



PPL companies

DSM Advisory Group Meeting

August 24, 2016



Agenda

- Welcome/Introductions
- Review of opt-out rules in other states
 - *Presentation from MEEA representative*
- Opt-out in surrounding states not in MEEA
- Review of Kentucky state law and current tariff
- DSM opt-out
 - *Energy intensive definition*
 - *Cost-effective energy efficiency measures*
- Analysis of industrial exemption impact
 - *Demand/Energy opt-out levels*
- Next steps

Case Study: Arkansas

- Request (via opt-out form) by customer to PSC by September 15th for following year and exempt for Supplier/Utility Program Planning Period; Allows Self-Direct
- Law based on Act 78 from 2015 and Act 253 from 2013
- Defining Industrial:
 - *NAICS sectors 31-33* and "...has a peak electrical demand of at least one (1) MW..." at single facility OR peak demand at multiple facilities that exceed 200 kW at each location with an aggregate of at least 1 MW*
 - *Note: Does allow NAICS exemptions*
- Customer must also have not accepted money or measures related to DSM program for 5 years prior
- PSC can decrease the peak demand requirements

Case Study: Virginia

- Customers can opt-out if:
 - *Have average demand between 500 kW and 10 MW and*
 - *Customer must provide annual M&V report to PSC with past/planned EE investments*
 - Note: Customers over 10 MW are automatically exempt
- For Dominion: Opt-Out is due by 3/1 of current year to Provider and PSC
 - *Notification after 3/1 will apply to following year*
- Based on Virginia Code § 56-585
- Customer can opt back in at any time
 - *Min period is for 3 years*
- Self-Direct is not offered

Case Study: West Virginia

- Customers can opt-out if:
 - *Have demand greater than 1 MW and*
 - *Customer must provide documentation to PSC on savings to retain opt-out status*

Note: Opt-out process can vary by provider

- Not a lot of specifics available for this state
- Self-Direct is not offered

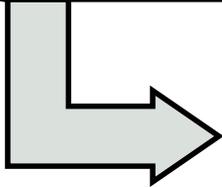
Kentucky DSM Opt-out language: key points

- Industrial customers: already defined in current tariff; potential for revised language
- Energy intensive processes: determined by level of demand in prior 12 month period
- Cost-effective energy efficiency measures: could be determined in annual form
- Not subsidized by other customer classes

Key Items to Consider in Tariff Language

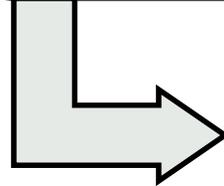
Industrial

- NAICS 21, 22, 31, 32, 33 and/or
- Raw material to finished goods



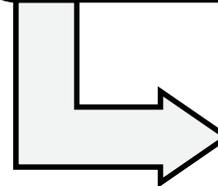
Energy Intensive

- For example: Avg. monthly demand > 1 MW
- Prior 12 months "base" demand



Cost-effective EE measures

- All measures cost-effective?
- Annual form?

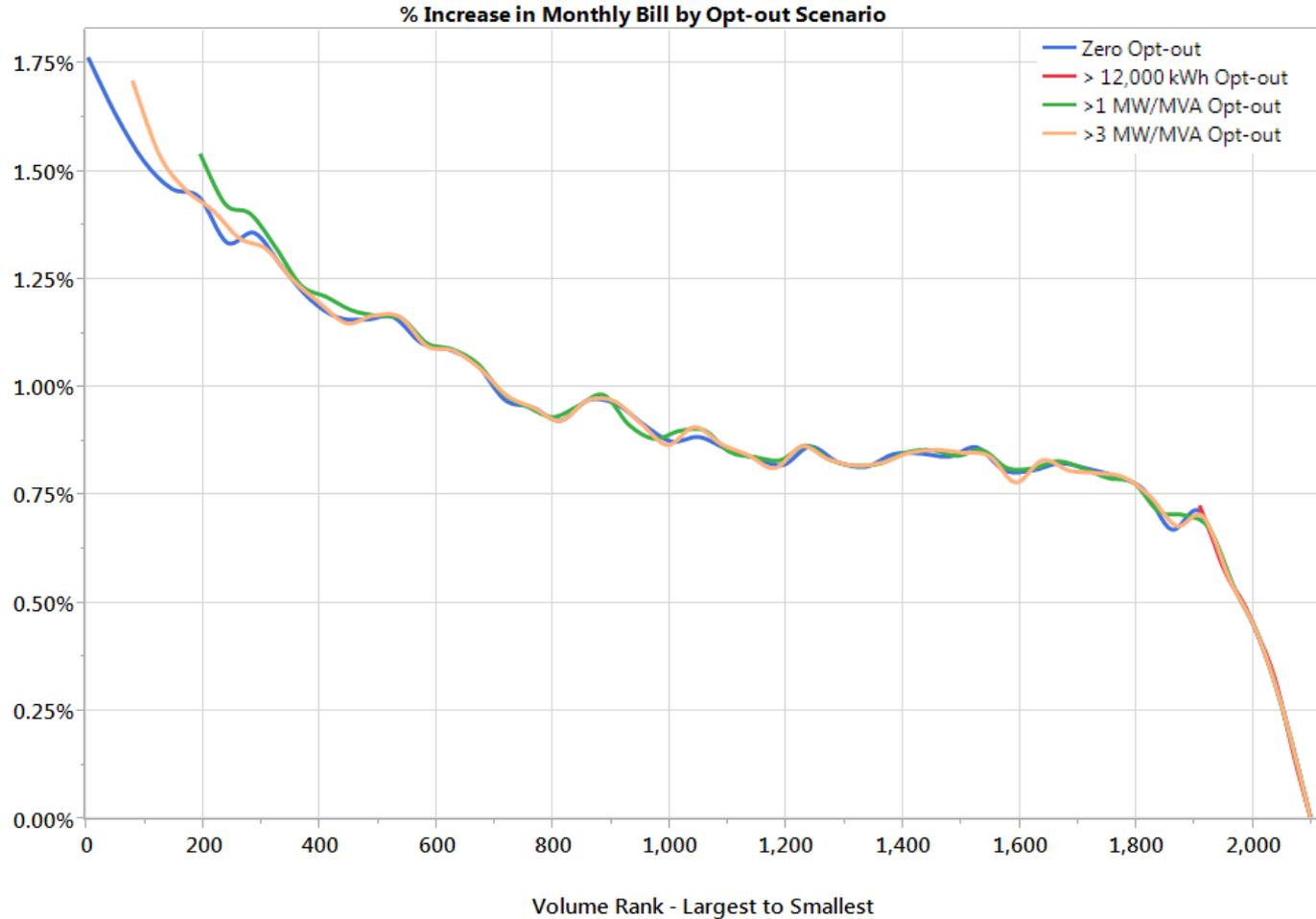


DSM Exempt

Impacts of different opt-out levels

	Zero opt-out	> 12,000 kWh	> 1 MW/MVA	> 3 MW/MVA
Customers contributing	2,097 (100%)	191 (9%)	1,834 (87%)	1,993 (95%)
Customers opted out	0	1,906 (91%)	263 (13%)	104 (5%)
Contributing MWh	8,264,635	860 (0.01%)	1,216,026 (15%)	2,435,155 (29%)
Opted out MWh	0	8,263,775 (99.99%)	7,048,610 (85%)	5,829,480 (71%)
Avg. monthly bill impact (%)	0.96%	0.41%	0.89%	0.93%
Interquartile range (middle 50%)	0.8 – 1.2%	0.2 – 0.6%	0.8 – 1.0%	0.8 – 1.1%

Opt-out Scenarios - Billing Impact



Next steps

- Next meeting – late September, October
- Finalize details around opt-out rules
- Review planning and timeline for next EE filing

Appendix

Opt Out Current Kentucky State Law: KRS 278.285

(3) The commission shall assign the cost of demand-side management programs only to the class or classes of customers which benefit from the programs. The commission shall allow individual industrial customers with energy intensive processes to implement cost-effective energy efficiency measures in lieu of measures approved as part of the utility's demand-side management programs if the alternative measures by these customers are not subsidized by other customer classes. Such individual industrial customers shall not be assigned the cost of demand-side management programs.

Current DSM Exemption Language

Same language for LG&E and KU

P.S.C. No. 17, Original Sheet No. 86, Section "AVAILABILITY OF SERVICE"

Industrial customers who elect not to participate in a demand-side management program hereunder shall not be assessed a charge pursuant to this mechanism. For purposes of rate application hereunder, non-residential customers will be considered "industrial" if they are primarily engaged in a process or processes that create or change raw or unfinished materials into another form or product, and/or in accordance with the North American Industry Classification System, Sections 21, 22, 31, 32, and 33. All other nonresidential customers will be defined as "commercial."

Detailed comparison of surrounding states

	AR	IN	OH	MO	VA	WV
Peak / Energy Threshold	1 MW	1 MW	700,000 kWh	2.5 MW	500 kW	1 MW
Following Year Deadline to Opt-Out	Sep 15th	Nov 15th	Provide 12 month notice	Not specified	By Mar 1 st for current year; if after 3/1, then for next year	Not specified
Opt-In Ability	✓	✓	✓	NA	✓	Not specified
Opt-In Period Min	Not Specified	3 Years	3 Years	NA	3 Years	Not specified
Opt-Out Administrator	PSC	Supplier / Provider	PSC & Supplier	PSC & Supplier	PSC & Supplier	PSC & Supplier
Self-Direct	✓	NA	✓	NA	NA	NA

Note: Opt-out not available in TN and IL.

Indiana Opt-Out Form (pages 1 & 2 of 3)

Indiana Opt-out



Energy Efficiency Program Opt-out Decision Form

INSTRUCTIONS

Please complete this form to notify Duke Energy Indiana if your eligible qualifying account(s) will not participate in Duke Energy Indiana's Energy Efficiency Programs.

To complete and save this form, please go to "File," then "Save As" and select the "PDF" option. Then, click the "Save a Blank Copy" button on the Adobe pop-up window.

Please return this form via one of the following methods on or before Nov. 15 of this year to opt out of the program effective Jan. 1 of the following year.

Email: LAMCASIndiana@duke-energy.com
 Mail: Duke Energy Indiana
 Attn: Customer Account Services
 1400 E. Indianapolis Rd.
 Greencastle, IN 46135

Each calendar year, this completed form must be returned to Duke Energy Indiana by Nov. 15 to qualify for an effective opt-out date of Jan. 1 the following year.

For more information about these programs, please visit our website at duke-energy.com/IndianaEE.

DEFINITIONS

DSM Rate Adjustment Factor: Mechanism used by utilities to collect Energy Efficiency Program costs.

Energy Efficiency (EE) Program: A program that is (1) sponsored by the company or a third-party administrator and (2) designed to implement energy efficiency improvements (as defined in 170 IAC 4-8-1(j)) for customers. The term does not include a program designed primarily to reduce demand.

Energy Efficiency Program costs: Costs recovered under Rider 66-A, including program costs, lost revenues and incentives, and reconciliation of applicable costs as approved by the Indiana Utility Regulatory Commission.

Qualifying customer: A customer that receives electric service at a single site constituting more than 1 megawatt of electric capacity from Duke Energy Indiana.

Qualifying load: A single site with at least one meter constituting more than 1 megawatt of electric capacity for any billing period within the previous 12 months prior to the qualifying customer's opt-out notification to the company. This energy usage shall be measured with a demand meter that is used to measure demand for billing purposes.

Single site: Unless aggregation of multiple delivery points is specifically permitted under the applicable approved rate schedule as of April 1, 2014, a single site shall be defined as contiguous property.

Indiana Opt-out

By opting out, each qualifying account listed on the form that is located at a single site with a qualifying load will not be charged the full Rider 66-A Energy Efficiency Revenue Adjustment rate. Note that customers who opt out will remain responsible for Energy Efficiency Program administrative and delivery costs that accrued, were incurred or relate to Energy Efficiency investments made before their effective opt-out date and will be billed at a lower Rider 66-A opt-out rate covering those costs in accordance with Rider 66-A.

These services/sites will not be eligible to participate in Duke Energy Indiana's Energy Efficiency Program during the period of your opt-out.

In identifying and listing the services that are to be opted out, the following guidelines apply:

- All services at a single site on a common rate must all either be opted out or opted in.
- The service that qualifies the site for opt-out by virtue of having more than 1 megawatt (MW) of demand must be opted out in opt-out any of the other services at the site.
- Only nonresidential services at the site are eligible for opt-out.
- For each qualifying single site, list all Duke Energy Indiana services that are being opted out. Specifically identify the service(s) using greater than 1 MW of electric demand for any billing period within the previous 12 months.
- Duke Energy Indiana may be required to provide the Indiana Utility Regulatory Commission with a list of those industrial or large commercial customers that have opted out of participation.
- You may opt back in to the Energy Efficiency Program effective Jan. 1 of any year by providing notice by Nov. 15 of the previous year. Once you opt back in to the Energy Efficiency Program, you must participate for at least three years after the date on which you opt back in and may only opt out effective Jan. 1 of the year following the third year of participation. If you opt out again before the end of the three-year period, you remain liable for and must continue to pay rates that include the Energy Efficiency Program costs.

If needed, use a separate document for each qualifying single site and include it when you submit this form to Duke Energy Indiana. If an energy efficiency incentive has been approved and is pending from Energizing Indiana or Duke Energy Indiana for the site, please simply check the box for any service at that site.

Provide account information exactly as it appears on your Duke Energy Indiana bill. Check all boxes that apply.			Greater than 1 MW demand in previous 12 months	Outstanding or pending incentive from Energizing Indiana or Duke Energy Indiana
Single Site/Contiguous Service Area*	Duke Energy Indiana Service (Account) ID	Service Address (Street, City)	<input type="checkbox"/>	<input type="checkbox"/>
			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

*Please address largest account with greater than 1 MW demand in previous 12 months first.



Indiana Opt-Out Form (page 3 of 3)

Please check the box to acknowledge the statement.

We hereby notify Duke Energy Indiana of our election, pursuant to Indiana Code 8-1-8.5-9(f), not to participate in any Duke Energy Indiana Energy Efficiency (EE) Program at our eligible site(s). We understand that to be eligible to opt out of EE Programs, we must have greater than 1 MW of electric demand on a single Duke Energy Indiana service at a single site. We also understand that this opt-out will be effective as of Jan. 1 of the coming year. We further understand that we will remain responsible for EE Program costs that accrued, were incurred or relate to EE investments made before Jan. 1 of this coming year.

Complete this section with information about the person at your company who is authorized to make decisions concerning this form and your Duke Energy Indiana account. In addition, provide your company information as it appears on your Duke Energy Indiana bill.

_____	_____
First and Last Name (please print)	Title
_____	_____
Company Name (as it appears on your bill)	Phone No.
_____	_____
Mailing Address 1	Fax No.
_____	_____
Mailing Address 2	Email
_____	_____
City	State ZIP
_____	_____
Signature	Date

Indiana Opt-out