

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Authority to Establish) Case No. 14-0075-EL-POR
an Energy Efficiency Pilot Program)

**APPLICATION TO ESTABLISH AN ENERGY EFFICIENCY PILOT
PROGRAM**

INTRODUCTION

Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) is an Ohio corporation engaged in the business of supplying electric transmission, distribution, and generation service to customers in southwestern Ohio, all of whom will be affected by this Application, and is a public utility as defined by R. C. 4905.02 and 4905.03. Duke Energy Ohio serves incorporated communities and unincorporated territories within its entire service area, which includes all or parts of Adams, Brown, Butler, Clinton, Clermont, Hamilton, Montgomery, and Warren Counties in Ohio.

The Greater Cincinnati Energy Alliance (GCEA) is a southwest Ohio based nonprofit, public-private partnership dedicated to driving investment in energy efficiency throughout the Greater Cincinnati region for homeowners, nonprofit organizations, and commercial building owners through outreach and education, project management, and financing solutions.

GCEA was an intervenor in Case No. 13-431-EL-POR (Duke Energy Ohio Portfolio Proceeding),¹ wherein Duke Energy Ohio sought approval of its portfolio of energy efficiency programs. One of the programs approved in the Duke Energy Ohio Portfolio Proceeding was the SmartSaver Residential Program that provides incentives to customers, builders, and heating, ventilation and air conditioning (HVAC) dealers, and weatherization contractors to promote and install high-efficiency air conditioners and heat pumps with electronically commutated fan motors, as well as attic insulation and air sealing, duct sealing and insulation, HVAC tune-ups and lighting.

In the Duke Energy Ohio Portfolio Proceeding, the Company agreed that it would work with GCEA to develop proposals for a potential pilot program, including appropriate cost recovery, that would allow the Company and GCEA to coordinate their efforts related to the home energy improvements that deliver energy efficiency in Duke Energy Ohio's service territory.² The purpose of this filing is to request Commission approval of the pilot proposal and cost recovery that was developed in the course of these discussions.

BACKGROUND

In 2010, Duke Energy Ohio supported an application for a U.S. Department of Energy investment that helped enable GCEA to significantly advance its energy efficiency programs and since that time, both Duke Energy Ohio and GCEA have been working to create programs that break barriers to Duke Energy Ohio's customers investing in energy efficiency. Over time, as GCEA has developed its program and

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, Stipulation and Recommendation, September 6, 2013 at pg. 13.

² *Id.*

established its brand in the Duke Energy Ohio service territory, it has expanded beyond an initial focus of providing cash rebates for customer investment in energy efficiency measures. GCEA is heavily focused on driving greater investment in its low-cost financing options for customers seeking to make energy efficiency investments.

Although the efforts of both Duke Energy Ohio and GCEA have been successful to date, due to Duke Energy Ohio's need to retain attribution for 100% of the energy efficiency impacts created and in order to maintain cost-effective programs, there have been limited opportunities for coordination of efforts.

As noted above, Duke Energy Ohio and GCEA agreed in the Duke Energy Ohio Portfolio Proceeding to discuss ways in which the Company and GCEA could more closely coordinate their efforts and increase overall customer adoption of energy efficiency while ensuring that the Company's attribution requirements are satisfied. As a result of these discussions, Duke Energy Ohio and GCEA have developed a pilot proposal that will demonstrate the benefits of the Company working directly with GCEA to leverage the GCEA financing offer (GC-HELP), in addition to and in coordination with the traditional utility incentives that Duke Energy Ohio offers its customers.

PROPOSE PILOT PROGRAM

Duke Energy Ohio, in cooperation with the GCEA, proposes to conduct a pilot program in two counties within its Ohio territory (Warren and Clermont) to determine the potential value of co-marketing the GC-HELP financing on top of Duke Energy Ohio's Residential SmartSaver Program. After approval and implementation of the pilot, Duke Energy Ohio requests that the Public Utilities Commission of Ohio (Commission)

approve inclusion of 100% of energy efficiency benefits achieved during the pilot for inclusion as benefits attained in its currently approved Residential SmartSaver program.

The Clermont County area within Duke Energy Ohio's service territory will serve as the control group, meaning that Duke Energy Ohio and GCEA will continue to independently market their programs through trade allies. Warren County will serve as the test county, meaning that customers in Warren County will receive joint marketing materials and collateral from trade allies that promote access to both Duke Energy Ohio's Residential SmartSaver Program and GC-HELP financing. Duke Energy Ohio and GCEA will develop jointly branded marketing materials that will convey that the GC-HELP financing offer is a pilot component of Duke Energy Ohio's suite of energy efficiency offerings under the Residential SmartSaver Program. Additionally, Duke Energy Ohio will work to make sure that all of its trade allies operating in Warren County provide interested customers with information about the Duke Energy Ohio SmartSaver Rebates as well as the possibility to further leverage GC-HELP financing. GCEA will support the GC-HELP program delivery through call support that will allow Duke Energy Ohio customers, contractors, or employees to quickly get answers regarding the financing options.

Finally, Duke Energy Ohio will work with GCEA to develop a simplified application process in Warren County to reflect a joint approach and to mitigate trade ally and customer concerns associated with duplicative applications.

The pilot is intended to demonstrate that Duke Energy Ohio's co-marketing of GCEA's financing offer along with its SmartSaver Program will cause more customers to participate in both programs than when they are independently offered to customers,

which ultimately will make the cost of energy efficiency lower. In order to demonstrate these benefits after six months and again after twelve months, Duke Energy Ohio will compare the following metrics between Warren and Clermont Counties.

- Program Participation – number of SmartSaver rebates and GC-HELP financing participants for the same period of time for the pilot and also compare previous year (compare change in number of rebates in each county for contractors that participate in the SmartSaver and GC-HELP networks).
- Energy Impacts per Project/Participant – kWh savings (compare average project energy impact in each County and between financed and non-financed projects).
- Investment per Project/Participant – The dollar amount invested in energy efficiency per participant (compare the amount invested per participant in the two counties, as well as the amount financed per participant).

Today, when a Duke Energy Ohio trade ally (a certified contractor) discusses an efficiency upgrade with an interested customer, the trade ally only discusses the possibility of taking advantage of the Duke Energy Ohio Residential SmartSaver Program rebate that is available because of concerns related to the erosion of energy efficiency attribution that could occur if the ally, at the same time, discusses the GCEA's GC-HELP financing program. Duke Energy Ohio and GCEA believe that coordinating their programs and Duke Energy Ohio co-marketing them will lead to more energy efficiency being undertaken than if the programs continue to be run independently.

CONCLUSION

For these reasons, Duke Energy Ohio is requesting that the Commission approve Duke Energy Ohio's ability to claim 100% attribution from all impacts achieved from

customers that participate in its SmartSaver Program regardless of whether they take advantage of the GC-HELP financing offer, as well as the ability to recover its co-marketing costs as a component of the approved Residential SmartSaver Program. During the Pilot, Duke Energy Ohio will give status updates to its energy efficiency Collaborative and will file a report with the Commission at the pilot's conclusion. If the pilot proves to be successful based upon the three metrics that will be evaluated, and if appropriate cost recovery is allowed, Duke Energy Ohio will expand its co-marketing efforts across the entire Duke Energy Ohio service territory and will, when feasible, look to expand the Duke Energy Ohio programs that co-market the GC-HELP program.

Respectfully submitted,
Duke Energy Ohio, Inc.



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