

ActOnEnergy[®]

**2011 – 2014 Portfolio
Planning Assumptions**

April 13, 2010



AIU Planning Assumptions 2011-2014

Much is similar

- With ComEd, and/or with the current AIU Plan
 - Use of DS More
 - Cost Effectiveness Test
 - Diversity of Programs
 - Residential and Business Portfolios
 - Use of Prime Implementer Model
 - Challenge with Demand Response
 - Act On Energy Brand



Portfolio Transition

While some things are the same, some things have changed

- Electric EE Approaching budget cap
- Changing lighting standards
- ARRA funding & programs
- New Natural Gas energy efficiency standards

AIU Planning Assumptions:

- Electric Portfolio Planning Assumptions
- Gas Portfolio Planning Assumptions
- Combo Portfolio Planning Assumptions



AIU Electric EE Portfolio

Electric Portfolio Planning Assumptions

- Budget Cap will remain in place through next 3-year plan
- Strive to maximize savings within budget restrictions
- Plan filing will attempt to quantify cost needed to meet statutory savings goals for year 5 and 6.
- ICC can use this cost estimate in their report to the legislature in June of 2011.
- We will not attempt to hit year 4 or year 5 statutory goals by only offering inexpensive measures.
 - We will maintain a diverse portfolio across all customer segments, even if this means total savings fall short of the goal.

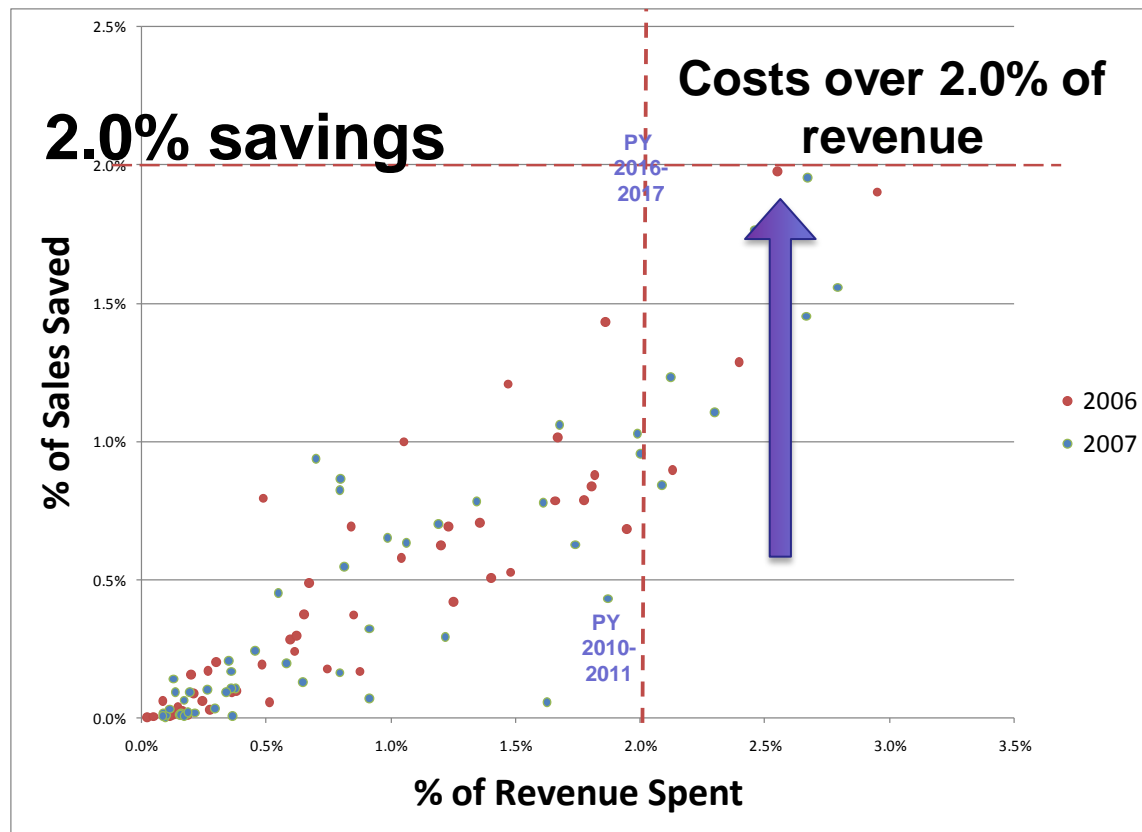
Statutory Consideration: “No later than June 30, 2011, the Commission shall review the limitation on the amount of energy efficiency and demand-response measures implemented pursuant to this Section.....”

EIA – FERC 861 (2006, 2007)

% of Revenue Spent vs. % of Sales Saved Annually

Dots represent separate utilities' % of revenue to achieve % savings

- Few utilities have saved over 1.0% of sales
 - only one has reached 2.0% of sales
- **Most utilities achieving over 1.0% of sales spent over 2.0% of revenue**
 - Saving near 2.0% of sales spent between 2.5% and 3.0% of revenue

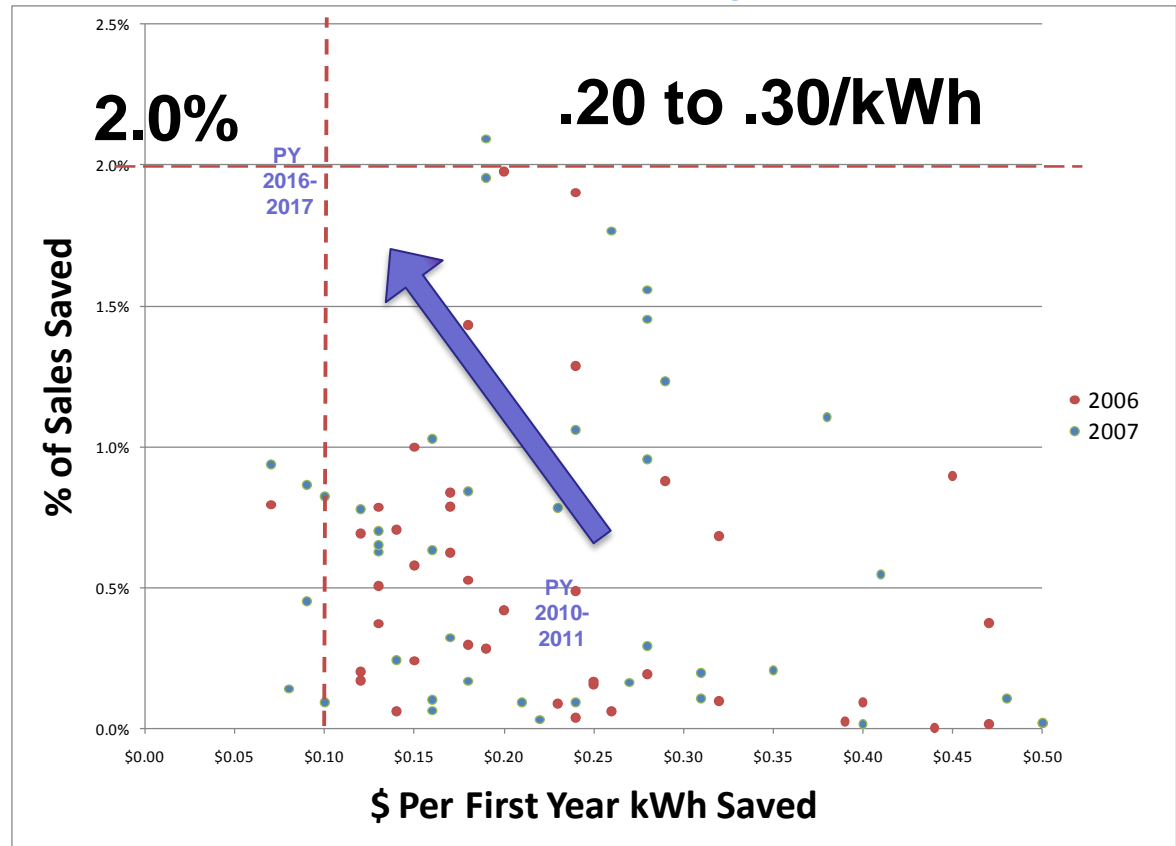


EIA – FERC 861 (2006, 2007)

\$/kWh vs. % of Sales Saved Annually

Dots represent separate utilities' cost/kWh to achieve % savings

- AIU will be required to achieve 2% savings
 - At an average of \$0.10 per kWh or less
- In 2006, 2007 only five utilities spent less than \$0.10 per kWh
 - achieving less than 1.0% savings
- **Utilities saving over 1.5% of sales spent between \$0.20 and \$0.30 per kWh**



* Outliers above \$0.50/kWh removed



AIU Natural Gas EE Portfolio

Gas Portfolio Planning Assumptions

- Gas savings goals to be based on PGA deliveries
- All gas customers participate in the program
 - except those carved out in legislation
- Gas funding based on PGA and delivery service revenues.
 - Excludes cost of commodity delivered on behalf of 3rd party suppliers
- **Legislation interpreted as:**
 - **The wholesale natural gas commodity for transportation customers is not a part of the calculation of either savings goals or cost recovery under the Act.**



Duel Fuel Savings Portfolio of Measures

Duel Fuel Savings Portfolio Planning Assumptions

- **Filing one Plan**
 - **With dual savings “bundled” programs (gas and electric)**
- **New TRC cost effectiveness test accommodates dual savings**
 - **And “societal” benefit**
- **Addition of On-Bill Financing**
- **Measurable behavior modification programs may be included**
 - **Such as Home Energy Reports (O-power) and In-Home Displays**

Statutory Consideration: Sec 8-104 F(6) “Demonstrate that a gas utility affiliated with an electric utility that is required to comply with Section 8-103 of this Act has integrated gas and electric efficiency measures into a single program that reduces program or participant costs and appropriately allocates costs to gas and electric ratepayers.”

