STATE OF SOUTH CAROLINA

BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2015-45-E

In the Matter of:	)	
South Carolina Electric & Gas Company's 2015 Annual Update on Demand Side Management Programs and Petition for an Update to Rate Rider	)	COMMENTS OF SOUTH CAROLINA COASTAL CONSERVATION LEAGUE AND SOUTHERN ALLIANCE FOR CLEAN ENERGY

The South Carolina Coastal Conservation League and Southern Alliance for Clean Energy (collectively, "Petitioners") hereby file the following comments on South Carolina Electric & Gas Company's ("SCE&G" or "the Company") January 30, 2015 Annual Update on Demand Side Management Programs and Petition to Update Rate Rider ("Petition"). In its filing, SCE&G (i) submits information concerning the status of its demand response and energy efficiency (together, Demand Side Management or "DSM") programs for the Commission's review; and (ii) petitions the Commission for authorization to update its "Rider to Retail Rates – Demand Side Management Component" to provide for the recovery of SCE&G's costs, net lost margin revenue, and shared savings incentive associated with its DSM programs. SCE&G requests that the updated rider become effective for bills rendered on and after the first billing cycle of May 2015.

Petitioners generally support SCE&G's Petition, including the requested DSM rate adjustments. However, several aspects of the Company's Petition warrant concern, particularly the declining energy-savings performance of SCE&G's DSM programs. These comments discuss the following issues: (1) lower than anticipated savings in Program Year ("PY") 2 and PY3; (2) a projected reduction in efficiency savings for PY4 and PY5; (3) changes to the ENERGY STAR lighting program that have resulted in dramatic reductions in projected program impacts; (4) program recommendations to boost participation and energy savings; and, (5) recommendations aimed at improving energy efficiency reporting.

I. SCE&G achieved lower savings in PY3 than in PY2, but per-kWh costs held steady.

SCE&G's overall DSM energy savings achievements declined from PY2 to PY3. As shown in Table 1, on the following page, the Company's incremental savings dropped from 111 GWh in PY2 to 105 GWh in PY3.[1] In PY3, the Company achieved 70% of its projected savings, compared with 91% of its originally projected savings for PY2. Expressed as a percentage of retail sales, the Company's DSM programs delivered 0.50% in PY2 and 0.49% in PY3.

[1] For program level details, see Table 3/Exhibit 1 and Table 6/Exhibit 4.

Table 1. Incremental Projected and Actual Savings as a Percentage of Sales (GWh)

	Projected Energy Savings	Actual Energy Savings	Prior-Year Retail Sales[2]	Projected Savings as Percentage of Sales	Actual Savings as Percentage of Sales
PY1 (Oct 2010 – Nov 2011)	103	57	22,922	0.45%	0.25%
PY2 (Dec 2011 – Nov 2012)	123	111	21,151	0.56%	0.50%
PY3 (Dec 2012 – Nov 2013)	150	105	21,304	0.70%	0.49%
PY 4 (Dec 2013 – Nov 2014)	115	83[3]	21,371	0.54%	0.39%
PY5 (Dec 2014 – Nov 2015)	71	NA	NA	0.33%[4]	NA

In last year's Petition, SCE&G stated, "preliminary results indicate the energy savings in Program Year 3 are projected to be greater than 90% of forecast."[5] Had this projection been borne out, it would have resulted in 135 GWh of actual savings, representing 0.63% of retail sales. In comments on that Petition, CCL and SACE complimented the Company for increasing its absolute savings from PY1 to PY2, and expressed optimism that, with continued improvements, the Company could achieve annual savings of 1% or more and become a regional leader in energy efficiency deployment.[6] Unfortunately, the disappointing savings level achieved by the Company in PY3 shows that prior optimism was unwarranted.

[2] Retail sales are listed for the prior calendar year as reported in the EIA Form 861.
[3] Calculated based on Company Exhibit 1; reflects expected savings prior to EM&V.
[4] Calculated based on savings in Company Exhibit 1 and the PY4 retail sales projection.
[5] Petition, Docket No. 2014-44-E. Calculated by CCL/SACE as a percentage of 2013 sales.
[6] Comments of CCL and SACE, Docket No. 2014-44-E.

Despite its underperformance in terms of total savings, SCE&G's portfolio appears to be maintaining its cost-effectiveness. Overall, the DSM portfolio achieved 74% of projected savings in PY3 at 74% of projected total costs, as shown in Table 3 of the Appendix to these comments. CCL and SACE commend SCE&G for achieving a per-kWh cost of saved energy on par with projected cost per kWh. The fact that the Company spent less than it projected and achieved commensurately lower savings, however, raises the question of whether a strategic increase in program spending could have yielded additional cost-effective savings. For example, an incremental increase in program marketing might have increased participation and resulted in a greater level of achieved savings. Unfortunately, the Company has only reported total program costs and has not provided a breakdown of program costs that could shed light on the distribution of spending across various components of program implementation and administration. Petitioners recommend that, in future Petitions, the Company report detailed projected and actual cost components for each of its DSM programs. Petitioners further recommend that SCE&G work with the Advisory Group to develop cost reporting procedures using the Florida Power & Light tables in Appendix A as an example.

As shown in Table 2, on the following page, four programs achieved greater-than-projected savings in PY3: Home Energy Checkup, at 240% of projected; ENERGY STAR Lighting, at 184% of projected; Home Energy Report, at 146% of projected; and, Neighborhood Energy Efficiency ("NEEP"), at 106% of projected. With the exception of NEEP, which is focused on low-income residents, each of these programs also achieved a higher level of cost-effectiveness than projected. Home Energy Check-Up, in particular, excelled in cost-effectiveness in PY3, achieving well over twice its projected savings while spending only 84% of its budget. The other seven programs underperformed relative to PY3 savings projections. Despite changes to its DSM program portfolio, a worrisome pattern of underperformance persists at the portfolio level.[7]

Table 2. Program Performance Compared to Projections in PY3[8]

Program Name	% of Net Savings Projection	% of Cost Projection	% of Participation Projection
ENERGY STAR Lighting	184%	114%	214%
Home Energy Report	146%	134%	144%
Heating & Cooling and Water Heating	43%	65%	83%
Home Energy Check-Up	240%	84%	105%
Heating & Cooling Efficiency Improvement	7%	18%	6%
Neighborhood Energy Efficiency (NEEP)	106%	134%	102%
Energy Information Display	16%	59%	17%
ENERGY STAR New Homes	55%	67%	25%
Home Performance with ENERGY STAR	8%	35%	15%
C&I Prescriptive and Custom	40%	122%	150%
Total	74%	74%	-

Petitioners encourage the Company to work with the Advisory Group to develop solutions to improve the performance of the ongoing DSM programs. SCE&G's rates have risen significantly in recent years, and are expected to continue to rise. Energy efficiency programs are a proven source of bill relief for households and businesses alike, and tapping the efficiency resource also reduces system costs, thereby benefitting all customers, including non-participants. For these reasons, the performance and accessibility of the Company's efficiency programs are of critical importance, and warrant close scrutiny.

[7] Heating & Cooling Efficiency Improvement was phased out in PY3, and the program's duct improvement measures were added to Heating & Cooling and Water Heating in PY4. Additionally, Energy Information Display was phased out in PY4, and the Commission approved the elimination of Home Performance with ENERGY STAR in April 2014, and C&I Prescriptive and Custom was redesigned and rebranded as EnergyWise for Your Business in PY4.
[8] Petition Exhibit 2.

II. SCE&G expects a significant decrease in savings in PY4 and PY5.

While the drop in actual savings from PY2 to PY3 warrants significant concern, the meager savings projected by the Company for PY4 and PY5 are even more alarming. Based on preliminary results prior to the completion of Evaluation, Measurement and Verification[9] ("EM&V"), the Company expects to achieve only 83 GWh of savings in PY4, which would represent 0.39% of 2013 retail sales. As shown in Table 3, below, pre-EM&V results indicate that every program is expected to fall short of its previously reported savings forecast, except for the Home Energy Reports program.

Table 3. Pre-EM&V Program Savings in PY4 as a Percentage of Projections

Program Name	**PY4 Projection (GWh)**	**PY4 Pre-EM&V as % of Projection**
Home Energy Reports	6.49	193%
Home Energy Check-Up	2.57	24%
Neighborhood EE Program	1.32	90%
Appliance Recycling	1.86	1%
Heating & Cooling and Water Heating	12.78	40%
HVAC Efficiency Improvement	-	-
Energy Information Display	1.63	53%
ENERGY STAR Lighting	53.57	69%
Home Performance with ENERGY STAR	1.61	42%
ENERGY STAR New Homes	0.75	42%
C&I Prescriptive and Custom	-	-
EnergyWise for Your Business	28.82	86%
Small Business Direct Install (SBDI)	3.31	0%
Totals	**114.71**	**72%**

SCE&G has also revised its savings projections for PY5, as shown in Table 4, on the following page. SCE&G's projection for PY5 indicates that savings are expected to decline even further, to 71 GWh, representing only 0.33% of 2013 retail sales. As shown in Table 1, savings in PY4 and PY5 are expected to fall well-short of the Company's past

[9] Petition Exhibit 1.

annual savings levels, and are also significantly below the projected levels of savings included in the portfolio plan, as approved by the Commission in Order No. 2013-826.

Table 4. Changes in PY5 Savings Projections since Company Petition in Docket No. 2014-44-E

Program Name	Prior PY5 Projection (GWh)	Current PY5 Projection (GWh)	% Change
Home Energy Reports	6.70	12.91	93%
Home Energy Check-Up	2.74	1.12	-59%
Neighborhood EE Program	1.41	1.42	1%
Appliance Recycling	2.33	1.63	-30%
Heating & Cooling and Water Heating	13.20	4.45	-66%
HVAC Efficiency Improvement	-	-	-
Energy Information Display	1.99	-	-100%
ENERGY STAR Lighting	58.92	5.95	-90%
Home Performance with ENERGY STAR	2.03	0.10	-95%
ENERGY STAR New Homes	0.82	0.42	-49%
C&I Prescriptive and Custom	-	-	-
EnergyWise for Your Business	32.71	40.00	22%
Small Business Direct Install (SBDI)	5.39	3.31	-39%
Totals	**128.24**	**71.31**	**-44%**

Table 5, on the following page, shows that several programs are expected to experience significant year-over-year reductions in savings in PY4 and PY5. However, the Petition does not adequately explain the precipitous and ongoing drop in expected incremental savings. As discussed in greater detail below, CCL and SACE recommend that the Commission require the Company to work with the Advisory Group to develop requirements for stakeholder and Commission review of certain DSM program modifications.

Table 5. Achieved and Forecasted Savings by Program for PY1-PY5 (GWh)

Program Name	PY1[10]	PY2[11]	PY3[12]	PY4[13]	PY5[14]
Home Energy Reports	9.31	3.72	12.35	12.52	12.91
Home Energy Check-Up	0.59	1.92	2.42	0.63	1.12
Neighborhood EE Program[15]	-	-	0.45	1.18	1.42
Appliance Recycling[16]	-	-	-	0.01	1.63
Heating & Cooling and Water Heating	1.59	10.03	4.66	5.11	4.45
HVAC Efficiency Improvement[17]	0.04	0.50	0.83	-	-
Energy Information Display[18]	0.20	0.30	0.36	0.86	-
ENERGY STAR Lighting	37.32	65.92	54.31	36.71	5.95
Home Performance with ENERGY STAR	0.08	0.50	0.29	0.68	0.10
ENERGY STAR New Homes	0.20	0.91	0.34	0.31	0.42
C&I Prescriptive and Custom[19]	8.02	26.82	29.37	-	-
EnergyWise for Your Business	-	-	-	24.64	40.00
Small Business Direct Install (SBDI)[20]	-	-	-	-	3.31
Totals	**57.33**	**110.62**	**105.38**	**82.67**	**71.31**

In addition, Petitioners note that SCE&G did not report updated program performance projections for PY6. Given the magnitude of the revision in expected PY5 savings, CCL and SACE recommend that the Company provide updated PY6 program performance projections in a supplemental filing in the instant proceeding, in order to inform the Commission of any further expected deviation from the approved PY4-PY6 portfolio plan.

[10] Petition, Docket No. 2013-50-E, Exhibit 2.
[11] Petition, Docket No. 2014-44-E, Exhibit 2.
[12] Petition, Exhibit 2.
[13] Pre-EM&V results, Petition, Exhibit 1.
[14] Forecast, Petition, Exhibit 1.
[15] Launched July 30, 2013.
[16] Launched October 30, 2014.
[17] Ended in PY3; duct improvement measures rolled into Heating & Cooling and Water Heating in PY4.
[18] Discontinued in PY4.
[19] Redesigned and rebranded as EnergyWise for Your Business in PY4.
[20] Launched November 24, 2014.

III. The dramatically reduced ENERGY STAR lighting program PY4 savings and PY5 revised savings threaten to undermine the performance of the entire portfolio.

Historically, over half of the Company's portfolio-level energy savings—50-65%—have come from a single program, the ENERGY STAR lighting program. The program was cost-effective and achieved 184% of its savings forecast in PY3. However, based on PY4 pre-EM&V results, SCE&G estimates that the ENERGY STAR lighting program achieved only 69% of the savings it was projected to achieve. In PY5, the Company forecasts that the program will achieve only 10% of the original forecasted program savings—a reduction from 59 GWh to 6 GWh.

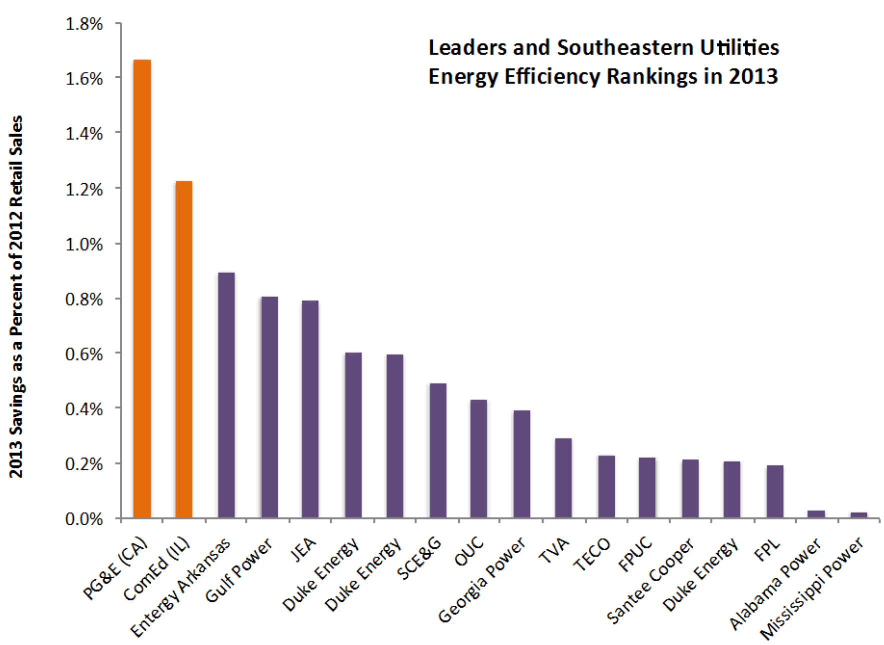
SCE&G's application does not explain what caused this reduction in ENERGY STAR lighting program savings for PY4 and PY5. It appears that the transition away from a retail point-of-purchase design, to the forthcoming online-store design, could be a major contributing factor.

Petitioners support a shift toward a diversified portfolio of programs that does not rely too heavily on a single program to deliver results. Residential lighting remains a significant potential source of cost-effective energy savings, however. The Company should strive to maintain its previously high level of savings in the ENERGY STAR lighting program while ramping up savings in its other programs (and rolling out new programs) to achieve a more robust DSM portfolio. Portfolio-level energy savings appear to have dropped by 50 GWh, or more, across PY4 and PY5. This 50+ GWh lost opportunity represents potentially millions of dollars in avoided system costs, and tens of thousands of residential customers who could have saved money on their power bills in 2014 and 2015. Petitioners recommend that the Commission require SCE&G to explain this dramatic drop in program savings by filing a supplement to its Petition, discussing the changes to the lighting program and the causes behind the recent decline in actual PY4 savings and the projected decline in PY5 savings.

IV. SCE&G has vast energy efficiency potential that it is not capturing.

Overall, SCE&G's actual and expected DSM savings performance in PY3-PY5 not only lags far behind the top-performing utilities from across the country, but it also lags behind the leading utilities in the Southeast, where savings have historically been more modest than in other regions. The Company's DSM savings are compared to those of national leaders and regional peers in Figure 1, below.

Figure 1. Savings Achieved by Southeastern Utilities and National Leaders[21]



As discussed in the following paragraphs, several pathways are available for SCE&G to increase its energy efficiency savings impacts, both through new programs

[21] SACE analysis.

and modifications that will improve existing programs. This discussion is not meant as a comprehensive suite of recommendations, but rather is intended to highlight key approaches that would help SCE&G maximize deployment of efficiency across its service territory, thereby reducing system costs and helping customers to save on their monthly power bills.

A. Commercial and industrial self-direct program.

Commercial and Industrial ("C&I") customers represent a significant portion of the savings potential in SCE&G's service territory, but only a small amount of that potential is being captured by the existing C&I programs. One of the primary drivers of this unrealized potential is the high rate of large commercial and industrial customers "opting out" and choosing not to participate in the Company's DSM programs.

Unfortunately, the trend in opt-outs is headed in the wrong direction. Although the number of customers opting out of the Company's DSM tariff and programs dropped from 379 customers at the start of PY2 to 327 at the start of PY3, C&I opt-outs increased to 356 in PY4 and to 440 in PY5, as shown in Table 4, on the following page. C&I accounts that have opted out represent a large source of potential energy savings: in its Petition, SCE&G states that retail sales associated with the 440 opted-out accounts "represent approximately 24% of SCE&G's total retail electric load."[22]

[22] Petition at 10.

Table 4. SCE&G Commercial and Industrial Opt-out Rates at The Beginning of Each Program Year

Year	Customers	% of Industrial Sales
PY1	362	70%
PY2[23]	379	71%
PY3[24]	327	67%
PY4	356	82%
PY5	440	NA

Petitioners have previously expressed concern about the Company's high opt-out rate. C&I customers represent a large pool of efficiency potential that the Company could tap to boost its savings achievements; in addition, without greater accountability, opted-out customers that do not install energy efficiency measures on their own can act as "free riders" that receive, at no cost, the system-wide benefit of energy efficiency savings produced by participating customers.[25]

In PY3, the C&I Prescriptive and Custom program yielded the second-highest percentage of SCE&G's total DSM portfolio savings, at 28%, and saw a significant increase in savings over PY2. These results were achieved even though the program saved only 40% of the energy it was projected to save. In contrast to the program's energy savings, participation in the program exceeded expectations, at 150% of forecast, and program costs were at 122% of forecast. The discrepancy between the C&I Prescriptive and Custom program's savings, cost, and participation rate relative to forecasts may be explained by the high rate of opt-outs among large customers that would have achieved a higher rate of savings per participant than smaller customers. In the PY3

[23] 2012-55-E, Petition at 7.
[24] 2013-50-E, Petition at 9.
[25] Testimony of Natalie Mims, Docket No. 2013-208-E and in CCL and SACE's comments in Docket No. 2014-44-E.

EM&V report filed in Docket No. 2013-208-E, contractor Opinion Dynamics noted that the PY2 savings forecast was established prior to the provision allowing opt-outs, so "the forecast is not necessarily a valid point of comparison for actual program performance." The Company's response to a data request in the prior DSM rider proceeding, Docket No. 2014-44-E, indicated that the PY4-PY6 portfolio plan used actual large customer participation rates from PY1 and PY2 to project participation moving forward. While opt-out eligibility was expanded to large commercial customers after the PY4-PY6 portfolio plan was created, the PY4-PY6 non-residential projections should be a better point of comparison for non-residential program performance than in the first planning cycle.

The contrast between projected and actual savings and participation by opt-out eligible customers highlights the importance of capturing savings from the energy-intensive C&I sectors. To minimize the opt-out rate and increase energy savings, the Company should pursue opportunities to offer programs that appeal to large customers. Encouragingly, SCE&G appears to be taking steps in this direction. Pursuant to Commission Order No. 2013-826, SCE&G replaced its C&I Prescriptive and Custom program at the beginning of PY4 with its redesigned EnergyWise for Your Business ("EWYB") program. Pre-EM&V results for PY4 indicate that the new EWYB program is expected to achieve somewhat lower savings than the predecessor C&I program achieved in PY3. However, the Company forecasts that EWYB will increase its savings by 62% in PY5 to surpass the ENERGY STAR Lighting program as the top-saving program, with 40 GWh in savings and 56% of total forecasted DSM portfolio savings. In addition, SCE&G launched its new Small Business Direct Install program in late PY4 and expects it to achieve 3 GWh in savings in PY5.

CCL and SACE are hopeful that the new C&I programs will achieve the savings forecasted for PY5. However, to more fully address the needs of large C&I customers, Petitioners renew their prior recommendation that SCE&G launch a "self-direct" energy efficiency program targeted to its large C&I customers.[26] Petitioners emphasize that this recommendation is more urgent than ever due to the increasing opt-out rate, the recent and forecasted performance of the Company's C&I programs, and the lack of measures in the new C&I programs targeting large customers (EWYB includes lower incentives for many measures than the previous program, and a $100,000 cap per customer each year).[27] As Petitioners outlined in prior comments, a self-direct program would require that customers put money aside to implement energy efficiency measures that are appropriate for their companies. Generally, it also requires a more detailed level of reporting than an opt-out policy. Self-direct programs strike a balance between requiring customers to participate in utility energy efficiency programs that may not be suited to them, and allowing customers to simply state that they will implement energy efficiency measures on their own with little or no accountability.

B. SCE&G should work with the Advisory Group to develop an on-bill financing program for residential and C&I customers.

One of the main barriers to customer participation in DSM programs is the up-front cost of installing cost-effective efficiency measures. Even for DSM programs that include customer incentives, customers must often bear much of the up-front cost of

[26] CCL and SACE previously recommended, in Docket No. 2014-44-E, that the Company adopt such a program.
[27] Petition Exhibit 1.

energy-efficient appliances or home improvements. Many customers do not have money in the bank to pay for these upgrades, or may not be able to obtain financing on favorable terms. CCL and SACE recommend that SCE&G evaluate on-bill financing ("OBF") programs for residential and C&I customers, as a cost-effective way to give customers access to capital. An OBF program allows customers to finance energy efficiency upgrades by providing customers with low-interest loans that are repaid on the customer's electric bill. Because the energy-efficient home improvements reduce the customer's energy use, the customer's bill can be lower even when loan repayments are added.

OBF already has a track record of success in South Carolina that could serve as a model for SCE&G to consider. In 2011, the South Carolina Electric Cooperatives of South Carolina launched a pilot OBF program, branded as "Help My House," which proved highly effective during its implementation in 2011 and early 2012. Under the Help My House pilot, homes were targeted for upgrades based on energy audits. Loans were then made available to customers for efficiency upgrades, to be repaid over time through the customer's electric bill. Program participants' electric utility bills were reduced by 34%, with an average net annual savings of $288 per meter including the cost of the monthly financing payments, with the average participating home expected to save a net amount of over $8,500 over 15 years.[28] The Help My House pilot has since been studied as a model by other utilities seeking to implement OBF programs in other states across the Southeast, including Arkansas, North Carolina, Georgia and Tennessee.

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[28] Environmental and Energy Study Institute (EESI), The Help My House Model, available at http://www.eesi.org/obf/coops/helpmyhouse (last visited March 24, 2015).

Adopting a well-designed OBF program would enable SCE&G to leverage private capital to increase participation in the Company's DSM programs, while ensuring program cost-effectiveness and helping customers save money with relatively low risk.

C. SCE&G should work with the Advisory Group to develop additional low-income energy efficiency programs.

Robust energy efficiency programs for low- and fixed-income households are essential to ensuring that all customers are able to afford basic utility service on a sustainable basis. According to the Georgia Environmental Finance Authority ("GEFA"), low-income customers typically spend 19% of their income on energy, far exceeding other residents, who spend 3.5% of their income on energy.[29] Low-income residents also tend to live in less efficient housing.[30] As a result of these factors, low-income programs can yield very high levels of energy savings, with even basic weatherization creating an average of $350 or more in savings per year.[31]

CCL and SACE commend the Company for its implementation in PY3 of the Neighborhood Energy Efficiency program. However, the program does not fully address the needs of low-income families because it does not include all cost-effective energy efficiency measures, and it only targets specific neighborhoods. In order to address these gaps, Petitioners recommend that SCE&G work with the Advisory Group to develop low-income weatherization programs to expand the offerings of locally administered Weatherization Assistance Programs ("WAPs").

CCL and SACE recommend the implementation of a Single-Family Residential Low-Income Add-On Program and a Multifamily Low-Income Add-On Program.

[29] GEFA, Weatherization Facts and Figures, http://gefa.georgia.gov/weatherization-facts-and-figures.
[30] ACEEE, Myths of Low-Income Energy Efficiency Programs: Implications for Outreach, http://bit.ly/1EMQ7KZ.
[31] GEFA, Weatherization Facts and Figures, http://gefa.georgia.gov/weatherization-facts-and-figures.

Petitioners recommend that the Company implement these programs to add on to the existing WAP in the following ways: (1) expanding customer eligibility to 80% of the state median household income; (3) providing direct installation of all cost-effective energy efficiency measures; (4) funding statewide implementation teams to alleviate any waiting periods at community action agencies; and, (5) offering all measures to renters with streamlined landlord approval.

In developing the new programs with the Advisory Group, SCE&G should consider the best practices from existing programs. These include Efficiency Vermont's Weatherization Assistance Add-On Program and Major Appliance Rehabilitation Services,[32] as well as National Grid's Low-Income Retrofit Program and Low Income Multi Family Energy Retrofits Program.[33] CCL participates in the Advisory Group and would be pleased to offer additional details on these programs for SCE&G to consider.

Beyond WAP add-ons, there are other opportunities to expand low-income access to and participation in efficiency programs. CCL and SACE have previously recommended that SCE&G work with the Advisory Group to develop an energy efficiency program that is targeted at manufactured homes, similar to a program offered by the Tennessee Valley Authority.[34] As an additional example of a successful upstream manufactured homes program, the Advisory Group should also consider Idaho Power's Rebate Advantage program, where customers that purchase new all electric ENERGY STAR manufactured homes receive a $1000 sales rebate and sales consultants receive a

[32] ACEEE's Third National Review of Exemplary Energy Efficiency Programs, June 2013, http://bit.ly/18jRRhL .
[33] Cadmus Group, Low Income Single Family Program Impact Evaluation, June 2012, http://bit.ly/17QpwzL; ACEEE's Third National Review of Exemplary Energy Efficiency Programs, June 2013, http://bit.ly/18jRRhL.
[34] Witness Mims, Docket No. 2013-208-E; Petitioners' comments, Docket No. 2014-44-E.

$200 sales bonus every time they sell a new all-electric ENERGY STAR manufactured home to an Idaho Power customer.[35]

Petitioners have also previously recommended that SCE&G explore the idea of working through community partnerships to support low-income and residential energy efficiency generally. ACEEE and the Massachusetts Institute of Technology Energy Efficiency Strategy Project co-authored a 2012 white paper titled "The Role of Local Governments and Community Organizations as Energy Efficiency Implementation Partners: Case Studies and a Review of Trends."[36] One focus of the report is "program partnerships," which the authors describe as "arrangements between one (or more) energy utility and one (or more) local government or community organization to implement an energy efficiency program. Partnerships usually identify specific contributions and roles for each of the parties involved that, when applied to the program, may improve program delivery, participation, and energy savings beyond a utility-only program."[37]

CCL and SACE recommend that the Company devote part of one or more upcoming Advisory Group meetings to discuss these and other low-income program opportunities, and report to the Commission the results of the Company's exploration of these topics and the Advisory Group discussion.

V. New requirements for DSM program changes

Petitioners are concerned about the lack of transparency and stakeholder engagement prior to SCE&G's major change to the residential lighting program, which

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[35] Idaho Power, 2014 DSM Annual Report, http://www.puc.idaho.gov/fileroom/cases/elec/IPC/IPCE1404/20140317DSM%20ANNUAL%20REPORT%202013.PDF.

[36] Eric Mackres et al. *The Role of Local Governments and Community Organizations as Energy Efficiency Implementation Partners: Case Studies and a Review of Trends.* February 2012. Available at: http://www.aceee.org/white-paper/the-role-of-local-actors.

[37] *Id* at 3.

appears to be tied to a substantial decline in the Company's recent and upcoming DSM portfolio performance. CCL and SACE accordingly recommend that the requirements for Commission review of program changes be modified to strike a better balance between the need for Commission oversight and stakeholder interests with the Company's need for sufficient flexibility to quickly adapt to unforeseen issues with cost-effectiveness. A model that achieves this balance is the "Program Flexibility Guidelines" developed by Duke Energy Progress ("DEP") and interested parties and approved by the North Carolina Utilities Commission ("NCUC") in NCUC Docket No. E-2, Sub 931, attached as Appendix B to these comments. CCL and SACE recommend that the Commission require SCE&G to work with the Advisory Group to develop and propose to the Commission a set of requirements for program modifications, using as a starting point for discussion the Program Flexibility Guidelines set forth in Appendix B.

VI. Recommendations

In conclusion, CCL and SACE support SCE&G's request to update its "Rider to Retail Rates – Demand Side Management Component" to provide for the recovery of SCE&G's costs, net lost margin revenue, and shared savings incentive associated with its DSM programs.

SACE and CCL further recommend that: (1) in future Petitions, the Company report detailed actual and forecasted cost components for each of its DSM programs; (2) the Company work with the Advisory Group to develop solutions to improve the performance of the ongoing DSM programs; (3) SCE&G file a supplement to its Petition, providing any updates to its PY6 savings projection and discussing the changes to the ENERGY STAR lighting program and the causes behind the recent and forecasted decline in savings; (4) SCE&G increase its energy efficiency impacts through new programs and mechanisms such as C&I self-direct, on-bill financing, and enhanced low-income offerings; and (5) SCE&G propose a new process for the review of program changes.

Respectfully submitted, this 1st day of April, 2015.

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CERTIFICATE OF SERVICE

I hereby certify that the parties listed below have been served via first class U.S. Mail and/or Electronic Mail with a copy of the Comments of South Carolina Coastal Conservation League and Southern Alliance for Clean Energy.

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This 1st day of April, 2015.

s/ Jessica McFadden
Jessica McFadden