

SEEA Policy Highlights

October 2013



Building Energy Codes

Arkansas Introduces 2009 IECC, Including HERS Rating and Labeling for New Homes

In a move that spells major benefits for Arkansans, the Arkansas Economic Development Commission – Energy Office (AEO) has announced that it will promulgate rules to update Arkansas’ residential energy code to the 2009 IECC, and also require that all new homes in the state receive a Home Energy Rating System (HERS) energy rating and label. The proposed rules are designed to improve market recognition of energy efficiency, addressing longstanding concerns that impact code compliance and further investment in energy efficiency.



The AEO received input from builders, code officials, raters, utilities, realtors and appraisers, which led to the inclusion of the rating and labeling requirement. Following a stakeholder process, the rules must be approved by the Arkansas General Assembly’s Joint Energy Committee and Administrative Rules and Regulations Subcommittee. For more information, visit <http://goo.gl/JoJe5Z>.

Final Action Hearings to Determine Strength of the 2015 IECC

From October 5-10, local and state officials will gather in Atlantic City, New Jersey to vote on key provisions of the 2015 International Energy Conservation Code (IECC) – the next iteration of the nation’s model code. While proposals are on the table to boost efficiency by five percent over the 2012 IECC, opponents have put forth multiple proposals that will significantly roll back standards and lock in building inefficiency for years to come.

The hearings are the final step in the 2015 IECC update process. The previous update from the 2009 to the 2012 IECC resulted in historic residential efficiency gains of 30 percent.

SEEA has been closely involved in the lead-up to the hearings, providing input into proposals and assisting with code official engagement in the process. Energy Codes Associate Roxanne Greeson will attend the hearings on behalf of SEEA.

Second Annual Convening of SEEA’s Southeast Energy Codes Coalition

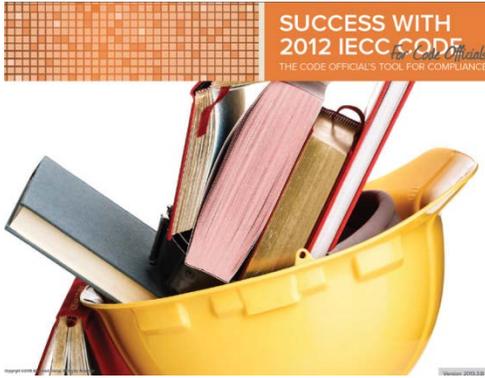
SEEA is preparing for a second in-person meeting of the Southeast Energy Codes Coalition (SECC) on October 29. With a steering committee in place, the SECC will continue to coordinate activities to support strong energy codes throughout the Southeast. The meeting will be hosted at Southface Energy Institute in Atlanta, where participants will discuss the state of region, as well as coordinated adoption, implementation and compliance strategies that are tailored to the needs of the Southeast.

Virginia Coalition Buffers 2012 IECC Weakening Amendments

SEEA continues to lead the efforts of a multi-stakeholder coalition in Virginia to reverse several proposed amendments that significantly weaken the 2012 IECC base code that is currently being considered. The final public comment period for the draft code wrapped up in early October, and the Board of Housing and Community Development is expected to finalize the updated code before the end of the year.

Success Continues

Back by popular demand from the builders and code officials in central Georgia, two additional *Success with the 2009 for Georgia* trainings were conducted September 9 and 10. Both trainings were well attended and received positive feedback.



In addition, SEEA and Advanced Energy have a new offering in the *Success* curricula: *Success with 2012 IECC for Code Officials*. This is the first in the series to specifically target code officials; previous offerings targeted builders and were broken out by trades. *Success with 2012 IECC for Code Officials* addresses the needs of code officials and is broken out by inspections. Along with the signature field photos of what to do and what not to do, these booklets provide straightforward inspection checklists that can be taken out in the field. To view a copy, visit the SEEA Marketplace: <https://marketplace.mimeo.com/seea>.

To date, SEEA has produced the following *Success* books: *Success with the 2009 IECC for South Carolina*, *Success with the 2009 IECC*, *Success with the Alabama Energy Code*, *Success with the 2009 IECC for Georgia* and *Success with the 2012 IECC*. More than 2,300 books of these books have been sold and distributed across the region and even nationally.

Florida Delays Code Implementation

The Florida Building Commission has announced a delay of the effective date for the Florida Building Code, 5th Edition – 2014 from April to December 31, 2014.

Utilities & Public Service Commissions

Louisiana Passes Energy Efficiency Rules

In late August, after several years of deliberation, the Louisiana Public Service Commission (PSC) passed amended energy efficiency rules in a four-to-one vote (<http://goo.gl/bDHY3m>). This decision spells significant savings for ratepayers and businesses statewide, as well as an important growth strategy for Louisiana. While the passage of the rules is a game changer for the state, in general, the amendments softened their impact through the following provisions:

- Voluntary participation: Through a very slight change in wording, the amendments made participation optional for PSC jurisdictional utilities. Despite this weaker language, commissioners have received written indication from Cleco, Entergy and SWEPCO— the state’s three major investor-owned electric utilities —that they will file energy efficiency programs. Gas utilities and cooperatives have given notice that they will not file programs.
- \$75 customer rate rider cap: This modification would only apply to customers with monthly utility bills of \$15,000 or more, effectively shifting energy efficiency program costs to smaller customers.
- Cost-effectiveness tests: The amendments tie cost-effectiveness of an individual program, as opposed to a program portfolio. Analyzing programs in isolation does not support holistic energy efficiency programming and long-term planning.

October 1 marked the filing deadline, and participating utilities will issue RFPs for their programs over the next several months. The PSC has also expressed its intent to convene an Energy Efficiency Technical Conference toward the end of the year.

Mississippi Energy Efficiency Rollout Picks Up Speed

Momentum continues to build in Mississippi as a result of the historic statewide energy efficiency rules, which were passed in July.

- Entergy Mississippi released a request for proposals (RFP) for an all-inclusive program portfolio, including EM&V, with a \$12.5 million cap. The RFP was released on August 30 and is due October 8.
- Mississippi Power Company has released a closed RFP to a select set of vendors for a residential audit and direct install program, an air conditioning tune-up and replacement program, a small business direct install program, a commercial and industrial program and a behavioral analysis program. They are expected to make their selection later this fall.
- The co-ops have formally contested their inclusion in the energy efficiency rules claiming that they are not under the jurisdiction of the PSC. The Mississippi Attorney General issued an opinion stating that they are within the PSC's jurisdiction. SEEA is continuing to watch this matter closely.
- In September, SEEA hosted our inaugural policy webinar on Mississippi's emergence as a regional energy efficiency leader. More than 40 participants joined in, and all of them gave the webinar high marks for quality and content. An accompanying document, *Mississippi Rising in the Ranks*, is available at <http://goo.gl/indTKM>.
- On November 7, the Mississippi Public Service Commission (PSC) will host an energy efficiency workshop that focuses on giving utilities and other key stakeholders the tools they need to implement the rules successfully, and to tailor the programs to the needs and priorities of Mississippians. Additional information and registration is available at <http://goo.gl/Wwo2s1>.
- The American Council for an Energy-Efficient Economy (ACEEE) plans to launch a Mississippi-specific program and policy analysis report to be released late October. ACEEE will also release its annual state energy efficiency scorecard in mid-November, and given the significant progress of the past year, it is expected that Mississippi will rise beyond last year's 51st-place ranking.

Arkansas Rules on Next Cycle of EERS Targets

On September 9, the Arkansas Public Service Commission (PSC) issued an order regarding the second round of savings targets through the state's energy efficiency resource standard (EERS). The order (<http://goo.gl/47vTRm>) establishes 0.9 and 0.5 percent 2015 electric and gas savings targets, respectively. Specific targets for 2016 and 2017 will be determined based on the results of statewide potential studies that are to be completed.

Arkansas continues to serve as the model PSC for the Southeast and a strong driver of the energy efficiency momentum that is building throughout the region. In 2007, the PSC passed the region's first set of energy efficiency rules, which strongly mirrored the recommendations set forth in the National Action Plan for Energy Efficiency (NAPEE). In 2010, they added to their playbook a phased EERS, and to date, the state has successfully met all established savings targets.

Alabama Public Service Commission Considers Modifications to Rate Stabilization and Equalization Mechanism

For decades, Alabamans have been left in the dark about the process for determining their utility rates. Historically, the Alabama Public



**Alabama Public
Service Commission**

Service Commission (PSC) has set rates based on a closed-door process and a poorly defined “rate stabilization and equalization” mechanism (RSE) that allows a guaranteed ROE significantly higher than the national average. In February, the Alabama PSC voted to hold a series of informal public meetings to consider modifications to the RSE for Alabama Power, satisfying calls for transparency and public engagement brought forth by advocacy groups and the general public.

In August, the PSC issued a vague and speculative recommendation (<http://goo.gl/efkRne>) based on the hearings. It added a weighted cost of equity (WCE) formula into the RSE mechanism, which adds another layer of confusion to rate calculations for Alabama citizens – particularly because the process by which the PSC arrived at this new formula was not made available to the public. While the impacts of the PSC’s decision are indeterminate, the hearings have drawn increased attention to the need for a more transparent process in the State of Alabama.

The Alabama Department of Economic and Community Affairs (ADECA), the state’s energy office, has put on hold or shelved the development of the state energy efficiency plan. The planning was begun in 2012, and it is unclear why the activity has stalled.

Changes Underway at TVA

This summer, the Tennessee Valley Authority (TVA) established the Regional Energy Resource Council (RERC) as a vehicle for obtaining input from the public and private sectors. Among those appointed to the 19-member RERC were Chris Champion, Policy Advisor for Mississippi Governor Phil Bryant and Jack Simmons, President and CEO of the Tennessee Valley Public Power Association. The inaugural meeting will be held in Scottsboro, Alabama on October 28. The meetings of the Council will be open to the public, and proceedings will be posted to the TVA website.

TVA has also made significant structural changes recently. Of note, their Energy Efficiency and Demand Response department has been shifted into Customer Relations, headed up by Senior Vice President Van Wardlaw, with day-to-day operations of the EEDR team being managed by Director Cindy Herron.

Finally, SEEA is happy to report that after months of delay, the Senate confirmed Dr. Marilyn Brown to TVA’s board early in September. Currently a professor at the Georgia Institute of Technology’s School of Public Policy, Dr. Brown is an internationally renowned champion of energy efficiency and a co-recipient of the 2007 Nobel Peace Prize for her participation in a working group of the Intergovernmental Panel on Climate Change. She also co-founded and chaired SEEA’s board of directors for several years. Dr. Brown’s term runs through 2017.

South Carolina Releases “Help My House” Report on On-Bill Financing Success



This summer, South Carolina's consumer-owned electric cooperatives released a report detailing the results of their "Help My House" Loan Pilot Program (<http://goo.gl/rKCVqu>). Help My House has gained national recognition as a wildly successful on-bill financing pilot program and a replicable model for rural electric co-ops across the nation.

Central Electric Power Cooperative, the wholesale power provider for the state's 20 distribution cooperatives, launched the initiative based on an interest in energy efficiency as a strategy to address growing demand. Help My House

provided on-bill financing for the retrofit of 125 homes, helping residents to reduce their electricity use by more than a third on average and generating participant satisfaction rates above 96 percent. At the end of the pilot, three of the participating co-ops decided to move ahead with energy efficiency programs under the Help My House banner. An additional two co-ops that were not in the pilot are also joining the program.

New Orleans Forges Ahead on Energy Efficiency; IRP Process Delayed

Entergy New Orleans, an established regional energy efficiency leader, is currently expanding its energy efficiency programs through its 2013 Integrated Resource Planning (IRP) process.

In late September, the New Orleans City Council Utility Committee voted to push back IRP implementation and approved a continuation budget of the current Energy Smart program, which will provide funding until December 2014. The delay will allow Entergy, the Council Advisors and other intervenors to reach an agreement on the appropriate program funding level; address how cost benefit tests will be used to ensure that energy efficiency is being evaluated on an equal basis with supply-side resources; and make a recommendation on rate decoupling.

Arkansas and North Carolina Move Forward on Technical Reference Manuals

Arkansas has just completed an update to its statewide technical reference manual (TRM), which provides guidance on Evaluation, Measurement & Verification (EM&V) methods and recommends best approaches to use specifically with the Arkansas DSM Program Portfolio. It is available for download at <http://goo.gl/k9nmh7>.

North Carolina is also in the preliminary stages of the TRM conversations. This work is being facilitated by Advanced Energy, and SEEA is participating in the stakeholder process.

Thank you for your interest in SEEA!

For more information on SEEA's policy initiatives, contact Policy Director Jenah Zweig at jzweig@seealliance.org or 404-602-9663.
