflect for the Program Cost Period: (1) the PEEC for the 12-Month period commencing on the November 1 preceding the Filing Date; (2) the projected LCFC for the 12-Month period commencing on the November 1 preceding the Filing Date; and (3) rate rider true-up adjustments to collect any under-recovered amounts or to refund any amounts over-collected during the prior Program Year, as set forth in Section IX (6) of the Rules. "Program Cost Period" is defined as the twelve-Month period commencing on the November 1 preceding the Filing Date. "Program Year" is defined as the 12-Month period ending on the October 31 preceding the Filing Date.

The true-up adjustment will be calculated to include the effect of carrying costs using the then-current Prime Rate.

The Rider EECR-QS-L Rates so reetermined shall be effective with the first billing cycle of March of the filing year and shall then remain in effect for twelve (12) Months ("EECR-QS-L Cycle"), except as otherwise provided below.

V. TRACKING AND MONITORING PROGRAM COSTS AND BENEFITS

The Company shall develop and implement appropriate accounting procedures, subject to the review of the Commission Staff, which provide for separate tracking, accounting, and reporting of all program costs incurred by the Company. The procedures shall enable energy efficiency program costs to be readily identified and clearly separated from all other costs. The Company shall secure and retain all documents necessary to verify the validity of the program costs for which it is seeking recovery. Such documents shall include, but shall not be limited to, vouchers, journal entries, and the dates the participant's project was completed.

The Company shall develop and implement appropriate accounting procedures, subject to the review of the Commission Staff, which provide for separate tracking, accounting, and reporting of revenues collected through the Rider EECR-QS-L Rider. The procedures shall enable the Rider EECR-QS-L revenues to be readily identified and clearly separated from all other revenues. The Company shall secure and retain all documents necessary to verify the accuracy of the Rider EECR-QS-L revenues. Such documents shall include, but shall not be limited to, billing determinants, journal entries, and summary revenue reports.

For the purpose of assessing the benefits and effectiveness of the programs, the Company shall develop and implement appropriate procedures, subject to the review of the Commission Staff, which provide for separate tracking of the benefits and the effectiveness of the programs. The data that shall be tracked shall include, but shall not be limited to, information that will enable the Commission Staff to assess the effectiveness of the programs. The Company shall secure and retain all documents necessary to verify its assessments.

VI. TRACKING AND MONITORING LCFC

The Company shall monitor LCFC in accordance with the Rules and any future Orders addressing LCFC.

This monitoring shall include the development of Evaluation, Measurement and Verification ("EM&V") protocols in accordance with the Rules.
ELL will use this Rider EECR-QS-L to recover contemporaneously the amount of LCFC recovery from Customers subject to annual true-up, as set forth in Section VI of the Rules.

VII. TERM

This Rider EECR-QS-L shall remain in effect until modified or terminated in accordance with the provisions of this Rider EECR-QS-L or applicable regulations or laws.

If this Rider EECR-QS-L is terminated by a future order of the Commission, the Rider EECR-QS-L Rates then in effect shall continue to be applied until the Commission approves an alternative mechanism by which the Company can recover its Recoverable Costs. At that time, any cumulative over-recovery or under-recovery resulting from application of the just-terminated Rider EECR-QS-L Rates, inclusive of carrying costs at the then-current Prime Rate, shall be applied to Customer billings over the twelve (12) Month billing period beginning on the first billing cycle of the second Month following the termination of Rider EECR-QS-L in a manner prescribed by the Commission.

VIII. APPLICABLE CUSTOMER CLASSES AND SCHEDULES

This Rider is applicable to all customers taking service under one of the Company's rate schedules except (a) for those customers that have opted out of participation pursuant to Section XIII of the Rules and (b) for Special Rate Contract customers to the extent those contracts would preclude the Company from charging the customers additional fees and those customers have not exercised the option to opt out under Section XIII. The applicable rates will be determined for two customer classes: (1) Residential and (2) Non-Residential.

IX. CAPPING OF RIDER EECR-QS-L RATES

Regardless of usage, no Customer shall be billed more than $75 monthly under this Rider EECR-QS-L as set forth in Section XV of the Rules.
Energy Efficiency Quick-Start Program
Rider EECR-QS-L

ATTACHMENT A

QUICK START ENERGY EFFICIENCY COST RATE RIDER (RIDER EECR-QS-L)

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* The Projected Energy Efficiency Program Costs (PEEC) represent the planned, projected incremental costs of customer programs during a Program Cost Period. (See Note 2 below)

** The prior period over/under amount (TUA) includes carrying costs as provided in Note 7, below.

*** Projected Costs by Customer Class or "PCCC" includes the total of (1) the Projected EECR-QS-L Projected Energy Efficiency Program Costs ("PEEC"); (2) the projected LCFC; and (3) the prior period true-up adjustment (TUA). Any costs that require allocation to the customer classes will utilize the PEAf (see Note 3 below).

**** Billing Units are the Projected Energy Sales or "PES". The PES includes the projected sales by customer class (see Note 5 below).

Notes:
[1] Ref. WP-1, Ln 14 and Ln 19
[2] Ref. WP-2, Ln 1 and Ln 2
[3] Ref. WP-4, Ln 11
[4] Ln 4 = Ln 1 + Ln 2 + Ln 3
[5] Ref. WP-3
[6] Ln 6 = Ln 4 / Ln 5
[7] TUA subject to carrying cost at 4.50%, which was the prime rate on December 31, 2017
[8] Per Schedule EECR-QS-L, the Company has included in this filing only the LCFC projected for Program Year 4 and the Over/Under Recovery from Program Year 3. The Company, however, will continue to incur the verified LCFC from Program Year 3 until such time that lower kWh sales are reflected in rates through the Company's Formula Rate Plan ("FRP") for Test Year 2017, which rates under Rider FRP would become effective September 2018. As such, the unrecovered LCFC will be reflected in the Year 4 true-up as an under-recovery to Program Year 4. Although the Commission has indicated that the Company is entitled to fully recover its LCFC, at this time the matter in which this recovery will occur is uncertain. Until such time as the Commission determines otherwise, the Company will accrue a Regulatory Asset or Liability until the actual LCFC is recovered in rates.
[9] In LPSC General Order (R-31106) dated December 12, 2017, the Quick Start Phase was extended for a term not to exceed one year ("Quick Start Year 4") starting January 1, 2018 pending the finalization of long term rates in Phase II. Therefore, ELL will maintain spending and savings goals as outlined for PY3 ("2016") in Entergy Louisiana, LLC's, formerly Legacy EGSL and Legacy ELL, Amended Program Portfolio (R-31106) filed on March 27, 2015.
[10] The Rider EECR-QS-L Rates will be collected over the twelve-month period starting with the first billing cycle of May 2018.
ENERGY EFFICIENCY COST RECOVERY TARIFF (CONT'D)

NOTES:

1) The Company’s workpapers shall provide the rationale for the particular billing units selected and for the assignment of the Recoverable Costs to the Customer classes.

2) The "Projected Energy Efficiency Cost Period" for the Annual Rate Determination is the twelve-Month period commencing on January 1, 2018. The "Program Cost Period" for the Annual Redetermination is the fourteen-Month period commencing on the November 1, 2016.

3) The "Production Energy Allocation Factor" ("PEAF") represents each Customer class allocation relative to the retail jurisdiction total and shall be the PEAF determined in ELL’s latest Formula Rate Plan ("FRP"), adjusted to remove the energy (kWh) of (1) those Customers that have opted out pursuant to Section XIII of the Rules and (2) those Customers with Special Rate Contracts to the extent those Contracts would preclude the Company from charging the Customers additional fees and those Customers have not exercised the option to opt out under Section XIII. The PEAF shall also be adjusted to remove an appropriate amount of the energy (kWh) associated with 2015 gross billings to any individual Customer in excess of $180,000 as directed by Staff to accommodate the $75 per Month cap required by Section XV of the Rules.

4) The carrying costs shall be at the then-current Prime Rate.

5) The Projected Energy Sales billed for each Customer class (PES) for the Projected Energy Efficiency Cost Period, adjusted to remove (1) those Customers that have opted out pursuant to Section XIII of the Rules, (2) those Customers with Special Rate Contracts to the extent those Contracts would preclude the Company from charging the Customers additional fees and those Customers have not exercised the option to opt out under Section XIII, and (3) energy (kWh) associated with 2016 gross billings to any individual Customer in excess of $180,000 as directed by Staff to accommodate the $75 per Month cap required by Section XV of the Rules.
ATTACHMENT B

RIDER EECR-QS-L RATES

All Customers taking Service under a Legacy ELL Rate Schedule, all Customers taking Service under ELL’s Large Manufacturing Power Service ("LMPS"), and billings for service under rate schedules ALS-LED or SHL-LED when Customer is located in the Legacy ELL service area, except (a) for those Customers that have opted out pursuant to Section XIII of the Rules and (b) those Customers with Special Rate Contracts to the extent those Contracts would preclude the Company from charging the Customers additional fees and those Customers that have not exercised the option to opt out under Section XIII, shall be charged an amount equal to their monthly energy (kWh) usage multiplied by the rates below:

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<tr>
<th>Customer Class</th>
<th>Rate Adjustment</th>
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<td>Residential</td>
<td>$0.00040 per kWh</td>
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<tr>
<td>Non-Residential</td>
<td>$0.00018 per kWh</td>
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ATTACHMENT C

Rider EECR-QS-L Rate Calculation

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>PCCC $3,423,202</th>
<th>PES, 8,545,972,646 kWh</th>
<th>Rate Adjustments 4</th>
<th>$0.00040 per kWh</th>
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</thead>
<tbody>
<tr>
<td>Residential</td>
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<tr>
<td>Non-Residential</td>
<td>$1,102,533</td>
<td>6,271,613,454 kWh</td>
<td>$0.00018 per kWh</td>
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<tr>
<td>Total</td>
<td>$4,525,735</td>
<td>14,817,586,130 kWh</td>
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</table>

Notes:

(1) See Attachment B.

(2) Projected Energy Efficiency Costs by Customer Class (PCCC).

(3) Projected Energy Sales billed for each Customer class (PES) for the Projected Energy Efficiency Cost Period, adjusted to remove (a) those Customers that have opted out pursuant to Section XIII of the Rules and (b) those Customers with Special Rate Contracts to the extent those Contracts would preclude the Company from charging the Customers additional fees and those Customers have not exercised the option to opt out under Section XIII, and (c) energy (kWh) associated with 2015 gross billings to any individual Customer in excess of $180,000 as directed by Staff to accommodate the $75 per Month cap required by Section XV of the Rules.

(4) The Rider EECR-QS-L Rate is PCCC, / PES,
Exhibit 2 to Attachment A
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<th>EE PROGRAM CYCLE</th>
<th>ANNUAL EE REPORTS</th>
<th>EE AUDIT CYCLE</th>
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**Initiate IRP Cycle**
- File Data Assumptions

**Quick Start Programs**
- QS PV1: Nov 2014 thru Oct 2015
- QS PV3: Nov 2016 thru Dec 2017
- QS PV4: Jan 2018 to Dec 2018
- QS PV5: Jan 2019 to Dec 2019

**Final IRP**
- IRP Acknowledgement
- IRP Rider Revisions
- EE Rider Revisions
- EE Audit Cycle

Planning period for EE programs starting in Jan 2020

- Audits PV1/PV2
- Reports/Riders Filed
- EE Acknowledgement
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**New EE Programs**
- **Start Jan 2020**
- **Thru Dec 2023**

- Conduct Audits for Period Thru Dec 19 (remaining Q5)

- Reports/Riders Filed

- **EE Cycle Starting Jan 2020**

- Jan-20
- Feb-20
- Mar-20
- Apr-20
- May-20
- Jun-20
- Jul-20
- Aug-20
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Service List for R-31106
as of 4/16/2019

Commissioners
Eric Skrmetta, Commissioner
Foster L. Campbell, Commissioner
Lambert C Boissiere III, Commissioner
Mike Francis, Commissioner
Craig Greene, Commissioner

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Kathryn Bowman, LPSC Staff Attorney

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