

Staff's preliminary target recommendations arising from the Straw proposal and accompanying rationale.

For each year from 2015 to 2025, retail electric and natural gas distribution utilities shall implement energy efficiency programs that achieve electric and natural gas energy savings equivalent to the following applicable percentages:

Table 1 Year	Electric Incremental Savings Target %	Electric Cumulative Savings Target %	Gas Incremental Savings Target %	Gas Cumulative Savings Target %
2015	0.65	0.65	0.68	0.68
2016	0.59*	1.24	0.70	1.38
2017	0.65	1.89	0.70	2.07
2018	0.71	2.60	0.70	2.77
2019	0.77	3.37	0.70	3.46
2020	0.84	4.22	0.70	4.16
2021	0.92	5.14	0.70	4.85
2022	1.01	6.15	0.70	5.55
2023	1.10	7.25	0.70	6.24
2024	1.20	8.45	0.70	6.94
2025	1.31	9.76	0.70	7.63

Drivers for above mentioned targets:

- 1) Need to leverage CORE EE programs and expand gradually from the known to the unknown.
- 2) Need to differentiate between electrical and gas EE targets.
- 3) Using 2014 base year revenues, Staff proposed a gradual increase in electrical savings from 2015-2025 of 9.76% of 2012 kWh electrical usage.
- 4) Using 2014 base year revenues, Staff proposed a gradual increase in gas savings resulting in cumulative savings between 2015-2025 of 7.63% of 2012 gas MMBtu's.
- 5) Even in the first year of the EERS, assuming ceteris paribus, there would be insufficient funds to meet the target level of savings for either electric or gas. Electric shortfall in funding would be \$2.5 million, gas funding shortfall would be small at \$430,000 thus Staff recommended looking for private capital funding to augment the budget.
- 6) Need to segment customer groups and target programs accordingly to ensure that the greatest number of participants are reached in the most effective way.
- 7) In order to capture the greatest level of energy efficiency Staff recommend broadening the reach of the EERS beyond traditional customer driven energy savings while ensuring funding remain allocated between customer groups and programs in the most equitable manner.