



ARIZONA CORPORATION COMMISSION

FOR IMMEDIATE RELEASE: July 27, 2010

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Commission Gives Final Approval to Energy Efficiency Rules *Rules Increase Demand Side Management Programs and Incentives for Electricity Customers*

PHOENIX—The Arizona Corporation Commission today approved rules to increase the use of energy efficiency programs by Arizona’s utilities and their customers. The rules require public utility companies to design Demand Side Management (DSM) programs that are cost effective and promote energy efficiency, load management, or demand response.

DSM programs focus on providing tools and incentives for customers to reduce their energy usage, thereby providing benefits such as lowering their energy bills, more effectively managing peak demand periods, and mitigating the need to build more generation and transmission infrastructure, keeping overall energy costs down for everyone. Examples of Demand Side Management programs include weatherization, home energy audits, promoting the use of compact fluorescent bulbs, and replacing home appliances to more efficient models.

Arizona’s public utilities will be required to achieve annual energy savings of at least 22%—measured in kWh—by 2020, with the savings to increase incrementally as a percent of retail energy sales in each prior calendar year to reach that goal.

Each utility will be required to file an implementation plan on June 1 every other year describing how the utility will meet the energy efficiency standard for the next two calendar years. The Commission will review and approve these plans before implementation and then require the utility to file progress report on their DSM programs by March 1 of each year.

Included in the implementation plan, the company will report:

- The estimated level of customer participation in each program,
- The estimated societal benefit and savings,
- The estimated environmental benefits,
- The estimated benefit-cost ration;
- And the utility’s estimated annual costs and budget for the program.

Additionally, each utility company will be required to develop programs to benefit residential, non-residential, and low-income customers, with the costs for low-income customers to be spread out among all other customer classes.

The Energy Efficiency rules will now be sent to the Attorney General for endorsement before implementation.

“Today’s decision will make Arizona a national leader in energy efficiency,” said **Chairman Kris Mayes**. “Reducing our state’s electricity needs by 22 percent will save Arizona ratepayers hundreds of millions of dollars and dramatically reduce the amount of pollution that enters our skies each year.

Energy efficiency is the cheapest, cleanest form on energy around and today's ruling will ensure that we are maximizing its use."

"Along with the environmental benefits, I believe that thousands of jobs will be created over the next ten years from the Electric Energy Efficiency Rules," said **Commissioner Sandra Kennedy**. "I am talking about local in-state jobs that cannot be outsourced. Given our still high unemployment rates, I know any job creation is welcomed by our citizens."

"The historic rules passed today will provide customers with effective ways to control energy usage and will reduce the need for expensive new generation and transmission," said **Commissioner Bob Stump**.

"Arizona is moving forward as a leader in Energy Efficiency -- rather than a laggard. Over the next decade, this rule will save Arizonans billions of dollars, reduce toxic air emissions, and save water," said **Commissioner Paul Newman**. "Increasing energy efficiency means we will reduce Arizona's share of carbon-emitting, greenhouse gas-producing power."

"I strongly support cost-effective energy efficiency programs," said **Commissioner Gary Pierce**. "It's simply the cheapest energy around."

Docket # RE-00000C-09-0427

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