

TITLE 165. CORPORATION COMMISSION

CHAPTER 45. GAS SERVICE UTILITIES

AMENDED, SUBCHAPTER 23. DEMAND PROGRAMS

Effective January 1, 2017

**Last Amended in
The Oklahoma Register
Volume 31, Number 24
September 2, 2014 Publication
Pages 677 - 2558**

SUBCHAPTER 23. DEMAND PROGRAMS

165:45-23-1. Purpose

The purpose of this subchapter is to establish fair and reasonable rules for planning and implementing ~~energy efficiency programs~~ Demand Programs that may receive cost-recovery treatment from the Commission. The rules in this Subchapter shall apply to Demand Portfolios having program years that begin on January 1, 2017 and thereafter.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-2. Goals

(a) ~~The goal of energy efficiency programs is~~ goals of Demand Programs are to minimize the long-term cost of utility service-, to encourage and enable utility customers to make the most efficient use of energy, and to discourage the inefficient and wasteful use of energy.

(b) ~~As a part of the hearing process for approval of a utility's energy efficiency programs, the~~ The Commission may shall set specific savings goals for each utility to reduce natural gas achieve Net Source Energy usage Usage Savings and/or the rate of growth of natural gas usage generally, without adversely affecting customer comfort or state economic activity, based on market potential studies, base line studies, gas supply portfolios, risk management plans, or other evidence: presented as part of the hearing process for approval of a utility's Demand Programs.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-3. Definitions

The following words and terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Administrative Cost" means the expenses incurred in controlling supporting Demand Programs that are not tied to the marketing and delivery of those programs.

These expenses include:

(A) reviewing and selecting Demand Programs in accordance with this section;

(B) providing regular and special reports to the Commission, including reports of Demand Program savings;

(C) a utility's costs for an annual review of Demand Programs or true-up proceeding for cost recovery mechanism;

(D) Supervisory functions performed by Demand Portfolio Manager that are related to supervision of employees and related human resource administration.

"Average customer bill" means the value derived from the sum of all consumer bills in a particular customer sector divided by the number of consumers in that sector; i.e., the arithmetic mean. A utility may use the average customer bills for the customer

rate classes rather than the customer sectors if it chooses to do so and clearly identifies the choice.

"Barrier" means any physical or non-physical necessity, obligation, condition, constraint, or requisite that obstructs or impedes natural gas user participation in ~~energy efficiency programs.~~Demand Programs. Barriers may include but are not limited to language, physical or mental disability, access to capital, educational attainment, utility meter type, economic status, property status, or geography.

"Base line" means natural gas use, trend in natural gas use, and description of conditions affecting such uses and trends prior to implementation of ~~an energy efficiency program designed to affect particular uses and trends.~~Demand Program designed to affect particular uses and trends. When evaluating energy efficiency measures implemented as a result of non-fuel switching Demand Programs, the base line to be used in savings calculations shall be either the performance standard base line (the minimum efficiency available in the market), or a customized, project specific base line. When evaluating energy efficiency measures implemented as a result of fuel switching or non-prescriptive Demand Programs, the base line to be used in calculations shall be the replaced equipment efficiency.

"California Standard Practice Manual" means The California Standard Practice Manual: Economic Analysis of Demand Side Programs and Projects, 2001 edition, produced by the California Energy Commission and the California Public Utility Commission.

"Cost effective" and **"cost effectiveness"** mean utilizing a specified amount of money, in a way that delivers a benefit from available alternative uses, so long as the benefit's value exceeds the money spent.

"Customized opportunity" means an energy efficiency program tailored to an individual natural gas user's needs.

"Deemed savings" means an estimate of natural gas savings for a single unit of an installed energy-efficiency or renewable-energy measure that (1) has been developed from data sources and analytical methods that are widely considered acceptable for the measure and purpose, and (2) will be applied to measures that are deployed in significant numbers in similar ways.

"Demand portfolio" means a collection of energy efficiency programs, or as defined in this subchapter, Demand Programs including fuel switching programs offered or proposed by a natural gas utility; for example, a residential weatherization program and a program to trade tankless water heaters for tank water heaters ~~is or a general education program for energy efficiency may be contributors to a demand portfolio.~~

"Demand portfolio administrator" means the utility employee responsible for supervising the utility's energy efficiency efforts as proposed in compliance with this subchapter.

"Demand Program(s)" means the Energy Efficiency programs offered or proposed by a natural gas utility. Collectively, the Demand Programs make up the company's Demand portfolio.

"Education" means any formal program, training, or activity designed to raise awareness of, and participation in company specific Demand Programs or increase general knowledge concerning energy savings opportunities and efficiency topics. These programs shall include communication efforts designed to reach customers with

energy efficiency information through a variety of mediums including but not limited to television, radio, print and web-based media.

"Energy efficiency" means reducing natural gas consumption on the customer's side of the meter while achieving substantially the same level of end-use service.

"Evaluation, measurement, and verification" or "EM&V" means a systematic, objective study conducted periodically to authenticate, assess, and report how well a Demand program is achieving its objectives, including identification and quantification of inputs, outputs, outcomes, and unintended effects.

"EM&V Costs" means the costs associated with performance of studies and activities intended to determine the actual savings and other effects from Demand Programs.

"Free rider" means a program participant who would have implemented the program measure or practice in the absence of the Demand Program. Free riders can be total, in which the participant's activity would have completely replicated the program measure; partial, in which the participant's activity would have partially replicated the program measure; or deferred, in which the participant's activity would have completely replicated the program measure, but at a time after the time the program measure was implemented.

"Fuel switching" means changing from rate regulated natural gas to rate regulated electricity or from rate regulated electricity to rate regulated natural gas for a particular end-use service. It does not include installation of any device that relies primarily on on-site renewable energy, such as, but not limited to, a solar water heater, geothermal heat pump, or biomass gas-powered furnace.

"Goal" means a target to be achieved by a utility's demand ~~portfolio~~ Demand Portfolio. A goal may be expressed in thousand cubic feet, dekatherms, percentage reduction or limitation, and/or another quantifiable measurement approved by the Commission. When determining whether a goal is met, reductions or increases attributable to weather and economic activity will not be counted.

"Gross savings" means the values reported by a gas utility after the Demand Program activities have been completed, but prior to the time an independent, third-party evaluation of the savings is performed. As with projected savings estimates, these values may utilize results of prior evaluations and/or values in technical reference manuals. However, they are adjusted from projected savings estimates by correcting for any known data errors and actual installation rates and may also be adjusted with revised values for factors such as per-unit savings values, operating hours, and savings persistence rates. Gross savings can be indicated as first year, annual demand or energy savings, and/or lifetime energy or demand savings values.

"Hard-to-reach customers" means:

(A) Residential natural gas users who rent their residences from persons other than kin related to the third degree of affinity or consanguinity, trusts operated by and for the benefit of the users, or the users' legal guardians;

(B) Commercial natural gas users who rent their business property from persons other than the users' owners, parent companies, subsidiaries of their parent companies, their own subsidiaries, or trusts operated by and for the benefit of the same;

(C) Residential or commercial natural gas users who traditionally fail to engage in ~~energy efficiency programs~~ Demand Programs because of one or more barriers beyond those experienced by average residential or commercial customers in a utility's service area.

"Incentive" means a sum of money a utility may be allowed to recover, in addition to program costs and allowed lost net revenues, ~~which sum is designed to reward.~~ Incentives shall be based on the utility's verified savings from the Demand Portfolio for successful and appropriate energy efficiency and demand response the previous program performance year and shall be calculated as described in 165:23-45-8.

"Inducement" means ~~any thing~~ anything of value offered by a utility to encourage natural gas users or trade allies to engage in ~~an energy efficiency program~~ a Demand Program approved pursuant to this subchapter.

"Lost net revenue" means income from the retail sale of natural gas forgone by a utility directly resulting from the success of its demand portfolio, less expenses the utility was not required to pay by forgoing the sales. Lost net revenue shall be calculated using verified savings, shall exclude customer service charge revenues (non-volumetric revenues), and shall exclude revenues collected from riders with annual true-ups.

"Low-income customer" means a residential natural gas user who provides proof to a utility that the user has been determined by the appropriate authority to be eligible to receive services through the Oklahoma Department of Commerce Weatherization Assistance Program State Plan, as provided by OAC 150:80; Health Care Authority SoonerCare Choice or fee-for-service programs, as provided by OAC 317:25, 35, and 40; or Department of Human Services Temporary Assistance for Needy Families, State Supplemental Payment, Low Income Home Energy Assistance, Food Stamp, or Refugee Resettlement programs as provided by OAC 340:10, 15, 20, 50, and 60, respectively, or similar program.

"Market potential study" means an evaluation that assesses customer population base lines, customer needs, target customer populations, and how best to address these issues.

"Market transformation" means the strategic process of influencing customer population and trade ally's decision-making ~~to create~~ that creates lasting change in customer behavior by removing barriers or exploiting opportunities to accelerate adoption of cost-effective energy efficiency as a matter of standard practice.

"Measure" means the equipment, materials, or actions that are installed or used within ~~an energy efficiency program~~ a Demand Program that ~~result~~ results in measurable or verifiable savings; for example, a measure would include caulking around windows or weather stripping around doors to prevent heat loss.

"Natural gas user" means a real property freeholder or leaseholder at a specific location who consumes natural gas at that location, regardless of whether the consumer receives a gas bill directly from a utility.

"Net benefits" equal the difference between total benefits and total costs as calculated for cost-effectiveness. The economic objective of Demand Resource portfolios is to maximize net benefits. A portfolio is cost-effective if it yields positive net benefits.

"Net savings" means the total change in load that is directly attributable to a Demand Program or the Demand Portfolio. This change in energy and/or demand use

shall include, implicitly or explicitly, consideration of appropriate factors. These factors shall include free ridership, participant and non-participant spillover and induced market effects.

"Net Source Energy Usage Savings" means the total change in source energy usage that is directly attributable to a Demand Portfolio. This change in source energy usage will reflect the pre-treatment source energy usage of a device or process less the post-treatment source energy usage of a device or process and shall include, implicitly or explicitly, consideration of appropriate factors. These factors shall include free ridership, participant and non-participant spillover and induced market effects.

"Net-to-gross" means a factor representing net program savings divided by gross program savings that is applied to gross program impacts to convert them into net program impacts. The factor shall be made up of a variety of factors that create differences between gross and net savings, and commonly consider the effects of free riders and spillover.

"Program" means an organized set of activities or measures directed toward the common purpose of energy efficiency that a utility undertakes or proposes to undertake to reduce future natural gas usage or growth in natural gas usage; for example, a general offer to assist homeowners in weatherizing their homes is a program.

"Program cost" means the expenditures including expenditures paid to a third-party to deliver a program, incurred by a utility to achieve natural gas savings through energy efficiency programs, Demand Programs. Expenditures made by customers or third parties are not included. Programs costs must be reported in nominal dollars in the year in which they are incurred, regardless of when the savings occur. The utility's Demand Program program costs are all Administrative Costs, Education costs, labor, equipment, inducement, marketing, monitoring, measurement and evaluation, and other expenditures program delivery expenditures incurred by the utility for operation of the energy efficiency programs, Demand Programs, regardless of whether the costs are expensed or capitalized.

"Program implementer" means the person who puts an energy efficiency a Demand program Program into practical effect.

"Projected incentives" means the amount of estimated annual incentives calculated at the time the Demand Portfolio is submitted to the Commission for initial approval, or subsequent modification, of the Demand Portfolio.

"Projected savings" means the values reported by a natural gas utility prior to the implementation of the Demand Programs. These are typically estimates of savings prepared for Demand Program and/or Demand Portfolio design or planning purposes. These values are based on pre-program or Demand Portfolio estimates of factors such as per-unit savings values, operating hours, Net-to-Gross ratios, installation rates, and savings persistence rates. These values can be indicated as first year, annual energy savings, and/or lifetime energy values. These values can also be indicted as Gross savings and/or Net savings. Projected savings are reflected in the goal reduction as set in this Subchapter.

"Research and development" means a planned activity aimed at discovering new knowledge with the hope of developing new or improved energy efficiency processes, products, or services and the translation of these research findings into a plan or design for new or improved energy efficiency processes, products, and services.

"Savings" means a reduction in the use of natural gas or rate of growth of natural gas use, as measured in dekatherms or thousand cubic feet.

"Spillover" means the reductions in energy consumption caused by the presence of a Demand Program, beyond the Demand Program-related gross savings of the participants and without financial or technical assistance from the program. Spillover can be applied to participants, consumers directly participating in a Demand Program, and/or non-participants.

"Standard offer" means an ~~energy efficiency program~~ Demand Program available to a group of customers or customers generally on the same terms and without customization.

"Trade allies" means contractors, builders, developers, retailers, skilled laborers, service providers, and wholesale distributors who support ~~energy efficiency programs~~ Demand Programs through sale or installation of goods and services.

"Transportation Customer" means any customer who buys gas on the open market from any provider, and engages a regulated utility's pipeline to transport the gas to the customer's facility.

"Verified savings" means values reported by a natural gas utility after review by an independent third-party evaluator. The third party evaluator shall be chosen by the utility and such costs shall be determined to be a Program cost. These values should reflect all adjustments including corrections for any known data errors and actual installation rates, and should also be adjusted by revised values for known factors such as per-unit savings values, operating hours, savings persistence rates, and net to gross adjustments.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-4. Demand portfolio submission and implementation

(a) All natural gas utilities under rate regulation of the Commission having more than 25,000 meters in the state of Oklahoma shall propose, at least once every three years, and be responsible for the administration and implementation of a ~~demand~~ Demand portfolio Portfolio of ~~energy efficiency programs~~ Demand Programs within their service territories. Such proposals shall be made by filing an application with the Commission on or before ~~April~~ May 1 of the year the programs will be effective. The application shall describe the ~~demand~~ Demand portfolio Portfolio and contain the following information:

- (1) A description of the intent of the ~~demand~~ Demand portfolio Portfolio as a whole;
- (2) A description of the intent of each ~~program~~ Demand Program;
- (3) A description and quantification of the target market of each ~~program~~ Demand Program, differentiated by customer sectors;
- (4) A base line describing the state of the market that each program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards;
- (5) A description of the barriers to investment in energy efficiency in the absence of each ~~program~~ Demand Program and the ways each ~~program~~ Demand Program will reduce or eliminate these barriers;

(6) A description of research and public input that contributed to the development of the content of each ~~program~~Demand Program;

(7) A report of the cost-effectiveness of each ~~program~~Demand Program and the ~~demand portfolio~~Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy savings, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs;

~~(8) A description of how each program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned;~~

~~(8) A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations;~~

~~(9) A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned;~~

~~(9)~~(10) A plan for evaluation, measurement, and verification of performance and results of the demand portfolioDemand Portfolio and each program, including a plan for the use of deemed savings, if applicable, or the use of statistical sampling, if applicable, or the use of metering, where appropriate; provided that costs associated with the EM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget;

~~(10)~~(11) A plan for evaluation of the market effects of each programDemand Program or applicable group of programs;

~~(11)~~(12) A plan for evaluation of administration and implementation of each programDemand Program or applicable group of programs;

~~(12)~~(13) A plan for ending a programDemand Program, if applicable;

~~(13)~~(14) A process for amending a programDemand Program;

~~(14)~~(15) An annual budget for each programDemand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs;

~~(15)~~(16) A report on how the demand portfolioDemand Portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector;

~~(16)~~(17) A report on how the demand portfolioDemand Portfolio will meet savings goals that may be in place at the time of filing and or that are otherwise proposed in the filing;

~~(17)~~(18) An estimate of the expected savings in natural gas usage, with location information about the source of savings, if savings are not expected to be evenly distributed throughout the utility system;

~~(18)~~(19) A detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment of lost net revenue, and any additional incentives the utility proposes it requires to make the programs workable;

(19)(20) Identification of the ~~demand portfolio~~Demand Portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number; and

(b) Demand ~~portfolios~~Portfolios shall:

- (1) Contain ~~programs~~Demand Programs for all customer sectors;
- (2) Strike a balance among procuring natural gas savings, educating the public, and transforming markets for energy efficiency;
- (3) Include standard offers to customers and trade allies to encourage simple ways to participate, where appropriate;
- (4) Contain customized opportunities for energy efficiency among larger customers;
- (5) Not include programs or measures that promote fuel switching, with the exception of:
 - (A) programs or measures that promote renewable technologies such as biomass-derived methane, geothermal, solar and other renewable resources; or
 - (B) in the event after notice and hearing, such programs or measures are shown to promote the goals of the Commission pursuant to this Subchapter and/or otherwise to be in the public interest;
- (6) Have an implementation schedule of no more than three years;
- (7) Address opportunities presented by new construction and renovation;
- (8) Promote comprehensive energy efficiency in buildings; and
- (9) Address programs for low-income customers and hard-to-reach customers to assure proportionate ~~energy efficiency programs~~Demand Programs are deployed in these customer groups despite higher barriers to energy efficiency investments. Programs targeted to low-income or hard-to-reach customers may have lower threshold cost-effectiveness results than other programs.

(c) Demand portfolios may:

- (1) Include research and development and pilot programs that would lead to effective ~~energy efficiency programs~~Demand Programs or other energy end use efficiency for Oklahoma so long as the total budget for such programs does not exceed five percent of the total budget for ~~energy efficiency programs~~Demand Programs and the Commission finds the cost-effectiveness for the ~~demand portfolio~~Demand Portfolio remains sufficient;
- (2) ~~Allow~~Encourage utility cooperation in state, regional and national programs that have the potential to save natural gas in Oklahoma; ~~and~~
- (3) ~~Allow~~Encourage utility cooperation in state, regional and national programs to take advantage of economies of scale, provide consistent mass media messages, or otherwise improve program administration or customer acceptance; ~~and~~
- (4) Encourage utility cooperation in state, regional and national efforts to accelerate the development and improve the enforcement of building energy codes and product efficiency standards.

(d) Natural gas utilities having fewer than 25,000 meters in this state are exempt from filing application requirements in subsections (a) through (c); however, each qualifying natural gas utility shall submit to the director of the Public Utility Division for review, evidence of why it is not economically feasible to file the application requirements in subsections (a) through (c), and shall submit the following as evidence to further the goals of this Subchapter:

- (1) A description of the ~~programs~~Demand Programs that are economically feasible to implement; and
 - (2) The target market of each ~~program~~Demand Program.
- (e) Transportation customers shall not be subject to ~~energy efficiency programs~~Demand Programs and related ~~program~~Program costs implemented pursuant to this Subchapter.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-5. Commission consideration

- (a) In reviewing ~~demand portfolios~~Demand Portfolios, the Commission will consider:
- (1) The quality of the ~~programs~~Demand Programs in all their elements relative to their program objectives;
 - (2) Experience of the program administrator and program implementer, if known, at designing and implementing programs;
 - (3) The cost-effectiveness for each program and for the ~~demand portfolio~~Demand Portfolio; individual programs or individual measures for a specific program do not have to be cost-effective if their inclusion is expected to provide for greater comprehensiveness, customer or trade ally participation, or address Hard to Reach Customer participation;
 - (4) The savings goals;
 - (5) The availability of programs to all customers;
 - (6) The degree to which programs include innovative ways of increasing savings, increasing participation in programs, increasing market transformation, increasing customer education, or decreasing the cost to obtain savings or promote participation and include stakeholder interests;
 - (7) The effect on rates, average customer bills, and total cost of service;
 - (8) The effect on the environment, to the extent of Commission authority; and
 - (9) Other evidence the Commission finds relevant.
- (b) The Commission will endeavor to issue an order within ninety days of the filing of the application.
- (c) Whether a program is cost effective will be determined by the Commission and may be based on the tests found in the California Standard Practice Manual. The California Standard Practice Manual tests are to be used in conjunction with one another and no one test may be used to deem a program to be lacking cost-effectiveness. Results of the Rate Impact Measure Test contained in the California Standard Practice Manual shall also include an estimate of the impact on average customer bills.
- (d) A utility's recovery of prudently incurred program costs in rates or riders shall be determined by the Commission on a utility-specific basis; provided ~~costs other than for inducement shall not exceed ten percent of program costs and all program costs shall not add more than \$1.33 to the residential sector's monthly average customer bill.~~that:
- (1) Administrative costs shall not exceed ten percent (10%) of program costs;
 - (2) All program costs should not add more than \$1.60 to the residential sector's monthly average customer bill, unless benefits and rationale for exceeding cap can

be proven; bill impacts on other classes of customers should be reviewed and adjusted to reflect allocated Demand Program cost recovery; and

(3) Tariffs covering rates or riders for Demand Programs shall be updated to be in compliance with this Subchapter or in accordance with OAC 165:45-1-4(b) and (f).

- (e) Programs may be modified by the utility with forty-five days notice to the Commission without prior approval by the Commission under the following conditions:
- (1) The program is not terminated earlier than specified in the program; and
 - (2) The modification does not result in a shift of more than ten percent of the total demand portfolio budget resources away from programs serving any customer sector.
- (f) If the Commission receives an objection to the proposed program modification no later than thirty days after receiving the utility's notice, the Commission may, but is not required to, set a hearing before the Commission or an administrative law judge.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-6. Evaluation, measurement, and verification

(a) Utilities are responsible for timely evaluation, measurement, and verification (EM&V) of their ~~energy efficiency programs~~ Demand Programs. The EM&V should be conducted by an independent third party evaluator chosen by the utility and cost of such EM&V shall be determined to be a Program Cost.

(b) The intent of the evaluation, measurement, and verification process is:

- (1) To provide a reliable calculation of the net savings produced by ~~energy efficiency programs~~ Demand Programs;
- (2) To assess the effects of ~~programs~~ Demand Programs on the market for energy efficient products and services; and
- (3) To assess the effectiveness of the administration and implementation of ~~energy efficiency programs~~ Demand Programs.

(c) Utilities shall prepare and maintain a program-tracking database.

(d) Each evaluation, measurement, and verification plan for a program will explain the methods that will be applied with an explanation of how those methods will meet the requirements of this rule.

(e) Deemed savings, customer bill analysis, on-site metering, and statistical sampling will be permitted in appropriate applications.

(f) Assumptions with any supporting research about the ratio between gross savings in energy consumption by utility customers and net savings attributable to ~~energy efficiency programs~~ Demand Programs will be included in the evaluation, measurement, and verification plan.

(g) The evaluation, measurement, and verification process shall produce reports that are fully documented, auditable, and transparent.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-7. Reporting

(a) Each utility shall submit an annual report by April~~May~~ 1 of each year on the performance of energy efficiency programs~~Demand Portfolio~~ for the preceding program year and cumulative program performance which shall include the information enumerated in this section.

(b) The annual report shall be submitted with Verified savings information in order for PUD to evaluate incentives levels to be recovered from consumers. PUD will provide Company with written notification of incentive levels, confirming or identifying disputed amounts with rationale for dispute by September 1. Any undisputed incentives may be included in recovery according to formula rate or other tariff terms. Any disputed incentives amounts will be resolved during the subsequent formula rate filing or other tariff recovery reviews. True-up mechanisms and recovery for all other Demand Program Costs shall be included with formula rate filings or other tariff recovery mechanisms.

(c)~~(b)~~ The report shall contain detail ~~for a program~~ Demand Portfolio summary reflecting the scale of ~~the~~each program as a part of the ~~demand portfolio~~Demand Portfolio and ~~shall~~will include the following:

- ~~(1) A list of all programs and the date each program started;~~
- ~~(2) A list of savings realized for each program and the methods used to measure and verify these savings;~~
- ~~(3) The utility's annual growth or reduction in metered natural gas for the previous three years, with a calculation of the average growth or reduction rate over that entire period;~~
- ~~(4) The most current information available comparing projected savings to reported savings for each of the utility's programs;~~
- ~~(5) The most current information available comparing reported savings and verified achieved savings and an explanation of how each was measured;~~
- ~~(6) The most current information available comparing the base line and milestones to be achieved under market transformation programs with actual conditions in the market;~~
- ~~(7) A statement of funds expended by the utility for program administration, including evaluation, measurement, and verification;~~
- ~~(8) A statement of any funds that were committed but not spent during the year, by program, with an explanation for non-spending;~~
- ~~(9) A list of programs or program categories by customer sector stating:
 - ~~(A) The number of customers served by each program or program category;~~
 - ~~(B) The program or program category expenditures;~~
 - ~~(C) The verified energy savings achieved by the program or program category, when available;~~
 - ~~(D) A description of proposed changes in the program plans; and~~
 - ~~(E) Any other information prescribed by the Commission;~~~~
- ~~(10) A list of research and development activities included in the demand portfolio, their status, and a report on the connection between each activity and effective energy efficiency programs;~~

~~(11) Identification of program implementers, including names, job titles, business postal addresses, business electronic mail addresses, and business telephone numbers; and~~

~~(12) Identification of instances in new construction or renovation when an electric furnace or water heater could have been installed but the customer installed a natural gas device and a natural gas utility inducement was provided.~~

(1) The name of Demand Program listed by customer category;

(2) The date program was started or date the Demand Program was revised;

(3) The number of participating customers per Demand Program;

(4) By Demand Program, approved projected energy savings (in decatherms) as approved;

(5) The gross energy savings (in decatherms) and performance of each Demand Program;

(6) The verified energy savings (in decatherms) by Demand Program and methods used to verify;

(7) For Education programs measurements of outreach efforts, including pre-program and post-program results and copies of evaluations, surveys, focus group results, and other measurement techniques used to gauge the effectiveness of education efforts;

(8) The levelized cost per decatherm for the Demand Portfolio, Demand Programs, and by customer sector, including all assumptions used to make the calculation;

(9) The amount of reduced emissions and water consumption experienced by the utility, including all assumptions and calculations details, during the Demand Program period for the current program year;

(10) The Demand Portfolio funding as a percent of total annual gas revenue;

(11) The Demand Portfolio Net source energy savings as a percent of total gas annual usage;

(12) The projected program costs;

(A) These costs should be separated into the following categories to allow review of spending:

(i) Administrative costs;

(ii) Inducements: direct payments and other inducements;

(iii) Education and marketing costs;

(iv) Program delivery costs; and

(v) EM&V costs.

(B) Workpapers to allow review and reconciliation of accounting information:

(i) Utilities shall provide workpapers with working formulas, calculations, and linkages to support all costs;

(ii) General Ledger: A copy of, or access to, the general ledger and subledgers; and

(iii) Comparative Trial Balances: A schedule of, or access to, comparative trial balances detailed by account for the test year and the first preceding year.

(13) The actual program costs;

(A) These costs should be separated into the following categories to allow review of spending;

- (i) Administrative costs;
 - (ii) Inducements: direct payments and other inducements;
 - (iii) Education and marketing costs;
 - (iv) Program delivery costs; and
 - (v) EM&V costs.
 - (B) Workpapers to allow review and reconciliation of accounting information:
 - (i) Utilities shall provide workpapers with working formulas, calculations, and linkages to support all costs;
 - (ii) General Ledger: A copy of, or access to, the general ledger and subledgers; and
 - (iii) Comparative Trial Balances: A schedule of, or access to, comparative trial balances detailed by account for the test year and the first preceding year.
 - (14) Projected incentives – including projected cost effectiveness tests;
 - (15) Actual calculated incentives – including workpapers and working spreadsheets (formulas, calculations, linkages, and assumptions) for updated cost effectiveness tests, in sufficient detail to allow review of cost effectiveness calculations;
 - (16) The utility's annual growth in metered energy for the previous three years, with a calculation of the average growth rate over that entire period by customer class or major customer class segments;
 - (17) The most current information available comparing the base line and milestones to be achieved under market transformation programs with actual conditions in the market;
 - (18) By Demand Program, provide a summary of spending, including the following:
 - (A) Administrative costs;
 - (B) Inducements, including direct payments and other inducements;
 - (C) Education and marketing costs;
 - (D) Program Delivery Costs; and
 - (E) EM&V costs.
 - (19) A statement of any funds that were committed but not spent during the year, by program, with an explanation for non-spending;
 - (20) A detailed description of each Demand Program reflecting the scale of the program as a part of the Demand Portfolio that includes the following:
 - (A) Number of customers served by each Demand Program or program category;
 - (B) Program or program category expenditures;
 - (C) Verified energy and peak demand savings achieved by the Demand Program or program category, when available; and
 - (D) A description of proposed changes in the Demand Program plans.
 - (21) A list of research and development activities included in the Demand Portfolio, their status, and a report on the connection between each activity and effective Demand Program; and
 - (22) Identification of Demand Program implementers, including names, job titles, business postal addresses, business electronic mail addresses, and business telephone numbers.
- (d) (e) After receiving the report, the Commission:

- (1) May schedule a hearing about the performance of the programs, the outlook for the future, and other relevant issues and may consider requests from parties for a hearing; and
 - (2) Will endeavor to act on the report within ~~sixty~~ninety days by accepting the report, rejecting the report, or opening an investigation to inquire further into the report.
- ~~(e)~~(d) The Commission may direct the utility to make brief quarterly or monthly reports including measurements of key metrics and news of any unexpected developments in program Demand Program administration, delivery or planning.

[Source: Added at 26 Ok Reg 1859, eff 6-25-09; Amended at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-8. Incentives

(a) Each utility shall be eligible to receive an incentive for successful implementation of their Demand Portfolio if:

- (1) The Demand Portfolio achieves a minimum of 80% of the company's goal ratio (Verified savings divided by Projected savings);
- (2) and the Demand Portfolio achieves a total resource cost test benefit/cost ratio (TRC:B/CR) that is greater than one; and
- (3) No incentive shall be allowed for performance of the Demand Portfolio if the Utility fails to pass all of these threshold measures (OAC 165:45-23-8(a)(1) and (2)).

(b) The Incentive will be calculated as follows:

(1) A maximum incentive of 15 percent of Net Benefits will be paid for achievement of 100 percent (100%) or greater of the Utility's total annual Net Energy Source savings goal.

(A) The goal ratio (Verified savings divided by the Projected savings) must be 80% or greater to receive an incentive.

(B) Incentive for savings achieved between 80 and 100 percent of the savings goal will be determined by multiplying the goal ratio by the maximum incentive percentage.

(2) The Demand Portfolio costs to be included for review of achievement of Demand Portfolio shall include all costs incurred for implementation of Demand Programs including all program costs, education or outreach program costs, Administrative costs, and EM&V costs.

(3) Costs incurred for the implementation or reporting of the Demand Programs which are not directly incurred for a specific program are to be allocated to all Demand Programs and included as part of the Demand Program costs in determining Demand Portfolio cost effectiveness.

(c) The Incentive will be capped at 15 percent of Demand Portfolio costs inclusive of program delivery costs, education, and/or marketing outreach costs, Administrative costs and EM&V costs.

[Source: Added at 31 Ok Reg 1067, eff 1-1-2017]

165:45-23-9. Stakeholder process

(a) Each utility shall have, at a minimum semi-annual stakeholder meetings, one of which is to be held within 30 days of the submittal of the Annual Report, as set forth in 165:45-23-7. Notice of such meetings shall be made at least 30 days prior to the date of the stakeholder meeting.

(b) At each meeting the utilities will present their most current data as to savings goal attainment and budget expenditures at the Demand Portfolio, customer sector and Demand Program level. The utility will highlight any Demand Program changes implemented since the previous meeting and any planned changes that will occur prior to the next meeting.

(c) In the years in which a utility plans to file a Demand Portfolio application as required by OAC 165:45-23-4, the Public Utility Division shall use one of the semi-annual stakeholder meetings to obtain stakeholder feedback on the proposed application.

[Source: Added at 31 Ok Reg 1067, eff 1-1-2017]