Louisiana Public Service Commission

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May 29, 2024

Request for Proposals of Program Administrator

The Louisiana Public Service Commission ("Commission" or "LPSC") issues this Request for Proposals ("RFP") for a Program Administrator pursuant to Commission General Order dated February 9, 2024.[1] The Commission's EE Rules provide the framework for an Administrator to transition the state from the current quick start program that LPSC jurisdictional utilities have implemented over the last 8 years to a comprehensive statewide program. This transition is anticipated to occur throughout the remainder of 2024 and 2025, with the statewide program beginning January 1, 2026.

After review of the enclosed RFP and attachments, if your firm is interested in becoming the Administrator for the Commission's energy efficiency program, please indicate such, in writing, to the Commission **on or before Wednesday, June 26, 2024 by 4:30 p.m., CST.** All submissions must fully respond to the RFP and provide answers to each enumerated question within the RFP.

See Section I and V of the RFP for additional information regarding the schedule and selection process. If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

Kathryn Bowman,
Executive Counsel

Encl.
cc.: Brandon M. Frey, Executive Secretary
Commissioners

[1] LPSC, Docket No. R-31106, *Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and gas utilities* ("Phase II Rules").

REQUEST FOR PROPOSALS (RFP) 24-05
LOUISIANA PUBLIC SERVICE COMMISSION
May 29, 2024

The Louisiana Public Service Commission ("Commission" or "LPSC"), in accordance with the requirements of the LPSC General Order dated November 10, 2014 regarding the selection of contract employees (the "Contract Order") to represent the Commission, issues this Request for Proposals ("RFP") for an independent, experienced firm to assist the Commission as a Program Administrator ("Administrator") in designing and overseeing implementation of a Commission statewide energy efficiency ("EE") program for Louisiana.[2] The Commission's EE program was approved at the January 2024 Business and Executive Session ("B&E"), and memorialized in General Order dated February 9, 2024.[3]

At the Commission's January 24, 2024 B&E, the Commission approved the EE program rules, known as "Phase II Rules," or "EE Rules." The Commission's EE Rules provide the framework for an Administrator to transition the state from the current Quick Start program that LPSC jurisdictional utilities have implemented over the last 9 years to a comprehensive statewide program. This transition is anticipated to occur throughout the remainder of 2024 and 2025, with the statewide program beginning January 1, 2026.[4] The focus of the Phase II Rules is to minimize the costs customers pay for energy efficiency programs, and to ensure what customers do pay goes directly toward energy efficiency projects. A copy of the EE Rules is attached to this RFP as **Attachment A.**

The Commission issued a Request for Qualifications ("RFQ") on March 21, 2024 and received qualifications from a number of companies interested in becoming the Administrator. The Commission is now issuing this RFP to a selection of companies that responded to the RFQ seeking to select an interested firm ("Firm") that is experienced in providing leadership and direction, can manage trade allies, and can design and oversee implementation of the Commission's statewide EE program.

Consideration of qualifying proposals is anticipated to occur at the Commission's September 2024 B&E Session, but could occur in August at a Special B&E called specifically to consider proposals in response to this RFP. Should a Special B&E be scheduled, it will be properly noticed pursuant to the State's Open Meetings Law.

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[2] References to a statewide program are for customers served by utilities regulated by the LPSC.

[3] LPSC, Docket No. R-31106, *Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and gas utilities.*

[4] While the Commission intends to setup a single statewide energy efficiency program, the Commission's rules do not prohibit utilities from voluntarily implementing their own energy efficiency program.

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I. RFP Administration

A. Submission Point of Contact

Invited parties interested in submitting proposals should submit an **original (hard copy), 2 hard copies, and e-mail an electronic copy** of the proposal to:

Kimberly N. O'Brian
Kathryn H. Bowman
Louisiana Public Service Commission
602 North Fifth Street (Galvez Building) (70802)
P.O. Box 91154 Baton Rouge, Louisiana 70821-9154
Phone: (225) 342-9888
Fax: (225) 342-5610
Email: kim.obrian@la.gov
kathryn.bowman@la.gov

To be considered, an original, two copies, and the electronic copy of the proposal must be received on or before close of business **Wednesday, June 26, 2024**.

Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888. All other questions regarding the RFP should be written and submitted to the two email addresses listed above.

B. Questions Regarding RFP

Any questions regarding the RFP itself shall be submitted, in writing, to the points of contact above, no later than by close of business, Monday, June 10, 2024. Commission Staff will answer all questions to the best of their ability and will compile all questions and responses together into one document by Monday, June 17, 2024. Any questions and responses received will be posted on the Commission's website under the RFP section, so all Firms will have an opportunity to review any questions and responses prior to final submission under this RFP.

C. Schedule

Task	Date
Questions on RFP Submitted to LPSC	Up to June 10, 2024
Answers to Questions posted on Commission website	June 17, 2024
Written Proposals Due with non-negotiable Contract Terms	June 26, 2024
Staff Contract Term Sheet Circulated to all Firms	August 5, 2024
Interviews and Demonstrations	August 5-9, 2024
Commission Vote on Selection at B&E Session	September 11, 2024[5]

[5] Consideration of RFP proposals could occur in August at a Special B&E. Should a Special B&E be scheduled, it will be properly noticed pursuant to the State's Open Meetings Law.

Finalize Contract Signatures	October 17, 2024
New Program Start Date	January 1, 2026

II. Background

A. Overview/ Structure

The Phase II Rules provide a framework for the Administrator to design and oversee implementation of a statewide energy efficiency program for Louisiana. As such, any Firm submitting a proposal in response to this RFP should also become familiar with the Phase II Rules and comply with the requirements therein. The Phase II Rules anticipate a four-year budget cycle with identified savings goals, as well as budget caps to ensure customers are protected.

The statewide energy efficiency program will be administered by a Program Administrator and funded through an energy efficiency rider ("EER"). EER revenues will be collected by jurisdictional Electric IOUs, Group 1 Gas Utilities, and Electric Cooperatives from their respective customers through a line-item on customers' bills.

The Administrator is expected to design, oversee the implementation process, and oversee a multi-year portfolio of energy efficiency programs on a statewide level. The Administrator will be responsible for the program's structure, including the coordination with, hiring and management of, and ensuring project implementation by contractors in order to meet the Commission's savings target goals. It is not the Commission's expectation that the Administrator will directly implement energy efficiency programs with the end-use customer; however, it is not a prohibition should the Firm be capable of providing both services. If this is an additional service your Firm is interested in providing, please clearly state that in your proposal in a separately identified section. Any proposal shall include a discussion of your Firm's capabilities as well as how your firm will handle both components of the Commission's energy efficiency program.

The Administrator is also expected to create the multi-year budget in order to implement the program design, ensure savings targets are achieved, and the budget is maintained. It is expected that the Administrator will work with the Commission on the budget and appropriate budget allocations. The Administrator will not be responsible for maintaining or distributing the funds, but will be responsible for coordination with the contractors and the utilities on timely payments upon completion of individual projects or programs.

Pursuant to the Phase II Rules, the Commission will conduct an RFQ/RFP for the Administrator and the Evaluation, Measurement & Verification Contractor ("EM&V") at the end of every two program cycles. Firms are not prohibited from submitting bids for both the Administrator and the EM&V Contractor roles; however, because the Phase II Rules state that, "the Commission shall retain an EM&V Contractor, independent from the Administrator…" the winning Administrator will be prohibited from also being awarded the EM&V contract.

B. Planning Process

The EE Program will be developed and implemented based on a four-year program cycle, beginning January 1, 2026. The Administrator shall design, oversee implementation, monitor, and report on a multiyear budget for the program cycle, including meeting the goals and guidelines of design and implementation described in the EE Rules - Attachment A hereto. Such design, implementation oversight, monitoring, and reporting are at the direction of, and with the approval of, the Commission. The Administrator shall meet with Staff and Commissioners to make presentations and have discussions as frequently as Staff and the Commission require, and shall provide a detailed report annually, as described further below. Additional monitoring reports shall be provided based on discussions between Staff and the Administrator.

C. Program Overview

To develop the Budget Cycle Plan, budgets shall be allocated to various customer classes. Prior to the start of each budget cycle, the Administrator shall meet with each Commissioner and Commission Staff to understand the specific goals and types of EE programs that are important to each Commissioner and work to include said priorities in the finalization of the EE program. The Administrator is expected to have a thorough understanding of the Commissioners' objectives for the allocation of energy efficiency budgets and the budget allocations will be approved by the Commission.

At a minimum, programs are expected to be designed to target the following sectors pursuant to the Phase II rules:

- Public Entities (in conjunction with Commission direction)[6]
- Low Income Residents (minimum of 15% of budget)[7]
- Rental Properties (minimum of 10% of budget)
- Residential
- Commercial
- Industrial

An important objective that shall be adhered to is that programs should be designed such that funds collected within one utility's service territory should be expended on EE programs for customers within that service territory, and funds collected from residential and non-residential customers should be expended on programs for those customers roughly in proportion to the amount of funds collected from those customers. These objectives will be assessed and reported annually at the portfolio level but will be binding only over the course of the entire quadrennial period to allow maximum flexibility and to achieve the best outcome in program

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[6] "Public Entity" is defined in the Phase II rules as: Public Schools, public higher education institutions, local government facilities, state agency facilities, or any other public entity facility approved by the Commission. Also, see Section IV.D. in the EE Rules.

[7] "Low-Income Customers" is defined in the Phase II rules as: Customers whose income levels are below 200% of the most recent year's federal poverty level. Also, see Section III.E.2 in the EE Rules.

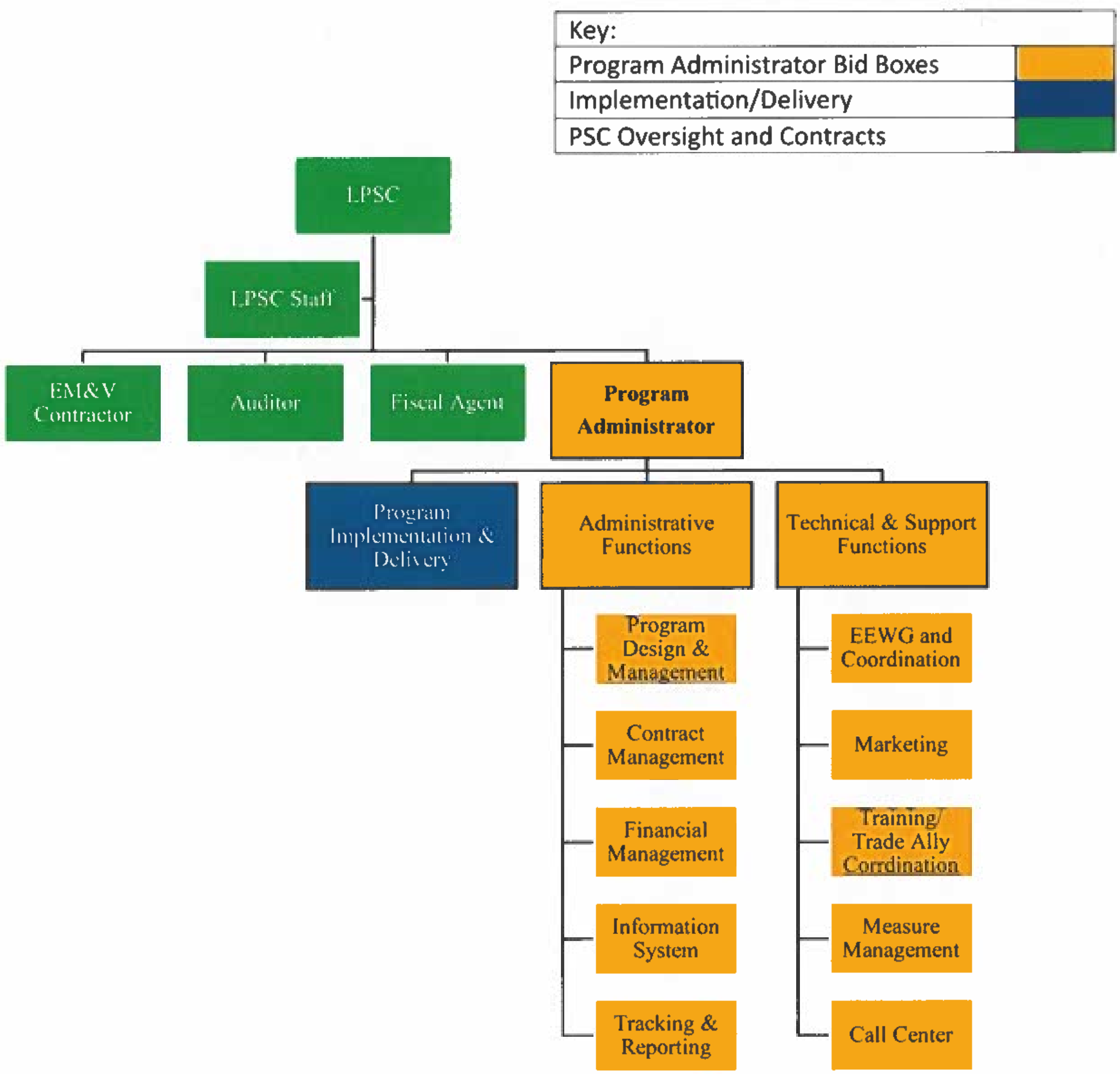
design. The Administrator shall provide information to Staff and Utilities to allow tracking of funds spent by service territories and Commission districts.

III. Roles

As defined in the Phase II rules, the EE program will be directed, managed and reviewed by the LPSC Commissioners and Staff, developed and administered by the TPA, and additional tasks will be performed by an Evaluation, Measurement and Verification Contractor ("EM&V Contractor"), Auditor, Energy Efficiency Working Group ("EEWG"), and possibly a Fiscal Agent if deemed necessary at some time in the future.

The following figure describes the expected organizational structure with the TPA expected to provide services as shown in gold:

Figure 1



IV. Administrator Scope of Services

A. Minimum Qualifications and Experience

To qualify, all Firms must have requisite knowledge of, and experience in, the topics listed below. All Firms are required to have at least 5 years' experience with program administration (with a preference in energy efficiency administration), energy efficiency design, and analysis of energy efficiency programs.

Firms shall also have a working knowledge of and/or experience in the following categories. Firms are requested to ensure that when providing answers to questions in Section VI below, responses should include proposed methods and metrics for each of these categories (not listed in priority order). A point-by-point response is not required here.

1. The point of contact/liaison for:
   a. Public Utility Commission and Staff
   b. State or federal agencies
   c. Energy efficiency contractors and/or evaluators
   d. Public Utilities
   e. End-use customers
   f. Energy Efficiency Working Group
2. Organizational, financial, and data tracking abilities for both individual projects and overall programs.
3. The use of data to monitor and track successful energy efficiency programs, and the ability to develop analytics from said data to illustrate the success/failure rate.
4. Development of a standard operating procedure used to manage an organizational structure with clearly defined roles and responsibilities, within various areas, including how those coordinate and work towards the same goals.
5. Energy efficiency program design based upon set savings goals and/or budget parameters.
6. Confidentiality rules/restrictions, including the ability to protect customer specific information and data, and has abided by such in the past.
7. The ability to hire/vet implementation contractors to ensure the highest quality of vendors are being utilized.
8. Familiarity with financial systems for energy efficiency programs in order to coordinate payments between utilities and implementing contractors or utilities and incentive payments to end-use customers, including the review of invoices and program contracts to ensure the work is performed satisfactorily.

9. Familiarity with building Quality Assurance ("QA") into energy efficiency program delivery organizations, including attention to customer care, trade allies, project completion as specified, service quality and other relevant factors.

10. Familiarity with conducting Quality Control ("QC") reviews of energy efficiency projects performed.

11. Experience in branding and messaging of energy efficiency programs for adequate penetration in the various markets, including but not limited to low-income/energy burden households and renters, and offering consistent statewide marketing programs.

12. Experience in drafting, or assisting in the drafting, of a Technical Reference manual, or similar document.

13. Experience in producing Program Plans and Annual Reports.

14. Ability to have at least two local offices, including at least one call center, within Louisiana with qualified people who are knowledgeable on energy efficiency and the State of Louisiana.

15. Experience facilitating the smooth transition of utility-led EE programs to third-party administered ones.

16. Experience "braiding" with complementary external programs to maximize aggregate program benefits and minimize friction for participants and contractors.

B. Program Administrator Functions

Firms responding to this RFP are requested to provide answers to questions in Section VI below that address the Administrator functions that are described in this Section B. Also, Firms should refer to the functions identified in the gold boxes in Figure 1 above when preparing bid responses. Only Administrative and Technical/Customer Support function costs required to stand up and administer the program are requested at this time, in other words, customer incentives, costs paid to trade allies for implementation, etc. should not be included in response to this RFP.

The Program Administrator will be required to perform the following functions:

1. *Administrative Functions*

- **Program Design and Management** – The Administrator shall establish strategic direction and set the overall vision for the program. This includes the initial program design and budgeting. The Administrator shall establish program plans and budgets and consolidate this information at a high level in a consistent cohesive document for reporting purposes. As part of this process, the Administrator shall keep current on all programs and initiatives offered by both state and federal government.

  The Administrator shall act as primary point of contact to facilitate communication regarding the program. The Administrator shall coordinate with all stakeholders including Commissioners, Staff, interested parties, trade allies, utilities, utility customers, state and federal agencies, etc. The Administrator shall be responsible for ensuring that all contractors adhere to the policies and procedures established in the EE Rules established for the Louisiana statewide EE program. The Administrator shall be responsible for producing a written policies and procedures manual, which shall include communication protocols, processes for information sharing, compliance with applicable laws, orders, rules, etc.

- **Contract (and Sub-contract) Management of Implementers** – The Administrator shall solicit, hire, and contract with all necessary staff and implementers to perform the scope of services outlined in this RFP. All contractors that will receive payments exceeding $50,000 per year shall be hired based on a competitive solicitation process that the Administrator conducts. However, if the Administrator desires to perform any implementation services itself, there shall be an RFP process that the Administrator must bid into. Should the Administrator desire to also perform implementation services, Commission Staff would be involved in the oversight of the RFP process.

  The Administrator shall set clear program standards and performance metrics to ensure that implementation contractors are held accountable for goal achievement and cost-effective program delivery. This should include the Quality Assurance and Quality Control aspects of managing implementation.

- **Financial Management** – The Administrator, working with Staff, shall establish written policies and procedures to process all payments in a cost effective and timely manner, including incentive payments. The policies shall include adequate controls to prevent fraud and payment mistakes. Incentive payments shall also be budgeted and tracked separately from other administrative and Technical and Customer Service costs.

  The Administrator shall also document and process payments through the information system developed for the Louisiana statewide EE program, and the Administrator shall be responsible for reviewing and approving contractor invoices and customer incentive payments, which will be paid for through a rider on the utility's bills. To be clear, the Administrator will not be responsible for making payments directly, utilities will be responsible for that, however, the Administrator will be responsible for coordinating the payment process.

- **Information Systems / Database Management** – The Administrator shall develop an information system to support all program operations, including tracking budgets, incentive payments, contractor payments, measure management, marketing, analytics, and reporting. This will require performing analysis and ensuring proper data governance for managing data streams.

Information in this system shall include, but should not be limited to, tracking data about program services, program operations, financial and management data, and information required for reporting and deliverables tasks. The Administrator shall also provide data and information support for the independent evaluation of the Program. The system should have the ability to produce ad-hoc reports for periodic information requests from the Commission, EM&V Contractor, and Auditor.

All program data will be the property of the State of Louisiana and should be maintained in a relational database format and be organized such that a Commission-approved third party can access and utilize necessary information for performing program assessment tasks. Program databases shall be accompanied by current, clear documentation describing data fields, database structures and interactions, and other information sufficient to enable a third-party to understand, access, use and transfer data.

The Commission anticipates seeking meetings with and demonstrations of their software platforms from some bidding Firms after proposals have been submitted.

- **Tracking and Reporting -** The Administrator shall be responsible for tracking information and holding meetings with Staff as frequently as needed to provide updates and address program issues. The Program Administrator shall also submit reports to the Commission on a quarterly and annual basis to document activities, accomplishments, problems, and performance. The Administrator shall also work with the Commission and Staff as necessary to administer and support program operations.

2. *Technical and Customer Support Functions*

- **Utility Coordination, EEWG, Program Development** – The Administrator shall serve as a liaison for the investor-owned, cooperative, and natural gas utilities. Information shall be shared back and forth between utilities and the Administrator. The Program Administrator will provide information to the utilities for integrated resource planning and ratemaking purposes, including working with the utilities to provide project-specific data as necessary. On a regular basis, the Administrator will provide the utilities with detailed information, including the following items:
    1. Projected and actual annual energy savings (kWh, kW, ccf), by rate class;
    2. Projected annual and actual monthly demand savings coincident with the utility annual peak system;
    3. Actual MWh and MW energy savings based on the most recent evaluation study conducted within the service territory, for utility planning purposes; and
    4. Load shape data as available.

The Administrator shall develop the program portfolio, continually review the program portfolio and identify modifications for improvements and develop new programs as market conditions change.

The Administrator is expected to facilitate the development of independent funding mechanisms that leverage non-Program funds (such as IRA, IIJA, grant/ match or other funds). The Administrator is also expected to coordinate with other federal and state agencies, such as the Louisiana Department of Energy and Natural Resources and the Louisiana Housing Corporation. Furthermore, the Administrator should also seek opportunities to coordinate with other utilities and municipal authorities that develop energy efficiency programs in Louisiana that are not regulated by the LPSC, such as the New Orleans City Council and Entergy New Orleans.

- **Marketing** – The Administrator shall be responsible for consistent branding, messaging, using all typical media outlets, conducting research, and performing all other marketing functions, such as managing customer websites and online marketplace offerings. Initially, the Administrator should create an LPSC statewide brand; however, if a specific program or partnership would benefit from having separate branding, the Administer could propose that to Staff and EEWG for further consideration.

- **Training / Trade Ally Coordination** – Provide continuous learning opportunities for implementers and other interested parties. Coordinate with, and provide training for all trade allies, and host meetings around the state to present information and hear from the trade allies.

- **Measure Management** – primary responsibility for defining measures and determining energy savings associated with each measure in accordance with the Commission's EE Rules. Currently, the EE Rules require using the most recent Arkansas Technical Reference Manual ("TRM") in Phase II, with appropriate adjustments for Louisiana, such as adjustments for different climate zones and weather conditions.[8] However, the Administrator should be aware that the EM&V Contractor is tasked with the responsibility early in the first budget cycle of Phase II to coordinate with the Administrator and the EE Working Group ("EEWG") to evaluate whether a Louisiana-specific TRM would be beneficial for Louisiana customers. If determined beneficial, then the EM&V Contractor shall be responsible to coordinate with the Administrator and the EEWG to produce and seek Commission approval of a Louisiana-specific TRM by the end of the first budget cycle. The Administrator, and the EEWG shall be responsible for working with the EM&V Contractor to maintaining the TRM. The Administrator shall work

8 The latest version of the Arkansas TRM, Version 9.1, was approved on October 20, 2022 in APSC Docket 10-100-R and may be found at https://apsc.arkansas.gov/wp-content/uploads/AR_TRM_V9.1_Volume_1_2_and_3_on_8-31-22.pdf

with Staff, the Commission, and the EM&V Contractor to develop generally accepted practices for energy savings calculations and project documentation.

- **Call Center** - A call center, staffed by qualified customer service representatives who will be responsible for customer inquiries. The call center will capture customer interface metrics and track service level improvements via quality assurance reporting.

C. Program Administrator Budget Template

Firms should use the budget template in **Attachment B** to provide a breakdown of costs for the key areas outlined in this proposal. Note that the placeholder values included within Attachment B are included for reference purposes only to populate formulas and should not be considered an indication of an expected budget allocation. A budget should be provided for each year of the 5-year contract (2024 - 2025 transition period, and the 2026-2029 budget cycle program years).

While we are seeking a not-to-exceed budget in dollars as shown in Attachment B, be aware that labor hours and billing rates are also required. Firms shall only be allowed to charge for actual hours of work performed and costs incurred.

Firms are requested to indicate the overall Administrator budget, including direct and indirect costs for each of the following categories:

Direct Costs

- Labor – Labor costs should include compensation to staff in the form of wages and fringe benefits as well as overhead (ex: IT, accounting, payroll, etc.) and markup/profit. All of these costs must be billed at a fully loaded labor rate (per quarter hour).
- Supplies – consumable items with short useful lives, equipment under $500.
- Travel –mileage, meals, hotel rooms, conference rooms, trainings, etc. For purposes of proposal responses, it will not be necessary to provide breakdowns by type of costs (e.g. mileage, meals, hotel rooms, etc.) When a Firm is hired and turns in invoices, expenses, when incurred, shall be separately disclosed with proof of such expenses attached. Expenses, where applicable, shall be reimbursed at state authorized rates as specified in the Travel Policies and Procedures Memorandum issued by the State of Louisiana, Division of Administration in effect at the time such expenses are incurred ("Allowable Expenses").[9] Any expenses that exceed the Allowable Expenses shall be borne by the contract employee and shall not be reimbursed by either the Commission, or the correspondent utility, unless otherwise specified by the Commission.
- Equipment and other capital expenditures – any type of tangible equipment or item that is specifically purchased and used for the EE Program. This applies to items $500 or greater. The LPSC retains the ownership rights to equipment at this price level if

9 https://www.doa.la.gov/doa/ost/ppm-49-travel-guide/

purchased solely with EER funds. Any equipment purchased with EER funds (regardless of cost) cannot be used for any other programs, customer or line of business.

- Subcontractors – Individuals or organizations hired for program activities.
- Other direct costs – miscellaneous costs that do not fit into any of the above line items (please identify).

Indirect Costs

Indirect costs include overhead expenses, which include examples such as rent, utilities, and general and administrative expenses (for example, officers' salaries, accounting department costs and personnel department costs).

Firms are expected to provide information on tasks that will be provided by your organization as well as tasks you plan to subcontract in a response to questions in Section VI. below. If you have selected or plan to select partner(s) to perform specific functions, please identify the partners, describe the function to be performed by those partners, and provide your rationale for selecting each partner.[10]

Additional program performance incentive payments will not be allowed under the Commission's EE program; however, a portion of the Administrator's costs will be held "at risk" for meeting energy savings goals, customer satisfaction objectives, on time payments of incentive funds, etc. Other than the "at risk" payments, compensation of the Administrator shall be based strictly on the proposed costs included within the respective RFP bids.

The Administrator's bid shall provide a breakdown of its compensation into a "fixed" portion and an "at risk" portion. The "fixed" portion of the compensation is expected to be paid monthly equal to 90% of the total compensation. The remaining 10% of the total compensation shall be reflected as "at risk" compensation. The compensation deemed "at risk" should be based on meeting energy savings goals and meeting predefined customer satisfaction objectives and is expected to be assessed and billed on an annual basis. Of the 10% "at risk" amount, 7% should be based on meeting a kWh and ccf energy savings standard, and the remaining 3% should be based on meeting predefined customer satisfaction objectives. The bid should include a breakdown and definition of the various customer satisfaction objectives deemed appropriate to the Firm along with a percentage breakdown of 3% total customer satisfaction objective evaluation. Objectives should be set for both residential and non-residential programs.

As required by the Commission's November 10, 2014 General Order, all bills will be rendered to the Commission monthly and shall specifically identify and describe all work performed, the person performing such work, the time and charge for such work, and shall additionally show the total amount billed to date and the authorized original estimate. Bills

[10] For RFP proposal purposes, the Commission will not prohibit a company from partnering, or being a subcontractor, to more than one Firm submitting a proposal.

will be rendered in strict accordance with the Commission's guidelines. Expenses shall also be separately disclosed with proof of such expenses attached. Expenses, where applicable, shall be reimbursed at state authorized rates as specified in the Travel Policies and Procedures Memorandum issued by the State of Louisiana, Division of Administration in effect at the time such expenses are incurred ("Allowable Expenses"). Any expenses that exceed the Allowable Expenses shall be borne by the contract employee and shall not be reimbursed by either the Commission, or the correspondent utility, unless otherwise specified by the Commission.

For the transition period (until January 2026), the winning Firm will be compensated pursuant to La. R.S. 45:1180, which provides that jurisdictional utilities are the ultimate responsible party for payment of services provided; therefore, timely submittal of invoices to the Commission facilitates timely payments to Applicant. Once the Statewide Program has been initiated (January 1, 2026), the Program Administrator's services will be paid from each jurisdictional utility's EE rate rider. Collections under the respective EE rate riders can vary from month to month, as consumption and rates vary. Given this reality, collections may not always match the Program Administrator's invoices, and thus, resulting in the possibility of some invoices not being paid as submitted, but as funds are available.

Firms should be cautioned that should the winning Firm's proposal fail to account for all services specified in this RFP over the quadrennial period, the winning Firm will be required to provide those services at no additional cost to the Commission. It is the responsibility of the winning Firm to ascertain that the cost information presented is accurate, complete, and all-inclusive. The Commission or the State shall not be liable or responsible for any compensation to the Program Administrator for services performed consistent with the scope of work defined in the Contract that exceed the total Contract amount. The Program Administrator shall be paid in accordance with the State's General Conditions, Billing Requirements, and Travel Guidelines.

D. Other EE Functions and Budgets

Firms should be aware that the Commission's EE Rules limit the overall budget for the EE programs in the first budget cycle (2026-2030) as a customer protection. For each year within the budget cycle, the budget should be no more than 1.5% of the average of each utility's five most recent years' revenue (e.g., revenue data for 2020 to 2024 will be used for the 2026-2030 Program Cycle), and the budget will have to account for excluded revenue associated with opt-out customers.[11] Based on current information available, the Commission expects that the overall Louisiana program budget be between $60 and $100 million per year based on requirements in the EE Rules. This estimate is based on the Savings Targets, Opt-Out considerations, the Annual Program Budget Cap, and not accounting for federal funding or grants. A summary of this estimate, based on 2023 data alone, is provided as **Attachment C**, and is Staff's best estimate of what the budget would

[11] See Section IV of the EE Rules for more information concerning opt-out requirements.

be. Ultimately, the budget will have to be set based on using 2020 to 2024 data and more precise opt-out information.

The Administrator should account for changes in the program budget from the provided estimate by building in sufficient contingency to address possible deviations.

Program implementation and delivery (blue box), Administrator (gold box) and EM&V costs (green box), will all be tracked within the overall budget of the Commission's EE programs, which is the estimate and cap provided in Attachment C, consistent with the EE rules. It is expected that EM&V costs will be no more than 4% of the overall budget. Firms should seek to minimize administrative costs, such that the maximum amount of budget can be applied to customer payments and incentives. It is key that Firms provide a complete description of the level of service they expect to provide corresponding to the bid price for each category.

E. Program Transition Responsibilities

During the transition period in 2025, the Administrator, with the Commission's guidance, shall be responsible to develop and manage a plan to transition from the utility-led Quick Start EE Program to the new Commission-led statewide EE program with as little disruption as possible for trade allies, suppliers, customers, and utilities. Such plan shall be presented to the Commission for approval. Firms should provide a budget in Attachment B for the transition period costs. Note that the 1.5% annual cap shall apply to the transition period costs and shall cover both the Program Administrator and the EM&V contractor's costs12 More information regarding the transition period can be found in the EE Rules.

If the Program is terminated or transferred to another entity on any future date, the Program Administrator shall cooperate with and assist with any such transition process, with minimum disruption to the Program. This obligation shall include, without limitation, the sharing and transfer of data and management information systems.

F. Requirements

The Phase II Rules provide a framework for the Administrator to design and implement a statewide energy efficiency program for Louisiana. As such, any Firm that submits to this RFP shall also become familiar with the Phase II Rules, and should ensure that its proposal complies with the requirements therein. Note that from time to time, the Administrator will be expected to attend B&E meetings to provide updates on the status of the EE program.

V. Selection Process

Firms are expected to provide proposals, with any non-negotiable contract terms, on or before the RFP due date. Firm proposals will be evaluated by Commissioners and Commission Staff considering a number of factors, including cost, level of service, and experience. Conforming bids should include complete responses to the questions detailed in Section VI below.

The LPSC intends to circulate a term sheet on or about August 5th 2024, with required conditions for Firms to review prior to final selection, to ensure that all Firms remaining in consideration have a thorough understanding of LPSC requirements and expectations as well as the opportunity to ensure any non-negotiable terms of concern to the Firm are contemplated. It is anticipated that Firms can provide comments and feedback during the weeks following August 5th with a final term sheet to be distributed ahead of the final selection meeting.

There is also the possibility that Firms will be asked to provide a demonstration of the tools and software consistent with what will be utilized/developed for the Commission's EE programs. Staff will make every reasonable attempt to schedule each interview at a time and location that is agreeable to the Firm during the week of August 5, 2024.

Final Selection will either be at a Special B&E to be announced or no later than the September B&E. Firms should be prepared to attend any meeting held to make final selections.

Following Commissioner selection of a Firm to act as the LPSC TPA, final contract signatures will be executed and transition work can begin.

VI. Response Format and Proposal Requirements

Firms are requested to prepare concise, yet complete, proposal responses. Proposals should not be more than 30 pages, excluding cover letter and relevant attachments. Attachment B budget templates should be returned as an excel spreadsheet and also as a print copy in .pdf format.

Proposals should provide a concise yet complete description of the Firm's approach and capabilities for satisfying the required services outlined in this RFP as well as in the Phase II Rules. Firms should respond to each section of the RFP questions below, and should avoid redundancy if possible. To the extent that provided information is relevant to multiple responses, it can be referred to once, and referenced throughout the responses.

In addition, Firms should address any and all anticipated difficulties and/or problem areas along with potential approaches to their resolution. Responses that identify staffing limitations or budget constraints, or other specific challenges in achieving desired program goals, along with recommendations to overcoming challenges, will be well received. The Firm is also encouraged to proactively present additional information and responses, not specifically requested, which helps demonstrate understanding of the market and ability to achieve program goals. This is especially relevant to the discussion of performance goals and approach. This information should be provided separately, and will not be counted in the 30-page limit.

Firms shall prominently and separately disclose current, as well as past, employment which could possibly result in a conflict of interest. Disclosure shall also be provided for all known partners and/or subcontractors. Potential conflicts could include, but are not to be limited to, employment with regulated utilities, affiliates of regulated utilities, consumer advocacy groups, or any other party that comes before the Commission. In addition, Firms shall disclose matters in which they currently represent clients before the Commission. Firms should indicate how they will disassociate themselves from the regulated utilities if hired to be the Program Administrator.

The proposal should include the following sections:

- Cover Letter
- Table of Contents
- Proposal/Response (All that is required is to provide answers to questions in Sections A – E, which include questions as described below)
    A. Overall Approach to the Transition of a new statewide EE Program
    B. Organizational and Management Capabilities
    C. Approach to Administrative Functions
    D. Approach to Technical and Customer Support Functions
    E. Cost Proposal (included in the body of the proposal)
- Appendices (including, but not limited to)
    - Insurance Qualifications - response to Question B5
    - Financial Qualifications – response to Question B6
    - Sample Reporting – response to Question C5
    - Cost Proposal – response to Question E1
    - Sample Contract(s) – response to Question E4

A. Overall Approach to the Transition of a new statewide EE Program

Please answer the following questions and include the question number in your response.

1. Describe your vision for the program/strategic plan for the 1-year transition period and for the next 4 years of the first budget cycle.

2. Explain how you would approach program design to address goals from the Phase II Rules which include, among other things, a focus on the legacy public entity program, low-income customers, and rental properties.

3. Explain your process for working with the Commissioners to develop budget allocation priorities, and to ensure the Commission's policies and goals are implemented pursuant to the Phase II Rules.

4. Explain your communication plan, to ensure there will be proper coordination with multiple participants including the Commission Staff, the EM&V Contractor, the Auditor, and also with all other interested parties, including state and federal agencies, advocacy groups, utilities, and other stakeholders. What procedures and documentation will be developed for this purpose?

5. Explain your experience in designing and administering programs, such that you will be able to foster a culture of innovation and creativity in the Louisiana statewide EE program. What innovations might you consider to maximize program impact? If your Firm is interested in implementing programs, disclose your interest and provide a discussion of your Firm's implementation capabilities in addition to designing and administering programs.

6. Please provide at least two examples of past success in each of the following areas:

   a. Public Entities
   b. Low Income Customers
   c. Rental Properties
   d. Commercial Customers
   e. Industrial Customers
   f. Gas Utilities
   g. Investor Owned Electric Utilities
   h. Co-Ops and/or Municipals

7. Explain how you will ensure gas utilities and electric utilities are equitably served in your program administration and to ensure appropriate spending is allocated and tracked. Describe your process for managing gas and electric incentives separately and ensuring compliance with the Phase II rule regarding fuel switching incentives.

8. Please describe your approach to continuous improvement and quality assurance in all aspects of program administration. How have you been able to leverage technology and streamline processes to improve operations and/or the customer experience in previous work? How will you represent the LPSC when coordinating with other organizations?

9. Please provide a list of key performance indicators ("KPIs") that you will use to track to evaluate your performance, your partners' performance, and subcontractors' performance. Please include at least 2 leading KPIs that would track proactive actions that you would take as the Administrator during the transition and implementation phases.

10. Based on your understanding of the Phase II Rules, please provide a list of deliverables (reports, studies, process documentation and manuals) and checkpoints (meetings) expected for the transition year 2025 and during the four-year program budget cycle.

11. Based on your understanding of the Phase II Rules, what data, information, and interaction do you envision needing from the utilities and from Commission Staff?

12. Explain how you would "braid" this program with external, complementary programs to maximize customer and system benefits. How would you ensure customers are not "double-dipping?"

13. Include three (3) references for your proposed key personnel and partners. Such partners and references are preferred to have experience with projects that were similar in their nature, size, and scope of work to the work described in this RFP. By listing the references, Firms and their partners grant the State authorization to contact these client references to assess the Firms' quality of work performed.

B. Organizational and Management Capabilities

Please answer the following questions and include the question number in your response.

1. Provide a detailed organizational chart which includes roles and responsibilities for personnel, including any partners. How would your organizational structure address accountability and responsibility?

2. Provide a description of competencies that differentiate you from other Firms (what are your unique assets)?

3. Please describe your process for designing programs and how you would go about leveraging existing quick start programs in the transition to a statewide program. Explain how your design would be based upon set savings goals and/or follow budget parameters.

4. Please describe your approach to selecting and overseeing the performance of your partners, program implementers, and subcontractors. What partners do you anticipate using? How will you hire/vet implementation contractors to ensure the highest quality of vendors are being utilized?

5. How will you manage to achieve results within budget, and ensure excellent customer satisfaction? Please include performance standards, key metrics, processes and reporting you would include in your efforts. This should include regulatory compliance, integrity of engineering/energy savings estimates, project documentation, protection of utility customer data and program data files.

6. Provide information regarding your ability to meet standard Insurance Requirements. This information may be attached as an appendix and would not count towards the 30-page limit.

7. Provide information regarding your Firm's Financial Qualifications, including 3 years of audited financial statements. This information may be attached as an appendix and would not count towards the 30-page limit.

C. Approach to Administrative Functions

Administrative Functions are defined as: the costs not directly associated with a specific program activity, but which are necessary to the development and administration of programs, including record keeping, payroll, accounting, auditing, billing, business management, budgeting and related activities, overhead allocation, and other costs necessary to direct the organization of the program.

Please answer the following questions and include the question number in your response.

1. What will be your approach towards identifying problems early and changing designs as needed?
2. What is your plan for mediating disputes and resolving conflicts?
3. Data System Management. Describe your experience in developing, carrying out ongoing maintenance and development of data systems, and ensuring data systems maintain accurate, secure, and accessible data. Specifically describe how you will manage and maintain confidentiality and security for data systems.
4. Explain how the data systems developed for the benefit of the Commission's EE program will be maintained and would be transitioned, if necessary, to a successor Program Administrator at the conclusion of the contract period. Be sure to differentiate between the programs developed for and owned by the Commission and those that are proprietary to your Company. Specifically explain what programs will be available to the Commission at the conclusion of the contract period that can be used by the Commission for ongoing monitoring purposes.
5. Explain the process you will use to develop custom reports for the LPSC, and track and monitor program results to ensure successful energy efficiency programs. Also, explain what analyses you will perform to determine the success/failure rate of programs. Provide at least two samples of reporting produced in previous work with programs and jurisdictions. Preferred examples would demonstrate knowledge of 1) cost reporting of energy efficiency programs with multiple jurisdictions and programs defined and 2) savings reporting of energy efficiency programs with multiple jurisdictions and programs measured. These samples may be attached as an appendix and would not count towards the 30-page limit.
6. What is your approach to ensuring accuracy, integrity, and quality by participating contractors? Explain your familiarity with building Quality Assurance ("QA") into energy efficiency program delivery organizations, including paying attention to customer care, trade allies, project completion as specified, service quality and other relevant factors. What metrics will be tracked and reported in your oversight of delivery and implementation as the Administrator?

7. What Quality Control ("QC") activities do you expect to implement as the Administrator regarding energy efficiency programs. Describe procedures, frequency, and metrics envisioned.

D. Approach to Technical and Customer Support Functions

Technical and Customer Support is defined as: tasks associated with project identification, engineering calculation & modeling, inspection of installed projects, trade ally contractor outreach, technical training, customer service, and marketing.

Please answer the following questions and include the question number in your response.

1. **Utility Coordination:** You will need to communicate and collaborate with multiple utilities about issues related to the EE program. What type of utility coordination team will you put in place? Explain what financial systems you will put into place to coordinate payments between utilities and implementing contractors or utilities and end-use customers, including the review of invoices and program contracts to ensure the work is performed satisfactorily.
2. **Marketing/Market Research:** Please describe your approach and capabilities to develop a mass marketing and communications plan to support the program. How will you handle the following: overall brand management; umbrella marketing; targeted marketing; coordination between programs to maintain one voice for the program; website management; and marketing efforts with utilities. What are your expectations for marketing to rural customers, low income customers, and renters? What is your experience with developing and managing e-commerce sites, what expectations do you have for an e-commerce site on behalf of the LPSC?
3. **Training/Trade Ally Coordination:** Please describe your approach and capabilities to manage training for customers and trade allies that support the overall goals of the program. Please include experience including overall course management, registration and course development. Describe your previous experience in managing trade allies and how you propose to transition trade allies currently aligned with the existing utility EE programs to the statewide program.
4. **Measure Management:** Please describe your experience and expectations coordinating with EM&V and Auditing efforts requiring coordination with other LPSC consultants. Provide an overview of your experience in managing TRM development. Explain what procedures and expectations you envision in managing this process in concert with various stakeholders.
5. **Call Center:** Please describe your ability and experience to staff a customer service toll-free telephone line/call center for customers and trade allies interested who have questions, have complaints, or are interested in participating in the program. Please describe other customer support programs designed to supplement call center services. Specifically

include details for the location of Louisiana based staffing. What processes will be used for tracking complaints and managing dispute resolutions? Describe the key elements you will include to maintain quality assurance and control for the program to ensure minimal mistakes and customer service problems.

E. Cost Proposal

1. Provide the proposed budget in the required format provided in Attachment B as well as an hourly rate schedule for management personnel and expected functional roles (call center analyst, etc.). The proposed budget shall be submitted as a total, not-to-exceed budget. If selected, Firms shall only be allowed to charge for actual hours of work performed and costs incurred. Further, once selected, a Firm's hourly rates and budget shall not be altered except by formal approval of the Commission.

   Attachment B provides a breakdown of the cost proposal into 10 cost categories aligned to the functions described in part IV.B above. It is key that Firms provide a complete description of the level of service corresponding to the bid price for each category. Firms should include a narrative description and key metrics for each category to accompany the budget template response. To the extent that the pricing can be further broken down by sub-category or function beyond what is required by Attachment B, supplemental detail for each category can be provided separately.

2. Explain your proposal for the "at Risk" fees and performance requirements. The "at risk" fee should be 10% of the total contract compensation. The bid should include a breakdown and definition of the various customer satisfaction objectives deemed appropriate along with a percentage breakdown for each objective. Your response should include an explanation for the "at risk" fee structure selected and any additional considerations or factors the Commission should consider in weighing the fee and services proposed. If your firm would like to propose the use of an alternative "at-Risk" structure, different from the 10% "at Risk" structure noted in this RFP, provide such an alternative structure for Commission consideration and the rationale for that proposal. This alternative proposal should be provided in addition to the 10% structure that has been requested.

3. How does your Program Administrator budget proposal approach account for the uncertainties associated with overall program budget and program design uncertainty?

4. Provide a sample contract, or preferred terms, for use in the development of the final contract. Regardless of whether a sample contract or preferred terms are provided, indicate which terms your Firm considers to be non-negotiable. Note, while a sample contract or preferred terms are being requested, the Commission will issue its version of an initial term sheet to Firms by August 5th for Firms to review, provide comments, and questions on. The Commission will then issue a contract to the Firm selected for the job.

RFP 24-05
ATTACHMENT A

LOUISIANA PUBLIC SERVICE COMMISSION

GENERAL ORDER

LOUISIANA PUBLIC SERVICE COMMISSION, EX PARTE.

Docket No. R-31106, In re: Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and gas utilities.

(Decided at the January 24, 2024 Business and Executive Session.)

I. Background and Procedural History[1]

This docket has a lengthy history spanning over 13 years. After several years of stakeholder collaboration, technical conferences, and written comments, the Commission approved a voluntary Quick Start energy efficiency program intended to include a two-phased implementation approach of establishing energy efficiency programs in Louisiana.[2] The Commission's goal in implementing a Quick Start phase was to encourage utilities, and their customers, to become more energy efficient and discourage inefficient or wasteful use of energy as quickly as possible rather than wait on fully-vetted rules to be established.[3] Staff and stakeholders agreed that a Quick Start program would focus on an initial, limited set of energy efficiency programs designed to be implemented quickly and economically while allowing all parties to begin developing rules and the associated infrastructure to support the successful implementation of long-term energy efficiency rules.

Docket No. R-31106 was initiated by publication in the Commission's Official Bulletin dated August 7, 2009, with numerous parties intervening. Initial interventions were received from the Association of Electric Cooperatives ("ALEC"),[4] the Alliance for Affordable Energy ("Alliance"), Atmos Energy Corporation ("Atmos"), Boise Packaging & Newsprint, LLC ("Boise"),[5] CenterPoint Energy-Arkla and CenterPoint Energy Entex ("CNP"), Cleco Power, LLC ("Cleco Power"), Entergy Louisiana LLC ("ELL"),[6] the Louisiana Energy Users Group ("LEUG"), Marathon Oil Company ("Marathon"), and Southwestern Electric Power Company ("SWEPCO"). Petitions for late intervention were filed, and granted, for CLEAResult, EnerNOC, Inc., Global Green USA, Green & Healthy Homes Initiative, Ken Smith, Louisiana Association of Community Action Partnerships, Inc., NRG Energy, Inc.,[7] Opower, Inc., Sierra Club, Southwest Louisiana Electric Membership Corporation ("SLEMCO"), Tagos Group, LLC, Together Louisiana, the U.S. Department of Energy, Vermont Energy Investment Corporation, and Walmart

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[1] Given the lengthy history and filings made in this Docket, not every request for comment, comments received, and technical conference will be summarized herein; however, Staff attempts to summarize the key moments that occurred throughout this Docket.

[2] *See* General Order dated September 20, 2013 (Docket No. R-31106), also discussed in more detail below.

[3] *See* General Order dated January 10, 2013 (Docket No. R-31106).

[4] At the time of filing its motion, the ALEC members consisted of Beauregard Electric Cooperative, Claiborne Electric Cooperative, Dixie Electric Membership Corporation, Jefferson Davis Electric Cooperative, Inc., Northeast Louisiana Power Cooperative, Inc., Panola-Harrison Electric Cooperative, Inc., Pointe Coupee Electric Membership Corporation, South Louisiana Electric Cooperative Association, Valley Electric Membership Corporation, and Washington-St. Tammany Electric Cooperative, Inc.

[5] Since filing its intervention, Boise has changed its name to Packaging Corporation of America.

[6] At the time of intervention, Entergy Louisiana LLC was two independent companies, Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC.

[7] On May 3, 2019, NRG Energy, Inc. withdrew its intervention.

Stores, Inc. There were also several parties who filed for, and received, Interested Party status. Those parties are the APTIM, Asyndant Energy, Cadmus, EP2 Consulting, LLC, Greater New Orleans Housing Alliance, M&M Contractors, LLC, and Southeast Energy Efficiency Alliance ("SEEA").

A. *Phase I – Quick Start*

Staff filed its *Initial Request for Comments* on March 8, 2010 seeking both specific and general comments, including but not limited to how energy efficiency should be defined for this rulemaking, what should the Commission's role be in promoting energy efficiency, whether energy efficiency programs existed in Louisiana at the time, and whether the Commission should offer utilities financial incentives to promote energy efficiency. Responses were received from the Alliance, Atmos, Cleco Power, CNP, ELL, LEUG, and SWEPCO. Generally, there was consensus throughout all comments that the Commission should promote the use of energy efficiency and establish rules to assist in such efforts. Further, comments received also indicated the need to determine an ability for the participating jurisdictional utilities to recover, through rates, any program costs.

The first technical conference was noticed for January 25, 2011, and included the issuance of a preliminary report. The preliminary report presented Staff's initial findings, established a list of issues for further discussion at the technical conference, and contemplated the concept of pilot energy efficiency programs by the utilities. Several topics were discussed at the technical conference, but most seemed to agree that it was reasonable for the Commission to promote the use of energy efficiency in Louisiana. There was also general consensus to allow a phased implementation approach, with Phase I relying on high level guidelines resulting in modest level energy efficiency programs, so long as such approach still provided clear guidelines as well as cost recovery for participating utilities.

Based on this general consensus, Staff developed a "Quick Start" energy efficiency program for jurisdictional investor-owned electric and natural gas utilities. Staff recognized the Commission's purpose in implementing a Quick Start phase was to encourage utilities, and their customers, to quickly become more energy efficient and discourage inefficient or wasteful use of energy. After two rounds of comments on proposed Quick Start rules, the Commission approved the phased implementation approach, with modifications read into the record at the Commission's December 12, 2012 B&E. General Order dated January 10, 2013 was issued memorializing the Commission's action.

General Order dated January 10, 2013 set the framework for the Quick Start program whereby the utilities would implement an initial set of programs and anticipated a Phase II, which would consist of a more detailed energy efficiency policy development and the implementation of Commission approved comprehensive programs. At the Commission's June 26. 2013 B&E, the Commission voted to stay the implementation of the January 10, 2013 General Order and allow public comment to be reopened. After additional public comment, at the Commission's August 21, 2013 B&E. the Commission voted to lift the stay of General Order dated January 10, 2013, subject to Amendment 2013-R-31106 filed into the record August 21, 2013.

Thereafter, the Commission issued General Order dated September 20, 2013 memorializing the Commission's action at the August 21, 2013 B&E lifting the stay of the Quick Start program ("Quick Start Order"). The Quick Start Order established a process for expedited energy efficiency program implementation, recognized a Phase II implementation consisting of more detailed energy efficiency policy development, and required all electric and gas utilities to notify the Commission, in writing, by October 1, 2013 of their election to participate in the voluntary Quick Start program. Cleco Power, ELL, and SWEPCO (the "IOUs") were the only utilities who elected to participate in the Quick Start program.[8]

From approximately November 2013 until October 2014, Staff, the IOUs, and Interested Parties worked through various components of the Quick Start implementation, including approval of program design, rate riders, as well as a Lost Contribution to Fixed Costs ("LCFC") recovery mechanism. After the Quick Start program design, including riders and LCFC recovery, was approved, Cleco Power, ELL, and SWEPCO began implementation of programs within their respective service territories. All three IOUs have complied with General Order dated September 20, 2013 related to filing annual reports on energy efficiency activities, annually updating rate riders, and coordinating with Staff on audits of the respective IOUs' program every two years.

Parties contemplated the Quick Start program continuing until October 2017; therefore, in January 2017, Staff recommended the Commission maintain the Quick Start program pending finalization of Phase II rules. At the Commission's January 18, 2017 B&E, the Commission adopted Staff's recommendation to maintain the Quick Start program, but also modified the requirements of the Quick Start program such that participating utilities were required to allocate 50% of their annual program budgets to programs for which eligibility was to be limited to school districts, local governments, state agencies, and higher education institutions or any other public entity. The Commission also provided that such proposals may be presented directly to the Commission for consideration, separate from the plans developed by the utility's third-party administrator(s). The Commission's action was memorialized in Commission General Order dated April 13, 2017, and this component of the Quick Start program became known as the Public Entities program. The Quick Start program was extended for an additional year at the Commission's September 20, 2017 B&E, including the Public Entities program. Commission General Order dated December 12, 2017 memorialized the Commission's action, including clarification to establish a separate budget for the Public Entities program requiring utilities to allocate 0.50% of the utility's 2012 retail revenue to fund Public Entities programs. The Quick Start program, including the Public Entities program, has been renewed by the Commission in subsequent years pending finalization of Phase II Rules.[9]

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[8] In December 2021, Atmos filed its Quick Start energy efficiency program and proposed riders, which was reviewed by Staff, with a determination of compliance with the Quick Start rules filed on February 4, 2022.
[9] *See* General Orders dated September 20, 2017, January 11, 2019, November 27, 2019, December 22, 2020, December 2, 2021, and May 4, 2023 for a two-year period.

B. Phase II

On November 3, 2016, Staff filed a *Notice of Phase II Rulemaking* thereby formally initiating the second implementation phase for energy efficiency rules in Louisiana. Staff's *Notice* was filed in the Commission's Official Bulletin dated November 4, 2016 to allow for additional intervention; however, those parties that had previously intervened were not required to intervene a second time. New parties that intervened for participation in Phase II were Bayou Steel,[10] and Occidental Chemical Corporation.

Staff also filed a *Notice of Scheduling of Technical Conference and Initial Request for Comments* setting the initial technical conference for Phase II on March 8, 2017 and requested comments to facilitate the discussion at the technical conference.[11] Topics requested by Staff included other utility participation in Phase II, whether the Commission should maintain an opt-out, should the program spending limits be adjusted, cost recovery by the participating utilities, a proposed timeframe for Phase II, evaluation metrics, and general feedback from the Quick Start program, among other topics. Comments were received by the Alliance, Atmos, Boise, Cleco Power, CNP, ELL, LEUG, SEEA, and SWEPCO.

After reviewing and considering all comments, and receiving guidance from the Commissioners, Staff filed *Notice of Phase II Proposed Energy Efficiency Rule, Third Request for Comments, and Notice of a Technical Conference* ("First Proposed Phase II Rules").[12] In Staff's *First Proposed Phase II Rules*, Staff recognized the diverging interests among stakeholders on important issues in Phase II, included a number of substantive changes compared to the Quick Start program, and indicated the proposed rule was a starting point for further discussion. The *First Proposed Phase II Rules* also noticed a technical conference, with Staff's objective being a discussion of the proposed rules and attempt to reach a consensus on outstanding issues. The technical conference was held on July 22, 2019 where a great deal of discussion surrounded the topic of performance incentives, LCFC, opt-out provisions, and the Public Entities program.

Thereafter, Staff issued a *Notice of Second Draft of Phase II Energy Efficiency Rules, and Fourth Request for Comments* ("Second Proposed Phase II Rules") with changes based upon discussion at the technical conference and comments received in response to the *First Proposed Phase II Rules*.[13] Prior to issuing a third proposed Phase II rules, Staff issued a *Notice on Expansion of Scope* and *Request for Comments on Expansion of Scope* ("Notice"), which indicated that the Commission's intent for energy efficiency rules had shifted.[14] The Commission's intent shifted to exploring alternative administrative options, including alternatives to utility incentivized programs in order to ensure the most dollar-for-dollar benefit, accountability, and transparency in the execution of energy efficiency ("EE") programs throughout Louisiana. The Commission wanted to explore whether utility-led programs made the most sense for Louisiana residents, and was concerned with the lack of transparency and what it perceived as a lacking of the most dollar-for-dollar benefit with utility-led programs. Comments were received from the Alliance, Atmos, CNP,

[10] On July 14, 2022, Bayou Steel withdrew its intervention.
[11] Filed February 7, 2017.
[12] Filed April 16, 2019.
[13] Filed October 8, 2019.
[14] Filed November 20, 2020.

Cleco Power, ELL, Green & Healthy Homes Initiative, LEUG, SWEPCO, and Vermont Energy Investment Corporation, with the overall comments from utilities being opposed to the shift. Some intervenors, specifically the Alliance and the SEEA, supported the concept of a statewide energy efficiency program.

After conducting independent research and reviewing the comments filed in response to Staff's Notice, Staff filed the *Notice of Third Proposed Draft Phase II Energy Efficiency Rule, and Sixth Request for Comment* ("Third Proposed Phase II Rules"),[15] which proposed a Third-Party Administrator model based on the Commission's goals to have consistent branding, more uniform energy efficiency offerings available, greater customer awareness, and ultimately increased energy savings while lowering utility bills. Comments were received from ALEC, the Alliance, Atmos, Cleco Power, CNP, ELL, LEUG, and SWEPCO. Again, the utilities generally opposed the Third-Party Administrator model citing the same, or similar, reasons received in response to Staff's *Notice*, as well as concerns over an aggressive timeline to implement and a steep funding ramp up. Many comments also indicated that the selected approach for energy efficiency implementation is not critical to the overall success of a program, but other factors, such as savings targets and accountability are more likely to have an impact. In response to concerns raised over an increase in the program's cost, and in an attempt to propose an adequate, fair budget for Phase II, Staff also issued a *Request for Information to Investor-Owned Utilities regarding rate impact analysis* seeking rate impact analysis associated with the Quick Start Program.[16]

At the May 17, 2023 B&E, the Commission approved a directive from Commissioner Greene directing Staff to publish proposed Phase II Rules no later than May 26, 2023:

> … Staff to publish a new version of the Draft Phase II Energy Efficiency rules, which contemplates the creation of a Commission led State-Wide EE Administrator program. This new version shall be based upon the conversations Staff has had with Commissioners over the past few months. This Draft Rule should be published in the docket no later than May 26, 2023, such that we can move forward with the process for receiving input for a final draft, with the goal that final rules will be considered by this Commission at the September 2023 B&E, but no later than October B&E.

Pursuant to this directive, Staff issued *Notice of Fourth Proposed Phase II Energy Efficiency Rules and Attachment* ("Fourth Proposed Phase II Rules"), which sought stakeholder comments on a strawman Commission-led statewide energy efficiency program.[17] Comments were received on July 11, 2023 by ALEC, Alliance, Atmos, Cleco Power, CNP, Dixie Electric Membership Corporation ("DEMCO"), ELL, LEUG, Northeast Louisiana Power Cooperative, Inc. ("NELPCO"), Pointe Coupee Electric Membership Corporation ("PCME"), Southwest Louisiana Electric Membership Corporation ("SLEMCO"), and SWEPCO.

The IOUs, the gas utilities (CNP and Atmos), and ALEC (representing seven member-owned electric cooperative utilities) filed comments against the Commission's proposed statewide energy efficiency program. NELPCO and SLEMCO filed comments in support of the Commission-led program on the basis of the cooperatives being over-burdened if they were to

[15] Filed March 7, 2022.
[16] Filed July 11, 2022.
[17] Filed May 26, 2023.

administer energy efficiency programs. While supportive, both cooperatives also had separate concerns related to a Commission-led energy efficiency program. The Alliance was also supportive of the *Fourth Proposed Phase II Rules*, and provided not only comments, but also redlined proposed changes to areas the Alliance found lacking, including a savings goal. ELL also raised legal arguments within its comments; however, those arguments were either based on a misunderstanding of the Fourth Proposed Phase II Rules or were misplaced, far reaching grasps at unconstitutional arguments.

After reviewing comments received, and making revisions based off those comments, Staff issued the *Final Proposed Phase II Energy Efficiency Rules* ("Final Proposed Phase II Rules") for final stakeholder input and comment.[18] Comments were received by ALEC, the Alliance, CNP, Cleco Power, ELL, PCME, SLEMCO, SWEPCO, and Together Louisiana. The Alliance, Cleco Power, ELL, and SWEPCO provided proposed redline changes. Cleco Power and SWEPCO still maintained opposition to the statewide administrator model for the same reasons provided in comments to prior versions of the proposed rule. And, while ELL still opposed the statewide administrator approach, it did provide some helpful redline changes and requests for clarification that Staff considered and attempted to address.[19]

Similarly, while CNP preferred to allow utilities participating in Quick Start to continue to have utility-led programs, CNP's main concern seemed to be fuel switching or potential cross-fuel competition if one administrator is used. Staff reiterated the Commission's prohibition on fuel switching, and ensured the administrator hired would adhere to the Commission's prohibition. PCME and SLEMCO had comments and concerns mainly related to the costs of implementation of the statewide program. SLEMCO proposed a three-year cap on program revenue collection should not all revenue be expended within those three years. Staff accepted SLEMCO's suggestion, but revised the timeframe to be at the end of a four-year budget cycle. Staff's proposal allowed a utility to request cessation of funds if all funds were not expended within the budget cycle.

The Alliance and Together Louisiana support the statewide administrator approach, and sought some clarifications. Together Louisiana opposed allowing utilities to recover LCFC in any capacity, viewing LCFC as a short-term solution, which was allowed, and utilized, during the Commission's Quick Start program when the utilities were determining their decrease in load and in turn, decreased revenue. The Alliance sought changes to the proposed savings targets and suggested the elimination of inclusion of a budget cap. While Staff noted the Alliance's goal, it also pointed out that other parties are concerned with Staff's targets being ambitious. Given this, Staff made no changes to the targets for electric IOUs. In the future, there will be an opportunity for the EM&V contractor to conduct a study to examine whether a higher savings target would be beneficial. With regard to the Alliance's recommendation of no budget cap, it is Staff's opinion that the budget cap is in place as ratepayer protection, and thus, should remain; however, Staff raised the budget cap to 1.5%.

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[18] Filed October 31, 2023.
[19] SWEPCO and CLECO also provided redline changes, but they were mostly oriented towards permitting utilities with existing utility-led EE programs the option to continue offering those programs.

II. Jurisdiction and Applicable Law

The Commission has been vested with the authority to regulate public utilities and common carriers and exercises jurisdiction in this proceeding pursuant to Article IV, Section 21(b) of the Louisiana Constitution of 1974, which provides in pertinent part:

> The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

III. Staff's Analysis and Final Recommendation

Working through numerous rounds of comments from a diverse group of stakeholders, both in writing and at technical conferences, Staff issued five drafts of proposed Phase II rules prior to the final rules filed into the record on December 1, 2023. The Phase II Rules, while based on a statewide administrator model, focus on minimizing the amount of administrative oversight that traditional third-party administrator models typically include, and as such, Staff proposed the Commission retain an Administrator and an Evaluation, Measurement, & Verification ("EM&V") Contractor. In the Phase II Rules, Staff has incorporated the concept of retaining a fiscal agent should the determination be made during the design and planning process that one is necessary. Should that determination be made, the hiring of a fiscal agent shall be approved by the Commission.

Further, the Phase II Rules attempted to limit costs that customers pay to ensure the majority of costs are going directly toward energy efficiency projects. As such, Staff drafted the Phase II Rules to allow utilities to recover their direct costs incurred related to the statewide energy efficiency program, as well as a LCFC component, but does not allow for utility incentives. Staff restricted LCFC recovery to losses that directly impact the utility's earnings bandwidth, and allowed for recovery only after the true-up at the end of each program cycle year. Considering comments provided, Staff revised the Phase II Rules to allow for all cost recovery to flow through the Commission approved energy efficiency rider. Staff also accepted the concerns of several intervenors and extended the transition period from Quick Start to a statewide energy efficiency program to two-years.

The Phase II Rules maintain a four-year budget cycle, but Staff increased the annual budget cap for the first four-year budget cycle to no more than 1.5% of the average of a utility's five most recent year's revenue. This increase was based on the Investor-Owned Utilities indicating Staff's savings targets could not be achieved based on a 1.0% average, and the Alliance's concern with having any budget cap. Staff did not alter the proposed savings target for the Investor-Owned Electric Utilities and the Group 1 Gas Utilities as the target is in line with the average savings targets achieved during the Quick Start program (0.22%),[20] as well as the Southeast average of 0.19%.[21] Staff did propose a lower savings target for the Electric Cooperatives given their lack of participation in the Quick Start program.

[20] Data from Audit Reports based on data supplied by utilities.

[21] Energy Efficiency in the Southeast, Fifth Annual Report, Southern Alliance for Clean Energy, March 2023, https://cleanenergy.org/wp-content/uploads/Energy-Efficiency-in-the-Southeast-Fifth-Annual-Report.pdf, p. 4.

While there seemed to be a consensus that the Commission's statewide energy efficiency program should have a dedicated percentage of budget allocated to low-income or high energy burden households, Staff's position was that the specific allocation to all program categories is a Commission decision. Staff agrees low-income or high energy burden households should receive a dedicated allocation of the energy efficiency program budget, and was of the opinion that an allocation within the range of 10% - 15% is reasonable.

IV. Commission Consideration

After discussion, Commissioner Greene made the following motion: I move that we accept Staff's Recommendation and adopt the Final Phase II Rules filed December 1, 2023 with Section F(4)-Utility Cost Recovery removed and replaced with the following:

> Utilities are allowed to recover their direct costs in facilitating the collection and retention of the EER through the utility's normal O&M recovery mechanism. Because LPSC jurisdictional utilities predominately utilize a Formula Rate Plan that accounts for yearly underearning's should they exist, and for those jurisdictional utilities not currently on an FRP similarly can seek rate treatment to account for any underearning year over year, participating utilities will not be allowed recovery of any alleged Lost Contribution to Fixed Costs due to implementation of the Commission's EE Program. Any underearning's of a utility will be addressed holistically in their respective FRP or alternative yearly rate making process. Furthermore, nothing in this rule prohibits a utility from voluntarily implementing their own energy efficiency program for their customers. Such programs would be in supplement to the Commission's EE Program and are not mandatory. Should a utility implement their own utility EE program, they may seek administrative and other program cots through normal ratemaking processes. This type of program would not be in lieu of the EE Program designed herein.

Further, I move that we accept Staff's Recommendation and adopt the Final Phase II Rules filed December 1, 2023 with Section III.E.2 revised as follows:

> The EE Administrator shall ensure that at least fifteen percent (15%) of budget spending is allocated to low-income residents as defined in the Phase II Rules. Where possible, the EE Administrator may target project implementation/spending neighborhood-wide if a specific area is shown to have over 50% income-qualifying customers and the EE Administrator can identify a need for EE projects. Measures and/or programs specifically designed for low-income customers are not required to separately pass cost-effectiveness screening, but the portfolio of all programs must be cost effective as a whole. And

> The EE Administrator shall also ensure that at least ten percent (10%) of budget spending is allocated to rental properties. In program design the Administrator should consider how best to protect renters in billing arrangements and to facilitate project execution in low-income residences, such as apartment buildings and multi-family dwellings in particular.

On motion of Commissioner Greene, seconded by Vice Chairman Lewis, with Commissioner Campbell concurring, and Chairman Francis and Commissioner Skrmetta opposing, the Commission voted to adopt the Final Phase II Rules filed into the record on December 1, 2023, with amendments. The motion passed with amendments 3:2.

IT IS THEREFORE ORDERED THAT:

1) The Final Phase II Rules filed into the record on December 1, 2023, with amendments made at the January 24, 2024 Business and Executive Session is adopted, as reflected in attachment A hereto.

This Order is effective immediately.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
February 9, 2024

/S/ OPPOSED
DISTRICT IV
CHAIRMAN MIKE FRANCIS

/S/ DAVANTE LEWIS
DISTRICT III
VICE CHAIRMAN DAVANTE LEWIS

/S/ FOSTER L. CAMPBELL
DISTRICT/S V
COMMISSIONER FOSTER L. CAMPBELL

/S/ OPPOSED
DISTRICT I
COMMISSIONER ERIC F. SKRMETTA

/S/ CRAIG GREENE
DISTRICT II
COMMISSIONER CRAIG GREENE

Brandon M. Frey/BMB

BRANDON M. FREY
SECRETARY

ATTACHMENT A

PHASE II ENERGY EFFICIENCY RULES

<u>**Table of Contents**</u>

I. Overview

The following provides the Louisiana Public Service Commission's ("LPSC" or "Commission") Phase II Energy Efficiency ("EE") Rules ("EE Rules"), which replace the Quick Start EE Rules ("QS Rules") that have been in effect since the QS Rules General Order[1] was issued. These EE Rules provide the framework for transitioning from the current QS program to a comprehensive Commission-led statewide EE program implemented on a mandatory basis for all jurisdictional Electric Investor Owned Utilities ("IOUs"), Group 1 Gas Utilities, and Electric Cooperatives.[2]

Upon passage of these EE Rules, the Commission will conduct a Request For Qualifications ("RFQ")/Request For Proposals ("RFP") process to hire a Program Administrator (the "Program Administrator" or "Administrator") and an Evaluation, Measurement, & Verification ("EM&V") Contractor, discussed further herein, with the goal of hiring both by the August 2024 Business and Executive Session ("B&E"). The Administrator, in collaboration with the EM&V Contractor, will utilize through the end of 2025 as a transition period to design and seek Commission approval of the EE Program and Budget Cycle Plan for the first budget cycle, as discussed further below, pursuant to the goals and objectives outlined in these EE Rules. The objective will be to begin the Commission's first four-year EE program cycle on January 1, 2026.

All utilities operating existing QS programs shall continue to operate those programs, without interruption, until the Commission's energy efficiency program begins. These rules do not initially contemplate that a Fiscal Agent will be required; however, further consideration of the need for a Fiscal Agent will be contemplated, and should a determination be made that one is necessary, the hiring of a Fiscal Agent will be proposed to the Commission for approval.

The Commission's primary goal with the EE Rules is to utilize energy efficiency projects designed to reduce energy usage and make homes and businesses more energy efficient, thereby reducing a customer's overall energy bill. The specific goals for the Commission's EE Rules are:

1. Increase the ability and potential for customers to decrease energy usage with the overall goal of reducing energy bills;
2. Promote the use of least costs energy resources;
3. Provide expanded energy savings benefits;
4. Be cost effective and implemented efficiently;
5. Reduce overall emissions;
6. Reduce the need for supply-side resource additions;
7. Reduce price volatility; and
8. Strive to expand energy efficiency throughout Louisiana.

[1] The QS EE General Order was decided at the Commission's August 21, 2013 B&E Session, and was issued on September 20, 2013 in Docket R-31106.

[2] Throughout these EE Rules, "utilities" is synonymous for both electric and gas utilities, unless specifically stated otherwise.

II. Definitions

Administrator (or Program Administrator) - The person, or entity, responsible for creating energy efficiency programs or a portfolio of programs pursuant to these EE Rules. The Administrator will manage the implementation process after the programs are approved by the Commission.

Cost-effectiveness - A comparison of the approved categories of costs and benefits of an EE program or measure, to determine the net benefits of the program or measure. Typically, present value benefits are compared to present value costs to determine if the program or measure is economic.

Customer Transformation Programs – Strategic efforts to induce lasting structural or behavioral changes by customers that result in increased adoption of energy efficient technologies, services and practices. Energy savings customer transformation programs must be beyond that which would be achieved through compliance with building codes and appliance and equipment efficiency standards.

Demand Response ("DR") - Changes in energy use by end use customers from their normal consumption patterns in response to changes in the price of energy over time, or in response to incentive payments designed to induce lower energy use at times of high market prices or when system reliability is jeopardized. DR programs are excluded from being programs the Program Administrator can implement, as utilities are permitted to implement DR programs based on Commission General Order dated May 26, 2021.[3]

Deemed Savings - Deemed Savings are used to define energy and peak demand savings values for projects with well-known and documented savings. Deemed Savings are pre-determined, validated estimates of energy and peak demand savings attributable to energy efficiency measures whose performance characteristics and use conditions are well known and consistent. Deemed savings may be based on engineering calculations, baseline studies, and/or reasonable assumptions. Deemed savings estimates may be derived from other evaluations previously performed and conducted by the utility, other utilities or other governmental/regulatory agency studies. The Administrator may use these estimates when energy and peak demand savings estimated through measurement and verification (M&V) activities are infeasible or impractical. Deemed savings should be revised periodically to reflect new technologies and new federal, state, or local policies and codes.[4] The Commission approved the use of the Arkansas Technical Reference Manual ("TRM") for deriving deemed savings estimates in the Quick Start Phase. Until such time that a Louisiana specific TRM is developed, the Commission continues to recommend use of the most recent Arkansas TRM in Phase II, with appropriate adjustments for Louisiana, such as adjustments for different climate zones and weather conditions.[5]

Energy Burden – Households that are overburdened by unaffordable energy bills, which typically disproportionately affect low income, older adults, households of color, and indigenous households. Typically, these customers live in inefficient housing and face systemic barriers that limit their ability to pay for energy services.

Energy Efficiency – Refers to a decrease in the use of energy, while maintaining or improving the customer's existing level of comfort and end-use functionality at lower customer cost. Reducing the

[3] *See*, Docket No. R35136, LPSC, ex parte. In re: Rulemaking to Determine Need for Rate Schedules and Programs Offering Demand Response Products, Development of Such Rate Schedules and Programs, Determination of Customer Participation in such Programs, Allocation and Recovery of Program Costs, and Whether Such Programs Shall be mandatory or Voluntary for Utilities as set forth in Sec. 3 of the Rule Adopted in General Order Dated march 7, 2019 in Docket No. R-34948. ("Commission DR Order").

[4] Note that whenever the phase "peak demand savings" is mentioned, it applies to electric utilities, not gas utilities.

[5] The latest version of the Arkansas TRM, Version 9.1, was approved on October 20, 2022 in APSC Docket 10-100-R and may be found at https://apsc.arkansas.gov/wp-content/uploads/AR_TRM_V9.1_Volume_1_2_and_3_on_8-31-22.pdf

rate at which energy is used may be achieved by substituting more advanced technology, or by reorganizing the process to reduce waste heat, waste cooling, or energy.

Energy Efficiency Savings – Those kW, kWh, or Ccf savings realized by comparing measured energy use before and after implementation of an energy efficiency measure, or by reference to a set of deemed savings approved by the Commission.

Evaluation, Measurement and Verification ("EM&V") – Studies and activities intended to determine the actual savings and other effects from energy efficiency programs and measures. The full scope of the EM&V process includes the evaluation of program design, implementation, cost effectiveness, market penetration, and verification of savings achieved from the programs.

Evaluation – Evaluation refers to methods used to determine impacts resulting from the implementation of EE programs, including program performance, program markets and operations, expected levels of energy and demand savings, and program cost-effectiveness.

Measurement and Verification ("M&V") – M&V is the form of evaluation performed after implementation that relies on data collection, monitoring, and analysis associated with the calculation of overall energy and demand savings at individual sites or projects using one or more methods that can involve measurements, engineering calculations, statistical analyses, and/or computer simulation modeling with the goal of verifying the level of savings achieved.

Low-Income Customers – Customers whose income levels are below 200% of the most recent year's federal poverty level.

Measure – The equipment, materials and practices that, when installed or implemented at a customer site, result in a measurable and verifiable reduction in either purchased energy consumption, measured energy or peak demand, or both.

Measured Savings – is an approach to estimate savings for larger or less well-known measures, in which savings are calculated using methods that can involve measurements, engineering calculations, statistical analyses, experimental design, metering and monitoring, computer simulation modeling, etc.

Portfolio – The entire group of programs that are offered.

Portfolio Plan- A plan to deliver a Portfolio of EE programs, which includes a set of benefit/cost test results, specific objectives that can be evaluated using quantifiable measures, and provisions to evaluate, monitor, and verify results.

Program – A group of projects with similar characteristics and installed in similar applications or targeting a particular population.

Program Year – The calendar year in which programs are administered and delivered, for the purposes of planning and reporting.

Public Entity – Public Schools, public higher education institutions, local government facilities, state agency facilities, or any other public entity facility approved by the Commission.

Screening Tests – These are evaluations that should be performed to determine which conservation and energy efficiency options should be eligible for further consideration in the EE portfolio. Screening tests shall follow the guidelines published by the California Public Utility Commission in its California *Standard Practice Manual for Economic Analysis of Demand-Side Programs and Projects*, which was first published in February 1983, and last updated in 2001.[6] The manual defines the following standard tests:

[6] https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/energy-efficiency/idsm

- *Participants Test* - This test measures the *quantifiable* benefits and costs to the customer. The *benefits* to a customer include the reduction in the customer's utility bill (using the retail rate), any incentives customers receive, and any other benefits to the customer that can be quantified. Savings estimates should be based on gross energy savings, as opposed to net savings.[7] The *costs* to a customer are all out-of-pocket expenses incurred, plus any increases in the customer's utility bill. The out-of-pocket expenses include all costs of purchasing and installing equipment or materials, any ongoing operation and maintenance costs; any removal costs (less salvage value); and the value of the customer's time in arranging for the installation of the measure, if significant.

- *The Ratepayer Impact Measure (RIM) Test* - This test measures what happens to customer bills or rates due to changes in utility revenues and operating costs caused by the program. Rates will go up if revenues collected are less than the total costs incurred to implement the program. The *benefits* calculated in the RIM test are the savings from avoided supply costs. These avoided costs include the reduction in transmission, distribution, generation, and capacity costs for periods when load has been reduced, and includes the increase in revenues for any periods in which load has been increased. Both the reductions in supply costs and the revenue increases should be calculated using net energy savings. The *costs* for this test are the incremental program costs directly incurred by the Program Administrator and the utility to implement the EE program,[8] the incentives paid to participants, decreased revenues for any periods in which load has been decreased, and increased supply costs for any period when load has increased. The program costs include incremental initial and annual costs, such as the cost of equipment, operation and maintenance, installation, program administration, and customer dropout and removal of equipment (less salvage value).

- *Program Administrator Cost Test* – This test measures the net costs of a program based on the costs incurred by the Program Administrator and the utility. The *benefits* are the avoided supply costs of energy and demand, the reduction in transmission, distribution, generation, and capacity valued at marginal costs for the periods when there is a load reduction. The avoided supply costs should be calculated using net program savings. The *costs* for this test are the incremental direct costs incurred by the Program Administrator and the utility, including the incentives paid to the customers, increased supply costs for the periods in which load is increased, program costs, which include initial and annual costs, such as the cost of equipment, operation and maintenance, installation, program administration, and costs due to customer dropout and removal of equipment (less salvage value).

- *The Total Resource Cost Test* – This test measures the net cost of a program based on the total costs of the program, including the participants', the Program Administrator's, and the utility's costs. The *benefits* calculated in the Total Resource Cost Test are the avoided supply costs, the reduction in transmission, distribution, generation, and capacity costs valued at marginal cost for the periods when there is a load reduction. The avoided supply costs should be calculated using net program savings. The *costs* in this test are the direct program costs incurred by the Program Administrator, the utility, and the participants plus the increase in supply costs for the periods in which load is increased. Thus, all equipment costs, installation, operation and maintenance, cost of removal (less salvage value), and administration costs, no matter who pays for them, are included in this test. Any tax credits are considered a reduction to costs in this test.

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[7] Gross energy savings are the energy savings attributed to the program seen by the participant at the meter. Net savings are gross savings minus changes in energy use and demand that would have happened even if the program were not implemented (i.e., from "free-riders").

[8] Most of the direct program costs will be incurred by the Program Administrator, however, it is anticipated that utilities will also incur some direct costs, and those costs should also be captured in the appropriate Screening Tests.

- *Societal Cost Test* – This test measures the economic impact to the Program Administrator, utility, service territory, state or broader region, as measured by the Total Resource Cost Test, plus indirect impacts such as environmental impacts.

Parties that desire to change the benefit-cost framework may hold discussions in the EE Working Group ("EEWG") and may propose changes to the Commission for approval.

III. Program Requirements and Design

The Commission's EE Rules transition from individual utility-led programs to a consistent set of statewide programs[9] allowing all jurisdictional customers of Electric IOUs, Group 1 Gas Utilities, and Electric Cooperatives to participate. The statewide energy efficiency program will be administered by a Program Administrator and funded through an energy efficiency rider ("EER"). Similar to the energy efficiency rate riders implemented in the Quick Start Program, EER revenues will be collected by jurisdictional Electric IOUs, Group 1 Gas Utilities, and Electric Cooperatives from their respective customers through a line-item on customer's bills. Jurisdictional utilities are directed to fully cooperate to ensure a seamless transition from individual utility EE programs to a comprehensive statewide Commission-led program, including the creation of the EER for Commission approval.

A. Program Cycle

The EE Program will be developed and implemented based on a four-year program cycle, beginning January 1, 2026. The Administrator shall design, implement, monitor/oversee, and report on a multi-year budget for the program cycle, including meeting the goals and guidelines of design and implementation described in these EE Rules. Such design, implementation, monitoring/overseeing, and reporting are at the direction of, and with the approval of, the Commission. The Administrator shall meet with Staff and Commissioners to make presentations and have discussions as frequently as Staff and the Commission requires, and shall provide a detailed report annually, as described further below.

B. Administrator and EM&V Contractor

Upon Commission approval, the Administrator shall be responsible for developing and managing natural gas and electric EE programs on a statewide basis. Once an EE program is approved by the Commission, the Administrator will continue to coordinate and seek Commission approval, as necessary, throughout implementation of the four-year program cycle. While retaining an Administrator shall be in accordance with the Commission's RFP process pursuant to the Commission's General Order dated November 10, 2014 (Docket No. R-33197), potential applicants shall not be limited to the Commission's Qualified Consultant list and are anticipated to be selected from a broader pool of applicants with experience and expertise in energy efficiency. Further, in addition to an RFP process, it is anticipated that an RFQ process will precede the RFP process. Past and present EE program administrators are not prohibited from submitting qualifications and proposals to the Commission's RFQ/RFPs.

The Administrator's EE Program and Budget Cycle Plan, discussed further below, shall detail the program goals, strategies, plans and budgets, and shall discuss customer transformation activities, and other program services that the Administrator will implement after Commission approval. The Plans shall detail the specific program objectives, including quantified energy savings (annual and lifetime), peak demand savings, budget allocations by program, including budget allocations serving

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[9] While the Commission's EE Rules should strive for a consistent set of programs, the Administrator may propose to customize programs to groups of customers, as deemed appropriate. The Administrator should consult with and seek Commission approval for such customization changes.

low-income customers and other targets for customer equity, cost-effectiveness, and customer transformation activities. The Plans shall discuss the economic and environmental benefits the Administrator expects to achieve, and explain how programs will be designed to reach as many LPSC jurisdictional customers as possible. The Plans shall include baseline assumptions and information about the strategy that will be employed to implement programs.

Further, to provide checks and balances and enhanced program accountability, the Commission shall retain an EM&V Contractor, independent from the Administrator, to determine actual savings and other effects from the Commission's EE program, and provide meaningful and detailed recommendations on opportunities for achieving efficiency savings through existing and potential new program offerings. The EM&V Contractor will be responsible for developing and filing EM&V plans for Commission approval prior to the start of each budget cycle, which shall provide details on how the EM&V contractor will evaluate the program design, implementation, cost effectiveness, and verification of savings achieved. As with the Administrator, the EM&V Contractor shall be retained through a formal RFQ/RFP process, and while pursuant to the Commission's General Order dated November 10, 2014 (Docket No. R-33197) potential applicants shall be through a broader pool than the Commission's Qualified Consultant list. Past and present EM&V contractors are not prohibited from submitting qualifications and proposals to the Commission's RFQ/RFPs.

The Commission will conduct an RFQ/RFP hiring process for both the Administrator and EM&V Contractor at least at the end of every two program cycles. The existing Administrator and EM&V Contractor may participate in any RFP issued by the Commission, and is not limited to a set number of program cycles.

While the Administrator and EM&V Contractor shall be retained through the Commission's RFQ/RFP process, these contractor's budgets shall be considered within the total overall EE budget, as discussed herein and approved by the Commission.

Additionally, the Commission will require an independent audit be performed. The audit will review not only the program costs incurred by the Administrator and other parties, but also revenues collected by the utilities and managed by the Administrator. See additional discussion of the Audit process in Section IV below.

C. Savings Targets

Prior to the start of each four-year budget cycle, the Administrator shall design a program that aligns with the Commission's objectives described herein, and seek Commission approval of the proposed EE program. The Administrator shall have a goal of reaching a specified annual incremental energy savings target as compared to the average of each utility's total energy sales over the past five years (subtracting out opt-out energy) as reported in the Electric Utility's FERC Form 1, Cooperative Electric Utility's Rural Utilities Services Form 7, or Gas Utility's FERC Form 2-A. The energy savings target should be based on the previous five-year's energy sales data for which data is available prior to the start of each budget cycle (e.g., energy and gas sales data for 2020 to 2024 may be used for the 2026-2029 program cycle).

For electric and gas IOUs, by the end of the first year of the first budget cycle, the energy savings goal shall be to achieve a minimum energy savings target of 0.4% of the average of the previous five-year's energy sales, and the energy savings goal shall increase by 0.05% each year within the budget cycle, with the goal of achieving 0.55% by the end of the first budget cycle. For electric cooperatives, which are much smaller utilities and did not participate in the Quick Start phase, by the end of the first year of the first budget cycle, the energy savings goal shall be to achieve a minimum energy savings target of 0.1% of the average of the previous five-year's energy sales, and the energy savings goal shall increase by 0.05% each year with the budget cycle, with the goal of achieving 0.25% by the end of the first budget cycle.

During the first four-year cycle, and during each successive budget cycle, the EM&V Contractor shall conduct an EE utility-wide potential study ("Potential Study") to determine potentially achievable energy savings for each utility to assist the Commission in setting savings goals in future years. Utilities will be required to fully cooperate with this process by providing information to the EM&V Contractor as needed to complete the Potential Studies. The energy savings goals for future budget cycles will be established and approved by the Commission at a later time, taking into consideration the results from the first budget cycle, the results from the Potential Study, and results from recent IRPs, for those utilities that have conducted IRPs.

D. Minimum Criteria for Cost-Effectiveness

The Total Resource Cost ("TRC") test shall be the primary test used for determining cost effectiveness for the Commission's EE programs. The Administrator shall evaluate the cost effectiveness of its proposed programs and must demonstrate that the portfolio of programs as a whole is cost effective using the TRC test. The TRC test will consider all electric and gas savings. Quantifiable non-energy benefits may also be considered, subject to Commission approval. At a minimum, the Administrator's entire portfolio of EE programs must equal or exceed a 1.0 TRC requirement each year, though it is preferable for each individual program within a portfolio to have a benefit cost ratio of at least 1.0. EE programs shall be reported at the program and portfolio levels, as well as at any other sub-program levels.

The Commission retains the authority to approve programs that, by design, will not meet or exceed a 1.0 TRC, including possibly low-income programs. Justification for all programs that do not exceed a 1.0 TRC must be provided to the Commission.

Should any party desire to replace the TRC test with some other test, that test should be discussed in the EEWG, with the Administrator seeking Commission approval for such a change in the cost effectiveness test.[10]

E. Program Design and Implementation

1. <u>Budget Cycle Plans</u>

Prior to the start of each four-year budget cycle, the Administrator shall prepare and submit for approval to the Commission the Budget Cycle Plan for the upcoming four-year cycle, consistent with these Commission EE Rules. The schedule for the Budget Cycle Plan is discussed in the Approval Section below (Section III.E.4) and in the Timeline of Activities (Attachment B). If necessary, the Administrator may submit an update to the Budget Cycle Plan to the Commission for approval, detailing any revisions specific to the upcoming plan year, such as changes to incentive levels, changes to expand or discontinue programs, or changes to move funds from one program to another. The Administrator shall include, at a minimum, the following details in the Budget Cycle Plan:

- A list of EE programs it plans to implement,
- Estimated budgets for its programs and portfolios as a whole.
- Cost effectiveness analyses of its programs and portfolio as a whole.
- Estimated kWh annual and lifetime savings, summer and winter peak capacity savings, and lifetime customer total resource benefits.
- Program Implementation plans.

In addition, prior to the start of each budget cycle, the EM&V Contractor shall prepare and submit for approval to the Commission the EM&V Plan for the upcoming four-year budget cycle. If necessary, the EM&V Contractor may submit an update to the EM&V Plan to the Commission for

[10] The EE Working Group is discussed in Section IV below.

approval, detailing any revisions specific to the upcoming plan year. The EM&V Contractor shall include the following details in the EM&V Plan:

- Evaluation budget for the budget cycle (not to exceed 4% of total program budget).
- Process for conducting ex post EM&V impact evaluations.
- Approach to performing process evaluation of program implementation (customer satisfaction, leveraging trade allies, marketing and outreach, etc).
- Key dates for EM&V activities.

As directed by the Commission, the EM&V Contractor will also be expected to perform additional studies from time-to-time that shall also be discussed in the EM&V Plan. One potential study will be for a Louisiana-specific TRM. Early in the first budget cycle, the EM&V Contractor shall be responsible to coordinate with the Administrator and the EEWG to evaluate whether a Louisiana-specific TRM would be beneficial for Louisiana customers. If it is determined it would be beneficial, then the EM&V Contractor shall be responsible to coordinate with the Administrator and the EEWG to produce and seek Commission approval of a Louisiana-specific TRM by the end of the first budget cycle.

2. <u>Budget Cycle Program Allocations</u>

To develop the Budget Cycle Plan, budgets shall be allocated to various customer classes. Prior to the start of each budget cycle, the Administrator shall meet with each Commissioner and Commission Staff to understand the specific goals and types of EE programs that are important to each Commissioner and work to include said priorities in the finalization of the EE program. The Administrator is expected to have a thorough understanding of the Commissioners' objectives for the allocation of energy efficiency budgets and the budget allocations will be approved by the Commission. With the exception of low-income resident programs, which shall be allocated a specific portion of the budgets as stated below, the remainder of the budgets may be allocated to categories including, but not limited to:

- Low Income Residential Programs and/or Programs for Customers with High Energy Burdens[11]
- Public Entities
- Residential Programs
- Commercial Programs
- Industrial Programs

Stakeholders in Docket No. R-31106, including participants in the EEWG, may also submit recommendations to the Administrator for additional program categories to be considered. While the Administrator shall develop budget allocations based on Commissioner priorities as much and as reasonably possible, the Administrator is encouraged to provide Commissioners with guidance based on the Administrator's industry knowledge and expertise to ensure the overall EE portfolio is reasonable, cost effective, and meets the Commission's goals stated above in Section I.

With the above objectives in mind, the Administrator shall ensure that at least fifteen percent (15%) of budget spending is allocated to low-income residents as defined in the Phase II Rules. Where possible, the Administrator may target project implementation/spending neighborhood-wide if a specific area is shown to have over 50% income-qualifying customers and the Administrator can identify a need for EE projects. Measures and/or programs specifically designed for low-income

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[11] When designing programs for Low Income Customers, the Administrator should consider designing programs to reduce those customers' energy burden.

customers are not required to separately pass cost-effectiveness screening, but the portfolio of all programs must be cost effective as a whole.

The Administrator shall also ensure that at least ten percent (10%) of budget spending is allocated to rental properties. In program design, the Administrator should consider how best to protect renters in billing arrangements and to facilitate project execution in low-income residences, such as apartment buildings and multi-family dwellings in particular.

An important objective that shall be adhered to is that programs should be designed such that funds collected within one utility's service territory should be expended on EE programs for customers within that service territory, and funds collected from residential and non-residential customers should be expended on programs for those customers roughly in proportion to the amount of funds collected from those customers. The Administrator shall provide information to Staff and Utilities to allow tracking of funds spent by service territories and Commission districts.

As budgets are developed, budget flexibility should be considered to address customer equity objectives, to develop programs for certain target markets, and/or to shift budgets within a range, or over a number of years. Other parameters to be considered may include fund-shifting between programs (funds shall not be shifted between residential and non-residential programs), and other spending requirements to address equity considerations.

Once the budget allocations are set and approved by the Commission, the Administrator shall present the Budget Cycle Plan and EE program design for Commission approval along with an estimate of anticipated rate and bill impacts.

3. Public/Private Collaboration

The Administrator shall coordinate and collaborate with stakeholders including contractors, the EM&V Contractor, program participants, Commission Staff, utility companies, government organizations, businesses, professional and trade associations, and trade allies, for purposes of leveraging work, reducing duplication, fostering innovation, and efficiently delivering energy efficiency services in Louisiana.

The Administrator will also coordinate its efforts with other public and private program efforts, at the local, state, regional, and national levels related to the adoption of cost-effective energy efficiency measures and practices, including efforts to facilitate the development of independent funding mechanisms that leverage non-Program funds. For example, the Administrator should examine all opportunities for grants, and other funding opportunities that may be available from the Infrastructure and Jobs Act ("IIJA") that was signed into law on November 15, 2021, and the Inflation Reduction Act ("IRA") that was signed into law on August 16, 2022. Other state, regional or national initiatives or organizations may emerge in the future. The Administrator will be expected to evaluate the potential benefits of those efforts, coordinate with entities as necessary, and support and participate in those efforts as necessary, under the Commission's direction.

The Administrator's coordination and collaboration efforts shall include education and training of entities and/or market participants, subcontracting for the delivery of services, cooperation regarding service delivery, and/or other means of coordination and collaboration. The Administrator shall be expected to provide coordination and collaboration plans, as required by the Commission. Additional funding for energy efficiency generated through coordination with other public and private efficiency programs are additive, and should not be considered a replacement for Commission programs.

4. Approvals

As mentioned above, prior to the start of each four-year cycle, the Administrator shall prepare budget cycle allocations, which shall be submitted for approval at the January B&E Session. Once the Commission approves the budget cycle allocations, the Administrator shall design and submit to the Commission Budget Cycle Plans for the upcoming four-year cycle that will contain plans, budgets, cost-effectiveness evaluations, etc. Both the Administrator's and the EM&V Contractor's plans shall be filed with the Commission by May 1, prior to the start of each budget cycle. The Budget Cycle Plans shall be docketed and noticed in the Commission's Official Bulletin for stakeholder participation. This participation shall not be to object to the statewide Administrator approach, but to assist in refining the Administrator's proposed portfolio to best fit Louisiana customer's needs. After the Commission approves the Budget Cycle Plans, by the October B&E Session, the Administrator shall make a final compliance filing containing the detailed program plan and implementation strategy for the first program cycle by the end of November, prior to the start of each budget cycle.

Within the four-year budget cycle, when necessary, the Administrator and EM&V Contractor shall prepare and submit updated annual plans to the Commission, for approval, detailing any revisions to the approved plans by June 1, with the goal of Commission approval at the November Business and Executive ("B&E") Session. These revised plans will be filed into the docket, though any revisions to the original four-year program plans are expected to be minimal.

F. Budget and Cost Recovery

1. Program Budget

Prior to the start of the first four-year budget cycle, the proposed budget for each year within the budget cycle should be established on no more than 1.5% of the average of a utility's five most recent years' revenue (e.g., revenue data for 2020 to 2024 may be used for the 2026-2030 Program Cycle), accounting for excluded revenue associated with opt-out customers.[12]

Proposed budgets for future four-year cycles will be revised based upon how successful the prior four-year cycles are in achieving the Commission's EE goals, while balancing the impact to customers, and based on results of any IRP analyses performed, the Potential Studies performed to determine potentially achievable energy savings across the state and/or in response to customer market demand.

The Commission's goal will be to approve proposed budgets for each four-year cycle by the October B&E Session in advance of each new budget cycle term (for example, by the October 2025 B&E Session). In the event a majority of the Commission cannot approve the proposed budget after the first budget cycle, the Administrator shall continue to use the prior cycle's budget. While there is a budget for each four-year cycle, should program modifications/budget reallocations be necessary to annual budgets for a given program year, the Commission must approve those adjustments.

The Commission's EE Program funds shall be allocated by the Commission according to utility service territories and Commission Districts, such that there is roughly proportional distribution throughout the LPSC Districts over the four-year cycle, and any monies collected from a utility are utilized for the customers of that utility through the Commission's EE program. Revenues collected by jurisdictional utilities through the EER shall be maintained by the respective jurisdictional utility until notified by the Administrator that an EE project has been completed and that funds can be released. The Administrator, with the assistance of the respective utility, will be responsible for tracking and reporting revenues collected by utility service territory and Commission district to ensure revenues collected by a utility are being utilized for the benefit of that utility's customers, and that the revenues are being roughly proportionally distributed to the LPSC districts within the utility.

At the end of each four-year budget cycle, if excess EE funds have been collected from customers that have not been fully used, a utility may request that the Commission pause any further collections until the previously collected funds are used in accordance with the EE programs in existence.

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[12] See Section IV below for more information concerning opt-out requirements.

2. Administrator and EM&V Contractor Budget

The budget for the Administrator and EM&V Contractor shall be included within the overall budget of the Commission's EE program. It is the Commission's goal to minimize all administrative costs, and to maximize customer incentives, as much as possible. In order to minimize administrative costs, the Administrator and EM&V Contractor will be selected through a competitive procurement process in order to identify the most qualified and cost-effective consultants for Louisiana customers. The Commission's goal of minimizing administrative costs shall be emphasized in any RFP bid documents sent to prospective Program Administrators and EM&V Contractors, and will be part of the Commission's consideration of any consultant who provides a bid proposal in response. Additional program performance incentive payments will not be allowed under the Commission's EE program; however, a portion of the Administrator's costs will be held "At Risk" for meeting energy savings goals, customer satisfaction objectives, on time payments of incentive funds, etc. Other than the "At Risk" payments, compensation of the Administrator and the EM&V Contractor shall be based strictly on the proposed costs included within the respective RFP bids. Additional specifications of the payment requirements will be specified in the bid documents in the bid solicitation process.

With regard to financial management, the Administrator must maintain financial and accounting records consistent with general accounting standards, and must develop, implement, and maintain the necessary budgeting and financial accounting systems to ensure the EE programs are implemented efficiently.

The Program Administrator shall also render an invoice on a monthly basis to utilities for implementation services that trade allies have performed and billed to the Program Administrator and that the Program Administrator deems completed. All Program invoices will be paid in full when funds are available.

3. Energy Efficiency Rider

To the extent possible, jurisdictional utilities should cooperate to create and seek approval of uniform EERs - one for Electric IOU Utilities, one for Group 1 Gas Utilities, and one for Electric Cooperatives. Utilities should seek approval for uniform EERs in a joint filing submitted to the Commission by no later than April 1, 2025. However, the uniform rate riders can be adjusted to meet a specific utility's needs. The electric utilities must comply with Commission General Order dated July 1, 2019 when submitting an EER for approval. If the EER would result in a change in rates charged by the respective utility, then Section 501(B) of Commission General Order dated July 1, 2019 shall be followed. Individual utilities must seek Commission approval for any utility specific adjustments they would like to implement.

The EER rate shall be designed to recover the entire EE budget, including the Administrator and EM&V Contractor costs, and incentive payments to customers and trade allies. A utility's recovery of direct costs and LCFC is further described in the next section. The EER rate shall be adjusted by utilities in a reconciliation filing made by May 1 after the end of each program year, to the extent that an over or under-collection of costs occurred. Each utility shall calculate any carrying costs on the under/over-recovered costs at the Prime Interest Rate or the utility's respective short-term debt rate, whichever is lower.

Each utility shall file supporting workpapers with the reconciliation filing, with working spreadsheets, all formulae intact, and no hard-coded values. In addition to having a uniform rate rider, documentation, including supporting workpapers, shall be standardized amongst all utilities (at least among utility categories), and the utilities shall be required to collaborate to propose such standardized documents to the Commission for approval by April 1, 2025, and this approval shall be sought from the Commission at the same time that utilities seek approval for the uniform EER Rate Riders.

4. Utility Cost Recovery

Utilities are allowed to recover their direct costs in facilitating the collection and retention of the EER through the utility's normal O&M recovery mechanism. Because LPSC jurisdictional utilities predominately utilize a Formula Rate Plan that accounts for yearly underearning's should they exist, and for those jurisdictional utilities not currently on an FRP similarly can seek rate treatment to account for any underearning year over year, participating utilities will not be allowed recovery of any alleged Lost Contribution to Fixed Costs due to implementation of the Commission's EE Program. Any underearning's of a utility will be addressed holistically in their respective FRP or alternative yearly rate making process. Furthermore, nothing in this rule prohibits a utility from voluntarily implementing their own energy efficiency program for their customers. Such programs would be in supplement to the Commission's EE Program and are not mandatory. Should a utility implement their own utility EE program, they may seek administrative and other program costs through normal ratemaking processes. This type of program would not be in lieu of the EE Program designed herein.

G. Program Reporting

The Program Administrator and the EM&V Contractor shall each be responsible for developing and filing annual post plan year reports by April 1st after the end of a plan year, as described below.

1. Program Administrator – Annual Reports

a) Program descriptions, customer classes the programs apply to, participation rates, activity, and objectives for the programs.

b) The same Standard Annual Reporting Programs ("SARP"), as had been provided by electric utilities through the Quick Start program. These reports should be provided electronically, with all formulae intact. All avoided cost assumptions should be readily available, though some of the information may be treated confidentially.

c) Implementation issues, such as barriers against increased participation.

d) Recommendations for program improvements.

e) Efforts by the Administrator to staff and train employees regarding the development and implementation of EE programs and infrastructure (such as the development of trade allies in the utilities' regions).

f) Marketing, communication, media coverage.

g) Actual and budgeted expenditures, broken out by customer classes, LPSC district, and service territory, and by the following cost components: (a) administration and planning; (b) promotion and advertising; (c) customer incentives; (d) delivery and vendors; (e) participant contributions; and (f) monitoring and verification.

h) Actual and budgeted energy savings (gas savings in case of a gas utility), broken out by customer classes and service territory.

i) Actual and budgeted peak demand savings (gas savings in case of a gas utility), broken out by customer classes and service territory.

j) Comparison of budgeted and actual costs of EE program to total utility revenue.

k) Comparison of budgeted and actual energy savings to total utility sales energy.

l) Program customer incentive payments, broken out by customer classes and by program.

m) Participants' costs. Since tracking may be difficult, estimates may be provided.

n) Annual and cumulative present value of benefits, costs, net benefits, and benefit/cost ratios, based on the primary TRC test, but also provide the RIM, Program Administrator, and Participants test results.

o) Discussion of LCFC costs charged to customers based on actual energy savings derived by the Administrator.

p) Discussion of the EE projects that are ongoing and planned by Commission district.

q) To the extent the Commission deems it necessary, the Administrator shall be responsible for reporting to organizations beyond the Commission including EIA, ACEEE, etc.

2. EM&V Contractor – Annual Reports

a) Summary of EE program options offered, and a description of the general evaluation methodologies.
b) Verified savings evaluation. Evaluation of capacity and energy savings, both estimated and realized.
c) Verified cost evaluation. Evaluation of all costs spent, both estimated and realized.
d) Verified cost effectiveness evaluation. Cost effectiveness evaluation, both estimated and realized.
e) Process Findings – Program changes and developments, customer satisfaction surveys, evaluation findings and conclusions.
f) Recommendations – Recommendations for program design and implementation improvements.

The Administrator and EM&V Contractor should be available upon request to answer any questions of the Commission and/or Commissioners related to the EE program. Further, the EM&V contractor should assist the Administrator to achieve greater energy and cost savings.

IV. Miscellaneous Provisions

A. EE Working Group

1. Working Group Goals

The Commission will establish the EEWG, including the participants therein. While there is no set limitation on the number of participants, the Administrator shall seek participation of parties that have appropriate experience with EE programs, and shall consider having at least minimum representation on the EEWG that includes utilities participating in the EE program, trade allies, other state agencies, low-income advocacy groups, and intervenors and interested parties participating in Docket No. R-31106. Further, there will be no compensation for stakeholder participation in the EEWG. The first meeting of the EEWG shall be held prior to July 1, 2024 with a main goal being to determine whether the EEWG shall establish protocols, including the frequency that the EEWG will meet, whether sub-committees should be established, and whether voting rights should be established.

The Administrator shall also coordinate the activities of the EEWG, with guidance and direction from the Commission, and further the goal of providing input regarding the design and implementation of EE programs, and to recommend, when appropriate, changes to either the EE Rules or specific EE programs over time. The EEWG shall not replace or circumvent the Commission's Rules of Practice and Procedure, or policy, related to review, evaluation, and revisions to Commission's Orders and Rules. As appropriate, the Commission may open a docket to allow public input and consideration of topics stemming from the EEWG, which will adhere to the Commission's Rules of Practice and Procedure.

The EEWG (by way of the Administrator) shall issue an annual report to the Commission, including details of the topics taken up by the EEWG, any recommendations for updates to EE programs or the EE Rules, and proposals for future topics for the EEWG to consider.

2. Development of Technical Reference Manual

During the Quick Start Program, utilities relied on the Arkansas TRM, which includes a list of all measure characterizations and assumptions that were used for determining measure eligibility, and for calculating energy savings for approved EE projects. While the Arkansas TRM should continue to be used when Phase II of the EE program begins, the EM&V Contractor, in collaboration with the EEWG and the Administrator shall investigate the benefits of developing a Louisiana specific TRM. If a Louisiana specific TRM is found to be desirable, then the EM&V Contractor should seek Commission approval for developing the Louisiana specific TRM. Should the Commission approve the development of a Louisiana TRM, the EM&V Contractor, in consultation with the EEWG and the Administrator, shall develop the TRM for Commission approval, and upon approval, maintain the TRM, updating it on an annual basis, as necessary.

B. Trade Allies

The Administrator shall partner with or hire trade allies that are licensed and experienced with EE programs to ensure customers receive quality service when they participate in the Commission's EE program. In implementing the Commission's EE program, the Administrator shall make all reasonable efforts to utilize local, verified trade allies, and in particular, to continue to rely on trade allies that have assisted in the implementation of Phase I Quick Start programs, assuming those local trade allies can deliver services more efficiently, cost effectively, and/or with a higher degree of quality.

The Administrator shall work with trade allies to implement EE projects within a utilities' respective service territory, including to ensure quality performance and completion of projects. The Administrator should ensure that payments are made to all trade allies on a timely basis upon completion of EE projects. It will be the responsibility of the trade ally to demonstrate to the Administrator that an EE project is one hundred percent (100%) complete.

C. Transition Period

During the Transition Period in 2024 and 2025, the Administrator, with the Commission's guidance, shall be responsible to develop and manage a plan to transition from the utility-led Quick Start Efficiency Program to the new Commission-led statewide EE program with as little disruption as possible for trade allies, suppliers, customers, and utilities. Such plan shall be presented to the Commission for approval. Jurisdictional utilities are expected to fully cooperate and support the transition, and utilities will continue to recover their costs during the transition period as they did during the Quick Start Phase.

The Administrator shall be granted secure and confidential access to customer information and data relevant to implementing a successful EE program, such as but not limited to, kWh usage and likely billing assistance program participants so that the Administrator may understand where the greatest need for EE is within a utility's footprint. The Administrator should include information about the relative cooperation and collaborative data sharing by each utility in the Administrator's annual report.

Also, during the Transition Period, utilities shall continue to maintain Quick Start Residential and Commercial programming at existing budget levels through the 2025 calendar year, and shall work closely with the Administrator to transfer information and to communicate with customers and trade allies about the transition.

D. Legacy Public Entity Programs

Public Entity programs will continue to exist under the statewide EE program; however, the overall budget for Public Entity programs will be determined as part of the budget allocation process. Nothing prohibits two or more Commissioners from working together, including combining EE program funds, to complete an EE project. As described further in Section III.E.I., the Commission will determine how much budget will be allocated to all categories, such as public entities, low-income, or other categories of programs.

Once an overall budget is established, the Public Entity Program will operate as the program did under the Quick Start Rule, including the means by which the overall budget is allocated between Commission Districts, applications being received from interested public entities, Commissioners having input in the applications selected, and one main goal being to replace out dated equipment and fixtures with new, more efficient equipment and fixtures to reach a desire energy consumption reduction.

Any Commissioner who no longer desires to have direct implementation of Public Entity programs within his respective district may request the Administrator utilize that Commissioner's budget allocation to develop and implement EE programs for public entities within that Commissioner's district. If a Commissioner selects this option, the Administrator shall implement programs within that Commissioner's district that are designed toward public entities.

Given the Public Entity program will be a part of the overall statewide EE budget, there is no longer the need for a separate rate rider for Public Entity program costs. For Phase II, one uniform rate rider for Electric IOUs, Group 1 Gas Utilities, and Electric Cooperatives will be established, which will include the costs of the Public Entity program.

Further, given the Public Entity program will be a component of the statewide EE program, all responsibilities that were previously performed by Commission Staff related to the Public Entity program will transition to the Administrator.

E. Fuel Switching

The Commission's EE program prohibits any offerings that encourage customers to switch from electric to natural gas or from natural gas to electric appliances and services as a marketing initiative. However, every effort should be made to coordinate the delivery of both gas and electric efficiency improvements to dual fuel customers. In the future if decarbonization becomes mandated at the Federal or State level, or if it becomes a policy of the state to promote decarbonization, the Commission reserves its right to revisit this prohibition to determine whether strategic marketing programs involving fuel switching are desirable. If such a Federal or State mandate or policy goes into effect, stakeholders may encourage the Commission to reconsider this issue at that time. For example, parties may evaluate the impacts of the Infrastructure Investment and Jobs Act ("IIJA") and Inflation Reduction Act ("IRA") in considering if any changes should be made to this policy.

F. Industrial Opt-Out

Industrial customers of the jurisdictional Electric IOU and Group 1 Gas Utilities will have the option to opt out of the EE Program. In order to allow the Commission, the Administrator, and the respective utility the opportunity to account for such customers in developing the EE program and corresponding budgets, existing customers must provide written notice to the Commission, via the Administrator and the customer's respective utility provider no later than April 1, prior to the start of the four-year program cycle. Customers who opt out are not eligible to participate in the Commission's EE programs. A customer who has previously opted out that choses to opt back in can only do so at the start of the next four-year program cycle, and must remain opted in for the full budget cycle. The means by which opt-out notice will be given will be consistent with the way it was done during the Quick Start phase.

For new customers that begin receiving service in any given year after the opportunity to opt-out has passed, the notice requirement is modified such that the new customer must provide written notice of the decision to opt-out within thirty (30) days of receiving service.

The following opt-out provisions will be in effect at the start of the Commission's EE program; however, these rules may be revised in the future, at the discretion of the Commission. The Commission reserves the right to further evaluate the opt-out policy and may revise it at a later time.

Electric: Industrial customers having one or more individual electric service accounts within a utility service provider's service territory with a combined aggregate demand of five thousand (5,000) kW or more may elect to be excluded from participation in the EE program administered by the Commission for all of their accounts within that utility service provider's territory, and from all costs associated with such program. However, if such a customer does not elect to opt-out, they are considered a participant in the EE program and will be assessed the EER rate. Only customers with annual peak loads equal to or greater than two hundred (200) kW, located within a utility's service territory, may aggregate. To be clear, the aggregation procedures are to remain the same as existed during the Quick Start phase.

Gas: Industrial customers having one or more individual natural gas service accounts within a utility service provider's service territory with a combined aggregate demand of seventy thousand (70,000) MMBtu or more may elect to be excluded from participation in the EE program administered by the Commission for all their accounts within that utility service provider's territory, and from all costs associated with such program. However, if such customer does not elect to opt-out, they are considered a participant in EE program and will be assessed the EER rate. Only customers with annual usage equal to or greater than fourteen thousand (14,000) MMBtu, located within a utility's service territory, may aggregate. To be clear, the aggregation procedures are to remain the same as existed during the Quick Start phase.

G. Information Management System and Data Confidentiality

1. Information Management System

During the Transition Period, and with the cooperation of utilities, the Administrator shall create or contract services to implement an information management system.

It is understood that utilities and their current program administrators have been collecting and analyzing data, including from subcontractors, such as customer data, usage information, program measures, trade data, program results, etc., and have been storing data electronically in database format. The current Quick Start Program databases and tools used by utilities for their current EE programs shall be made available to the incoming Administrator. The Administrator shall be responsible for any monthly operational fees and duties to either continue operation of any databases currently used, or to transition to another system that shall provide substantially similar tasks, reports, and functionality. These costs will be included as part of the EE budget.

The Administrator's information management system shall maintain the list of customers interested in participating in the Commission's EE program, and the Administrator shall select customers for non-Public Entity Program implementation based on when the customer signed up; in other words, on a first-come, first-serve basis. The information management system should follow a participant from sign-up to completion of the respective EE project, and store the data as needed for the EM&V Contractor for a period of time that suffices the EM&V Contractor's review, reporting in their required evaluations, and Commission oversight. The record retention for data stored in the information management system shall be for the entire four-year budget cycle plus seven years thereafter.

In addition to tracking and maintaining participation data, the information management system should also be used for other purposes, including EM&V assessments, financial analysis, managing program services and operations, research and program strategies, program modification and improvements, reporting, etc. The Commission also envisions that the data will assist in the identification and characterization of customer classes, and ultimately to develop innovative scalable, and sustainable programs and services.

Administrative and financial records included in the information management system should be data consistent with the needs outlined in these EE Rules, and with Generally Accepted Accounting Principles ("GAAP") as defined by both the Governmental Accounting Standards Board and the Financial Accounting Standards Board. This includes systems to track general project management, invoicing, payroll and subcontractor payments, and to produce the necessary reports for monitoring these tasks.

At any time, upon request of the Commission and/or Staff, the Administrator should have the capability of providing reports on the total number of participants signed up, approved projects not yet complete, completed projects, and the total amount of budget expended in any given year as allocated by District and jurisdictional utility, as well as the remaining budget. The system should also have the ability to produce ad-hoc reports for periodic information requests from the Commission and/or Staff. Further, upon request, the Administrator shall make reasonable, non-confidential, data and information available to the utilities.

The Administrator's informational management system and the data contained therein will be the property of the State/Commission, and shall be maintained in a relational database format and organized such that the Administrator can access and utilize necessary information for performing program assessment tasks. The Administrator shall maintain current, clear documentation describing data fields, database structures and interactions, and other information sufficient to enable a third-party to understand, access, use, and transfer data.

2. Data Confidentiality

To the extent that any information required to be provided by the Commission's EE Rules is provided to the Federal Energy Regulatory Commission or any other public agency, and is published, reported, or otherwise disseminated outside of the Administrator or the utilities or is otherwise a matter of public record, it will not be considered proprietary or confidential or trade secret information. If a claim is made that information is proprietary, confidential, or a trade secret, that issue shall be addressed in accordance with the provisions of Rule 12.1 of the Commission's Rules of Practice and Procedure and the Commission's General Order dated August 31, 1992.

The Administrator must develop, manage, and maintain systems that provide appropriate protections in the collection, processing, storage and retrieval of customer-specific information or information that could provide an unfair competitive advantage to an entity delivering services outside of the energy efficiency programs approved by the Commission for Administrator implementation. The Administrator is responsible for managing such systems, and when appropriate, providing the information to subcontractors, regulators, approved third-parties, and utilities. Appropriate non-disclosure agreements shall be executed with the utilities for protection of customer-specific information.

H. Audit Procedure

For the first budget cycle, the Commission will require an independent audit to be performed following the completion of the second plan year. For future budget cycles, the Commission will require audits to be performed at the end of each budget cycle. The audit will review not only the program costs incurred by the Administrator, but also revenues collected by the utilities and managed by the Administrator, as well as the EM&V costs incurred. The Auditor will be selected through a competitive solicitation process, and the Auditor's costs will be included with the overall budget of the Commission's EE program.

The Program Administrator, EM&V Contractor, and the jurisdictional utilities must maintain records to support their costs for a period of at least seven years from the end of the Budget Cycle. In addition, should any audit of an EER Rate become the subject of a Commission investigation, all documents pertaining to those costs must be maintained by the Program Administrator, EM&V Contractor, and the utilities until all final appeals of any Commission action have been exhausted.

I. Rule Revisions

The EE Rules recognize specific adjustments may be desired or necessary over time, which may require revisions or separate rules/orders addressing a narrowed area within energy efficiency. These adjustments will be determined on a case-by-case basis, and considered by the Commission. Upon request, or upon its own action, the Commission may review and analyze these EE Rules, the EE program, or specific EE project(s) at any time in the future. Such review and analysis will follow the Commission's Rules of Practice and Procedure, including initiating a new docketed proceeding, allowing for public participation, and may result in rule revisions or separate orders.