

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Authority to)
Establish a Non-residential Energy) Case No. 14-1575-EL-POR
Efficiency Program for Inclusion in its)
Energy Efficiency Portfolio.

APPLICATION TO ESTABLISH AN ENERGY EFFICIENCY PROGRAM

INTRODUCTION

Duke Energy Ohio, Inc., (Duke Energy Ohio) is an electric distribution utility as defined in R.C. 4928.01 (A)(6), and is therefore required by R.C. 4928.66, *et seq.*, to implement energy efficiency and peak demand reduction programs designed to achieve energy savings. Duke Energy Ohio submitted its energy efficiency and peak demand reduction portfolio for approval by the Public Utilities Commission of Ohio (Commission) on April 15, 2013 (Application).¹ In its Application, Duke Energy Ohio stated that it may seek Commission approval of additional program offerings, as appropriate.² The Application was also supported by direct testimony of Company witnesses, including Timothy J. Duff, who elaborated on the evolving nature of energy efficiency programs and the role of the Duke Energy Community Partnership (Collaborative) to review program changes and to preview additional programs in order to expeditiously and proactively respond to market conditions and technology developments, in innovations in

¹ *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of Its Energy Efficiency and Peak Demand Reduction Portfolio of Programs*, Case No.13-431-EL-POR, Application, April 15, 2013.

² *Id.*

efficiency measures.³ As the Application and supporting testimony thus indicate, additions and changes to the portfolio were contemplated and represent a significant contributing factor to maintaining the overall viability of the portfolio.⁴ The Commission approved the portfolio, with minor modification, on December 4, 2013.⁵ The Commission delineated the terms set forth in the Stipulation and Recommendation that was adopted and approved. The terms included provisions for working with the Collaborative to consider additions and changes to the portfolio and some pilot projects. For example, the Company is required to develop an information technology system efficiency pilot program, a continuous commissioning pilot program for large buildings, a cool roofs measure/rogram, and an outdoor LED lighting program. Also, as stated in the Annual Energy Efficiency Status Update filing⁶, Duke Energy Ohio continues to seek energy opportunities to include in its Portfolio for the residential and non-residential customer classes. In keeping with its commitment to manage its portfolio proactively, as recognized in the Commission's approval of the Stipulation and Recommendation, Duke Energy Ohio submits this additional program as described below. The proposed additional program does not change the existing portfolio or cost recovery mechanism, but rather is consistent with the agreed-upon terms applicable to the implementation of its Portfolio Plan.

PROPOSED PROGRAM

Duke Energy Ohio is proposing to conduct a pilot program for the non-residential customer class. The pilot program referred to as Smart Energy in Offices (SEiO or the Program), is designed to increase the energy efficiency of targeted customers by educating and engaging

³ *Id.*, Direct Testimony of Timothy J. Duff at p.6.

⁴ *In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of Its Energy Efficiency and Peak Demand Reduction Portfolio of Programs*, Case No.13-431-EL-POR, Application at p.6, (April 15, 2013).

⁵ *Id.*, Opinion and Order, December 4, 2013.

⁶ *In the Matter of the Annual Energy Efficiency Portfolio Status Report of Duke Energy Ohio*, Case No. 14-456-EL-EEC, March 26, 2014.

building occupants, tenants, property managers and facility managers with information and data designed to drive behavior change and reduce energy consumption. This program will leverage positive social pressure created by engaged owners and managers of participating businesses by providing participants with detailed information on the account/building's energy usage, support to launch energy saving campaigns, information to make comparisons between a participating business' building's energy performance and others within the community and actionable recommendations to improve their energy performance. An overview of the program was presented to the Duke Energy Community Partnership (Collaborative) on June 5, 2014 and was favorably received by the voting members.

Duke Energy Ohio is requesting approval of this innovative three-year pilot program to create additional efficiency opportunities for its non-residential customers under its existing Energy Efficiency portfolio. The projected program budget for the pilot is as follows:

Annual Total Program Costs	2014	2015	2016	2017
	\$ 135,429	\$ 688,640	\$ 493,763	\$ 500,541

The budget for the program will be included along with the other existing programs in the Company's approved portfolio and costs are to be recovered through the Company's Rider EE-PDR.

The following information is provided in compliance with O.A.C. Rule 4901:1-39-03(B) Program Design Criteria:

Program Name: Smart Energy in Offices (SEiO)

(1) Cost Effectiveness:

SEiO	Utility Test	TRC Test	RIM Test	Participant Test*
	1.99	2.51	1.61	NA

*The Participant Test is invalid since there is no cost to participate in the Program

(2) The Program is available to eligible customers with no out-of-pocket costs and is designed to drive down energy use by providing information that gives customers increased insight into their own energy use. The goal is for participants to act on this information by changing daily business behaviors and encouraging change from business occupants, thus creating energy savings. These savings may not be actualized without the Program.

(3) The Program will consist of the following components:

- Provide customers with detailed information on their energy consumption and provide tools for comparisons of their energy usage. In addition, customers may view energy saving campaigns launched by tenants and/or occupants occurring in their building to reduce energy usage.
- Provide normalized information on building performance for program participants, aggregate community energy performance and details on energy saving activities performed in their building.
- Drive engagement with building staff and tenants/occupants through trainings, videos, webinars and other communication channels with a focus on how they can impact energy use through implementing energy saving campaigns. The participating customers will in turn provide

significant energy and capacity benefits which will benefit the entire system, including non-participating customers.

(4) SEiO will be available to Duke Energy Ohio non-residential customers who have not opted-out of the energy efficiency rider. Accounts must meet all of the following requirements:

- Reside within a building where the building has a minimum of 10,000 square feet of occupied office space
- Reside within a building where at least 50% of the building's square footage is dedicated to office space
- Have a premise address within the 45202 Cincinnati zipcode.
- Have at least 12 months of usage history

(5) Regarding the basis for the estimated energy reduction impacts, the Company produced the impact estimates using industry information from a variety of sources, including existing results from the Smart Energy Now Pilot program currently in operation within the Duke Energy Carolinas service territory (for which the proposed Duke Energy Ohio program has been modeled). Over time, as impact and process evaluations are performed on this program, information and input specifically related to this program will be used within future cost-effectiveness analyses.

Based on the projected participation, the forecasted energy savings associated with the SEiO program are summarized in the table below:

Projected Annual kWh Impact:

	2015	2016	2017	Total
<100,000 SF kWh Impact	108,864	102,060	95,256	306,180
>100,000 SF kWh Impact	13,318,594	12,598,670	12,598,670	38,515,934
Total kWh Impact	13,427,458	12,700,730	12,693,926	38,822,114

(6) The SEiO program will have several non-energy benefits. Communication channels can be established between building management, tenants and occupants, resulting in stronger relationships, higher engagement levels and increased satisfaction within a building. Teamwork and collaboration is built among the participating offices, enabling a sense of community within the building if multi-tenant and broader sense of community within Cincinnati, with 40+ buildings working together to make an impact. Conservation of energy drives customers, building managers, tenants and occupants to consider their impact on water, waste stream and air quality. Improved conditions within participants' businesses resulting from the energy efficiency changes can improve employee comfort levels and increase workplace productivity.

(7) The Program benefits both medium and large non-residential customers. There is no out-of-pocket cost to participate, which allows customers to realize benefit without commitment of financial resources.

(8) The SEiO program is designed to focus on no-cost behavioral changes with building management, tenants and occupants. The SEiO program will offer medium and large business customers insight into their energy use, ways to drive energy conservation without capital or O&M outlay and will provide customers the opportunity to invest money saved as a result of this program into more energy efficient equipment in their

buildings. The SEiO program will drive customers to be more aware and engaged in energy issues within their facilities.

(9) The SEiO program is similar to and modeled from a pilot that is currently in operation within the Duke Energy Carolinas service territories that has been offered since February 14, 2011. The program has been approved for commercialization within Duke Energy Carolinas with the North and South Carolinas Utilities Commissions. Along with the effort presented here, Duke Energy is evaluating the program in other jurisdictions. As such, Duke Energy is under contract with a program administrator and plans to leverage all economies of scale in program administrator pricing, as well as any other efficiencies made possible through operating the SEiO program across multiple jurisdictions.

The Program also intends to utilize local community groups, business groups, and city and county government to help market the Program and create a more energy conscious community.

(10) When the program administrator is implementing the Program, there will be opportunities to identify energy efficiency measures that utilize Duke Energy Ohio's other non-residential energy efficiency products and services.

(11) Based on experience from the Smart Energy Now pilot, potential solutions to market barriers include:

- To ensure customers understand the expectations around engagement in the program, a clear education plan is critical to achieve success. The Company will provide communication plans, materials, webinars, in field personnel, and other support components to ensure success for customers and their occupants.

The Company will also communicate the clear benefits of time spent on occupant engagement that go beyond energy savings.

- The Company will run marketing campaigns that will encourage tenants and their property owners/managers to participate, clearly identifying the benefits for account owners, their tenants and their occupants.

(12) The Program will incorporate suggested best practices and lessons learned from the evaluation report from the recent Duke Energy Carolinas Pilot. Also, Duke Energy Ohio plans to utilize the same internal SEiO program management resources across all jurisdictions, further enhancing program efficiencies, cohesiveness, and consistency.

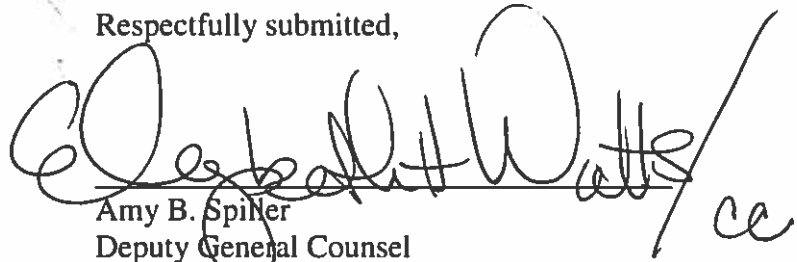
(13) This is an innovative program that has been proven successful in the Carolinas. To our knowledge, no other United States utility has developed or piloted a behavioral modification program for large commercial office buildings that drives savings through education and engagement with tenants, occupants and facility managers.

CONCLUSION

Duke Energy Ohio currently offers many energy efficient programs that assist customers with implementing new equipment and technology to improve efficiency. As indicated in its Portfolio Plan and Annual SB221 Compliance Filing, the Company is continually looking for programs to fill gaps in its portfolio and meet customers needs. The proposed program allows Duke Energy Ohio to help a segment of the market that has been hard to reach with its existing programs and allow it to assist customers as well as their tenants and occupants drive efficiency through no-cost behavioral changes. The Program offers many non-energy benefits including improvements in tenant and building owner relationships, increased employee satisfaction, and community goodwill.

For the reasons stated above, Duke Energy Ohio respectfully requests that the Commission approve this energy efficiency program for inclusion in the Company's energy efficiency and peak-demand portfolio of programs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Elizabeth H. Watts", with a large flourish extending to the right that ends in the letters "ce".

Amy B. Spiller
Deputy General Counsel
Elizabeth H. Watts
Associate General Counsel
Duke Energy Business Services LLC
139 E. Fourth Street, 1303 Main
Cincinnati, Ohio 45202

Attorneys for Duke Energy Ohio, Inc.