

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Columbia)
Gas of Ohio, Inc. for the Modification of its)
Demand Side Management Programs for its)
Residential and Commercial Customers)

Case No. 08-0833-GA-UNC

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APPLICATION OF COLUMBIA GAS OF OHIO, INC
TO MODIFY CURRENT
DEMAND SIDE MANAGEMENT PROGRAMS FOR RESIDENTIAL AND
COMMERCIAL CUSTOMERS

I. INTRODUCTION

In this Application, Columbia Gas of Ohio, Inc. ("Columbia") seeks approval to modify its Demand Side Management ("DSM") programs as described herein. Columbia has been successfully implementing the programs approved in the Public Utilities Commission of Ohio's ("Commission") July 23, 2008 Opinion and Order in Case No. 08-833-GA-UNC; however, certain components of the portfolio have proven to be more successful than others. Columbia considers it in the best interest of the ratepayers to modify the existing portfolio to maximize the impact of the more successful programs.

Pursuant to the Opinion and Order in Case No. 08-72-GA-AIR, Columbia met with the Demand Side Management Stakeholder Group ("DSMSG"), the Office of the Ohio Consumers' Counsel ("OCC") and the Public Utilities Commission Staff ("Staff") on September 10, 2010 to discuss the proposed changes. The DSMSG, the OCC and Staff voted on each individual modification and approved all of the modifications as described herein.¹

¹ Staff voted to oppose the extension of the New Home Solutions program beyond 2011. All other program proposals passed unanimously. The minutes of the meeting are attached hereto as Exhibit A.

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II. COLUMBIA'S CURRENT DEMAND SIDE MANAGEMENT PROGRAMS

Columbia's DSM Pilot Program has been an overall success since the Commission's approval in 2008. Perhaps the most popular new DSM program is Columbia's Home Performance Solutions ("HPS") program. HPS provides low cost diagnostic energy audits and rebates to customers to help offset the cost of energy efficiency improvements. The improvements with the highest penetration rates are insulation and air sealing, which are also the two measures that deliver the most energy savings in many existing homes. Columbia has received positive feedback from customers who have had the audit and the popularity of the program continues to grow as more and more customers are signing up for an audit and taking advantage of rebates. To date, Columbia has performed 3,136 audits with 91% of those in 2010. Columbia anticipates reaching its original three year energy audit goal as soon as the end of January 2011. Columbia has also been working with American Electric Power ("AEP") to integrate each other's energy efficiency improvement rebates into their respective residential energy audit programs.

Another one of Columbia's successful DSM programs is the WarmChoice[®] program. Since this low-income home weatherization program's inception in 1987, Columbia has invested approximately \$110 million of rate-payer funds in the program through four partner providers. The program has served 2,665 customers in 2009 and 2010.

Another successful DSM program is Columbia's Simple Energy Solutions. This program provides a \$10 rebate for energy efficient showerheads and a \$25 rebate for programmable thermostats. Columbia has processed a total of 7,017 rebates for energy efficient showerheads and programmable thermostats to date. While Columbia considers the program a success, Columbia continues to meet with its marketing partners to strategize how to further increase participation.

Columbia also continues to forge ahead with its Furnace Market Research project. This project is designed to identify the market share of efficient furnaces in different market segments and help identify opportunities for potential DSM program designs. Columbia hired Navigant Consulting to conduct research on the viability of a high efficiency furnace rebate program in 2012. A final report is due at the end of the year.

Columbia also continues to successfully implement its Ohio Small Business Energy Saver program, Energy Design Solutions program and Innovative Energy Solutions program. Columbia is partnering with AEP to jointly offer an Energy Star® New Homes program as part of its New Home Solutions program. Through separate, competitive bidding, Columbia and AEP hired the same DSM program implementation contractor to manage their new homes programs. This will allow both utilities to streamline the process in order to promote the building of more energy efficient homes. The partnership program will kick off later this year.

Columbia has successfully managed its DSM programs to provide the most effective and innovative energy efficiency options. Despite this success, Columbia recognizes that some modifications to the program are needed to maximize rate-payers dollars and to increase gas savings.

III. PROPOSED MODIFICATIONS

Columbia proposes the following modifications in order to enhance its already successful DSM pilot program. Columbia's DSM Design and Evaluation Consultant conducted a Total Resource Cost test on the instant modifications and found the modifications to be beneficial and cost effective.

a. Energy Efficiency Loan Fund Reallocation

The Energy Efficiency Loan Fund ("EELF") was established to provide alternative sources of financing for energy efficient improvements for residential and small commercial cus-

tomers and to simplify the process of financing for those customers who may not have access to standard bank financing.

Meanwhile, the Treasurer of the State of Ohio launched ECO-Link, a program with a similar objective of providing financing for energy efficiency improvements. ECO-Link is an interest rate buy-down program offered through numerous banks to provide financing for energy efficiency measures. This program essentially duplicates the EELF's efforts.

After two bid cycles, Columbia did not receive any viable bids that could compete with the ECO-Link program. Columbia has since created a partnership with the ECO-Link program so that the HPS program is approved under the loan fund program requirements.

To fund customers directly and to make better use of the \$1.146 million that was originally allocated to this program, Columbia proposes to reallocate the loan funds into HPS for 2011. As part of the reallocation, Columbia proposes the following changes to the HPS program:

- Increase audits from 6039 to approximately 6918 by March 31, 2011;
- Continue the 10% incentive for assisted customers;
- Provide heating contractor incentives in which a heating contractor would receive \$100 for a referral that results in an energy audit and \$100 bonus for a referral that results in qualified improvements being completed by the customer; and,
- Reallocate approximately \$75,000 to marketing and approximately \$35,000 to rebate processing.²

Further, Columbia proposes a new timeline in which customers are eligible to receive an additional rebate as a result of implementing qualified energy efficiency improvements in a timely manner. Currently, customers with incomes greater than 80% of the United States Department

² Any remaining amounts from rebate processing will be used for rebates.

partment of Housing and Urban Development's area median income are eligible for a \$250 incentive rebate if they have a qualified contractor install a qualified energy efficiency improvement within 30 days of completing the energy audit. Columbia proposes that in order for a customer to receive the \$250 incentive, a contract to do the work must be *signed* within 30 days of the energy audit and the work must be completed within 90 days of the audit date.³ This will allow customers to choose the best contractor at the best price without the concern of whether that particular contractor can complete the work in 30 days.

Shifting funds from the EELF to HPS while reworking the timeline for incentive rebates will aid more customers and result in more overall savings.

b. Small Business Energy Solutions Reallocation

The Small Business Energy Solutions ("SBES") program was designed to provide DSM opportunities to businesses using less than 300 Mcf annually by providing rebates for energy efficiency products and services. Columbia allocated \$3.5 million to this program and to date, only 3 of the eligible 70,000 customers have taken advantage of these rebates.

In spite of Columbia's efforts to promote the program, the SBES has not achieved the same success as the other programs. Consequently, Columbia proposes to suspend the program effective September 30, 2010 so it may conduct a process and impact evaluation of the program, and potentially redesign the program to increase participation and effectiveness.⁴

Columbia proposes to reallocate approximately \$3 million of the funds used for SBES to its Home Performance Solutions.⁵ HPS has proven to be a highly successful and effective program. Additional funds would allow for approximately 4,000 additional audits. The SBES funds

³ This timeline will also be used to determine eligibility for Enhanced Rebates that are funded by the Tennessee Pipeline Refund as described in Columbia's Notice filed June 1, 2010 in Case No. 10-457-GA-WVR.

⁴ This proposal will not effect Columbia's Small Business Energy Saver Audit program.

⁵ The remaining \$50,000 will be held in a reserve for those rebates that are currently in process.

would be reallocated to the corresponding HPS budge categories. Columbia proposes to shift the rebate processing funds into a different category depending on need. Columbia will also set aside some of the fund for the evaluation and potential redesign of the SBES program as previously approved in Columbia's initial program.

c. Home Performance Solutions High Efficiency Furnace Rebates

Columbia proposes to increase its HPS high-efficiency furnace standard rebate from \$200 to \$400. Columbia proposes to increase the bonus rebate from \$400 up to \$650. Currently, the High Efficiency Furnace rebates are not generating enough customer interest to be effective. To date, Columbia has processed only 41 rebates for high efficiency furnaces. The increase in the rebates will make high efficiency furnaces more affordable for Columbia's residential customers, thus leading to more overall savings for customers.

d. New Home Solutions Continuation/Modification

Columbia's New Home Solutions program was designed to encourage builders to build homes that are more efficient. The program provides new home builders with training, technical assistance, subsidized energy ratings, direct financial incentives and marketing assistance for producing efficient new homes that meet energy efficiency levels as defined by current federal tax credits.

The program was originally approved for three years; however, Columbia chose to delay the program and manage ratepayer funds conservatively. The recession has had a dramatic impact on the downturn of new home construction and, as a result, Columbia delayed the launch of the program until June 1, 2010. When Columbia originally presented this program, it projected savings over a three-year period as opposed to a year and a half period. While Columbia antici-

pates an increase in participation in the program, the originally proposed gas savings can not be realized in just one and one half years.

The typical lag time from enrollment in New Home Solutions through completion is up to six months. Builders need some degree of consistency and reasonable expectation of program longevity because they are being asked to significantly change their building practices. Given the six month lag, builders are currently unlikely to enroll in the program if they are not incentives to offset some of the incremental cost of the increased energy efficiency measures at the end of the build.

Therefore, Columbia proposes to extend the New Home Solutions program through the end of 2012. Columbia realizes that the current incentive levels may be insufficient to cover builders' incremental costs to build higher efficiency homes and, therefore, also requests flexibility to adjust incentive levels as needed, so long as they continue to be cost effective. Columbia believes in the success of this program and anticipates that extension of the program through the end of 2012 will provide builders the necessary reassurances and incentives to build more energy efficient homes.

e. DSM Action Plan Evaluation Schedule

Columbia proposes to modify the DSM Pilot Program Evaluation Schedule to coincide with actual program launch dates based on a program year time period where needed. Columbia realizes that program evaluation is imperative to the success of the overall its DSM program. In retrospect, the current evaluation schedule does not take into account the time it took to launch some of the programs and thus does not allow sufficient time to accurately evaluate annual energy savings impacts and process. Attached hereto as Exhibit B is a revised schedule.⁶


⁶ Exhibit B supersedes Appendix B of Columbia's July 1, 2008 Application in Case No. 08-0833-GA-UNC.

IV. CONCLUSION

Columbia continues to be a leader among Ohio utilities in the development of innovative energy efficiency and weatherization programs. Columbia believes the aforementioned changes, as supported by the DSMSG, the OCC and Staff, are crucial to the continued success of its DSM programs. The changes will increase the effectiveness of the Columbia's DSM programs and result in greater savings to the rate-payer.

WHEREFORE, Columbia respectfully requests the approval of the proposed modifications to its DSM program as described herein.

Respectfully submitted,
COLUMBIA GAS OF OHIO, INC.

By: 
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COLUMBIA GAS OF OHIO, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application of Columbia Gas of Ohio, Inc. to Amend Current Demand Side Management Programs was served upon all parties of record by regular U.S. Mail this 18th day of October, 2010.



Brooke E. Leslie
Attorney for
COLUMBIA GAS OF OHIO, INC.

SERVICE LIST

Dave Rinebolt
Executive Director and General Counsel
Ohio Partners for Affordable Energy
231 West Lima Street
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**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

➤ **Call to Order/Welcome**

Jack Lavery called the 8th meeting of the Columbia Gas of Ohio Demand Side Management (DSM) Stakeholder Group to order at approximately 10:10 a.m. Jack thanked attendees for taking time out of their busy schedules to attend the meeting. Attendees introduced themselves. He indicated that he would be using a PowerPoint presentation handout to lead the discussion. The presentation is attached to the meeting minutes.

➤ **Attendees**

Jonathan Airey (via phone) (Vorys/Honda)
Adrian Andrews (COH)
Dale Arnold (OFB)
Dan Creekmur (COH)
Dave Davenport (GLS)
Marty Ellis (MORPC) (for Tom Andrews)
Rocco Fana (via phone for Mark Swepston) (Air Conditioning Contractors of Ohio)
Wilson Gonzalez (OCC)
Randy Hall (Cornerstone Energy Conservation Services)
John Johnson (GLS)
Kris Klaus (OHBA)
Jack Lavery (COH)
Brooke Leslie (COH)
Doris McCarter (PUCO)
Erin Miller (via phone) (City of Columbus)
Keith Pitts (COAD)
Sarah Poe (COH)
Dave Rinebolt (OPAE)
Ken Stammen (COH)
Tonja Toles (via phone) (PUCO)
Dora Tharp (NHST)
Ron Waterman (via phone) (IGS)

Absent:

Tom Andrews (MORPC)
Tom Brown (COH)
Lisa Colosimo (PUCO)
Abe Gutmore (NiSource)
Chester Jourdan (MORPC)
Ken Lockhart (COH)

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

Nick Milano (ODOD/OCS)
Debbie Ohler (OBBS)
Jim Racher (NiSource)
Paul Racher (COH)
Dan Sawmiller (OCC)
Mark Sweptston (ACCO/Atlas Butler)

➤ **Existing and Pilot Program Status Update**

The data reflects program metrics as of end of July 2010 and are based on program cycle rather than calendar year.

WarmChoice

- This is a 22-year old, very successful low-income customer home weatherization program co-developed by Columbia and its community-based organization partners.
- Since the program's inception, Columbia has invested approximately \$110 M of rate payer funds in the program through four partner providers: Corporation for Ohio Appalachian Development (COAD), Ground Level Solutions (GLS), Mid-Ohio Regional Planning Commission (MORPC), and Neighborhood Housing Services of Toledo (NHST).
- The program has served 2,376 of the 3,231 customers to be served in program years 2009 and 2010 with approximately 127,000 MCF of projected gas savings to date.
- Columbia expects to hit its WarmChoice target gas savings which are a large part of DSM portfolio savings.

Simple Energy Solutions

- Provides a \$10 Rebate for energy efficient showerheads.
- Provides a \$25 Rebate for programmable thermostats.
- Program participation rates are lower than projected; Columbia will be meeting with its marketing partners to strategize how to boost participation.
- Point-of-sale component
 - Eligible products can be purchased in any store; customers can download the rebate forms on line.
 - Columbia and its marketing partner (CSG) conducted a pilot with Applied Proactive Technologies (APT) that provided in-store placement of materials in central Ohio; it did not deliver a significant increase in participation.

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

- Columbia also mailed rebate forms/letters to approximately 5000 heating/plumbing contractors to let them know Columbia customers are eligible. Other marketing initiatives included: bill messaging, direct mail, bill inserts as part of a mass marketing effort to enable customers with lower usage opportunity for gas savings.

Furnace Market Research

- Columbia hired Navigant Consulting (previously Summit Blue Consulting) to research the furnace market in 61 counties Columbia serves in Ohio to determine what penetration rates of high efficiency furnaces are. The purpose is to find areas where penetration rates are low compared to the potential and the possibility of conducting a high efficiency furnace rebate program in 2012.
- The research is currently in progress.
- A final report is due at the end of the year.

Ohio Small Business Energy Saver

- Partnership with other investor-owned utilities and the Ohio Department of Development (ODOD), Division of Energy.
- Eligible customers are commercial customers with energy bills of over \$100,000 (any commercial customer can use).
- A status update has been requested from ODOD.
- This online energy audit tool had about a 600% increase in participation last year.
- Columbia's costs are approximately \$7,000-8,000 annually.
- The audit has links to the Small Business Energy Solutions program.

Energy Design Solutions

This program is designed to educate architects, engineers, building officials, and building developers who build small commercial facilities (20,000 square feet) how to build 30% better than minimum code requirements.

- Partnership of two firms (architect & engineering) – AEC and Emersion Design of Cincinnati.
- Seminars start 4th quarter of 2010 – Columbia will e-mail the schedule of seminars.
- The program is set up so participants can bring in their own projects and get consulting work from presenters.
- Columbia expects 10-12 seminars around state by end of next year.

Innovative Energy Solutions

- This is an experimental program.

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

- The website should be active soon. Columbia will send the website link when active.
- About \$500,000 in funding is available to commercial customers using >3,000 ccf annually; eligible entities include non-profits, for profits, and government buildings.
- Eligible activities include energy audits with incentives of up to 100%; 50% rebates for cost-effective items recommended by energy audits, measurement, and verification/instrumentation projects and other research and experimentation.
- DSM Stakeholders may work in a building that would qualify for program.

New Home Solutions

- Columbia is partnering with American Electric Power (AEP) in 40+ counties of Columbia's 61-county service area to jointly offer an Energy Star® New Homes program.
- Incentives are provided for builders of gas-heated homes to complete energy ratings and energy efficiency upgrades so that homes perform at a higher level than the current minimum Energy Star standard.
- A kickoff meeting for builders/raters is scheduled for September 21 with John Tooley of Advanced Energy as the keynote presenter.
- Both Columbia and AEP hired the same DSM program contractor to manage their new homes programs (MaGrann Associates).
- Builders of high efficiency, gas-heated homes that are in AEP's overlapping service territory will be eligible to receive higher efficiency cooling/furnace motors, lighting, and appliances.
- The initial launch of the program will be a joint effort.
- Energy Star homes built in Columbia's service territory that are not in AEP's service territory are still eligible for gas incentives. Columbia will work with other utility programs elsewhere in state if possible.

Energy Efficiency Loan Fund

- Approximately \$1 Million was set aside for the loan fund.
- In between the time the funding was approved and Columbia bid the program out, the Treasurer of the State of Ohio launched ECO-Link, an interest rate buy-down program offered through many banks for residential energy efficiency improvements. This program is similar to what Columbia had proposed for its proposed Energy Efficiency Loan Fund.
- Columbia created partnership with ECO-Link and proposes to use the funds differently.

Small Business Energy Solutions

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

- \$3 ½ Million program for small commercial customers.
- Program demand is very low; only about \$2500 in rebates to date.
- Columbia is proposing to suspend the program to evaluate it and to reallocate funds.

Home Performance Solutions

- This program started later than planned; most of the program energy audits were completed since last September.
- There is typically a 4 to 6 month lag between the energy audit to completing work for those customers who move forward with work. The Tennessee Pipeline incentives have had a noticeable impact on reducing the lag time.
- Most work being completed is insulation and air sealing which are the measures that deliver the most energy savings.
- We have been receiving a lot of positive feedback from customers; the popularity is likely to increase as word of mouth continues to spread the word.
- The program should reach its original energy audit goal before end of January 2011.
- A weatherization network will be recruited to be part of the contractor network; capacity issues need to be addressed and we need to develop opportunities to increase availability for auditors/inspectors and contractors to increase their capacity.

➤ Proposed changes to the DSM Action Plan

- Any modifications need to be approved by DSM Stakeholder Group and filed for approval with PUCO.
- Columbia could file an application to modify the program 18 months following the 12/3/2008 stipulation.
- Certain program components of the portfolio are more successful than others. Columbia considers it in the best interest of ratepayers to modify the portfolio now that major programs have had sufficient time to start up.

Energy Efficiency Loan Fund (EELF) Reallocation

- The EELF was approved in the DSM action plan at \$1.146MM. After two bid cycles, there were no viable bids that could compete with the Treasurer of the State of Ohio's ECO-Link program. ECO-Link promotes energy conservation for Ohioans and has many participating banks with interest rates as low as 3%. Columbia created a partnership with ECO-Link so that the Home Performance Solutions program was approved under the loan fund program requirements.
- As a result, Columbia is proposing to reallocate the loan funds into Home Performance Solutions for 2011 to serve more homes.

Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.

Meeting Minutes

- Increase audits by approximately 942 to reach 6918 audits by March 31, 2010.
- Continue the approximate \$300 incentive (10%) for assisted customers.
- Continue the \$250 incentive for non-assisted customers who take action within 30 days.
 - Discussion: Randy Hall indicated that customers are focusing on the \$250 incentive rather than the full cost and appear to be shopping for contractors to see who can do work in 30 days. They may be paying more than they should. The incentive is having some effect on capacity.
 - Currently, CSG tracks the audit date to completion date, but doesn't capture the contract date; the customer has up to 6 months to get work completed to get the rebates.
- Provide Contractor incentives: \$100 for a referral that results in an audit and a \$100 bonus for a referral that results in eligible improvements being completed by the customer.
- Reallocate around \$75,000 to marketing and about \$35,000 to rebate processing, if needed. If the rebate processing amount is not needed, then this money will be moved to rebates.
- Additional discussion ensued regarding the 30 day completion timeframe to be eligible for the \$250 incentive. This discussion resulted in the following proposed change:
 - 30-60-90 day timeline where contract must be signed within 30 days from the energy audit date, with up to 90 days from the audit date (60 days from the contract date) to get work done.
- Additional discussion resulted in the recommendation to align the current Tennessee Pipeline funded incentives with the new proposed incentive timeline.

Small Business Energy Solutions (SBES) Reallocation

- The SBES program was approved in the DSM Action Plan at \$3.5MM. To date, very few rebates have been processed.
- Columbia recommended suspension of the program effective 9/30/10. The program will undergo a process and impact evaluation that could result in a new program design. Other utilities have had similar lack of demand in their small business programs. Columbia may consider a smaller scale program in the future. Some rebates may still be in progress, so Columbia recommended setting some funds aside to accommodate in progress work. This is a rebate only program – no energy audit is involved. Approximately 70,000 customers qualify. Columbia recommended a potential reserve for rebates in progress (\$30,000-50,000). Depending on the results of the evaluation, Columbia may propose an alternative program in a future funding cycle for 2012 and beyond.

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

- Columbia proposed to reallocate approximately \$3MM into HPS to allow for further ramp up of this already successful and popular pilot program. Additional funds could allow for approximately 4,000 additional audits.
 - Reallocate SBES funds into the corresponding HPS budget categories. The approximate reallocations were presented as follows, and are only based on the potential remaining funds in the current SBES program as they align to HPS program line items. Columbia proposed to shift rebate processing funds elsewhere, most likely into rebates, depending on the need.
 - Energy Audits: ~\$1,200,000
 - Rebates: ~\$1,200,000
 - Rebate Processing: ~\$150,000
 - Implementer Management: ~\$166,000
 - Evaluation: ~\$50,000
 - Marketing: ~\$300,000
 - QA: ~\$35,000
 - Columbia proposed to use some of the previously allocated SBES evaluation funds to perform a process evaluation and to propose a potential redesign for future.
 - Set aside \$30,000-\$50,000 as a reserve for SBES rebates in process.

After continued discussion, Dale Arnold moved to accept a plan for reallocating Loan Funds into HPS with 30-60-90 day timeframe for the \$250 incentive and to reallocate Small Business Energy Solutions funds to Home Performance Solutions. Keith Pitts seconded the motion. Summary of the vote:

Motion: Dale Arnold

2nd Motion: Keith Pitts

Abstained: Randy Hall, due to potential conflict of interest

Motion passed.

Home Performance Solutions High Efficiency Furnace Rebates

Columbia presented a proposal to increase the Home Performance Solutions high-efficiency furnace/boiler rebates from the current \$200/\$400 structure to up to \$400/\$600 as the current rebate levels had resulted in minimum participation by customers and contractors. Keith Pitts made the motion to approve the proposal. John Johnson seconded the motion. Summary of the vote:

Motion: Keith Pitts

2nd Motion: John Johnson

Motion passed unanimously.

New Home Solutions Continuation/Modification

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

Columbia discussed the current new home construction market and the recession as they related to the decision to delay the launch of the New Home Solutions program until such time as the market started to recover. Columbia bid the program and selected MaGrann Associates as the program implementation contractor. The contract was effective June 1, 2010. One of the issues with the program as it related to the gas savings targets was that there are 3 years of program funding available, but only 1.5 years of program life as originally proposed remaining. To get the savings projected, the program would need to be extended past 2011. In addition, for builders to participate in the program, they might need some assurance that the program would last at least through the end of 2012. Columbia discussed this as a possible extension for the program. John Johnson asked, given that there were 1.5 years worth of funding left after 2011, why wouldn't Columbia propose to extend the program for 1.5 years into the middle of 2013. Columbia responded that that would be the ideal approach. Some discussion ensued regarding the levels of incentives for the program. Randy Hall felt that the proposed levels might be insufficient to cover builder's incremental costs to build higher efficiency homes. Columbia acknowledged that this was possible and that it would want flexibility to adjust incentive levels upward as long as it was cost effective to do so. John Johnson moved that Columbia ask for an extension of the program through the end of 2012 and allow Columbia to rely on contractor recommendations. Dale Arnold seconded the motion. Dave Rinebolt offered a friendly amendment which would grant Columbia flexibility to adjust incentive levels if needed as long as they continued to be cost-effective. Summary of the vote:

Motion: John Johnson with amendment by Dave Rinebolt

2nd Motion: Dale Arnold

Opposed: Doris McCarter

Motion passed.

DSM Action Plan Evaluation Schedule

Columbia discussed issues related to the DSM evaluation plan included in the DSM Action Plan. Because program start dates do not coincide with calendar years, Columbia proposed that the evaluation schedule be aligned to program years to allow full year evaluations of programs. Keith Pitts made a motion, seconded by Dora Tharp, to allow Columbia to file for that modification. Summary of the vote:

Motion: Keith Pitts

2nd Motion: Dora Tharp

Motion passed unanimously.

➤ **Adjournment**

**Columbia Gas of Ohio DSM Stakeholder Group
September 10, 2010
10:00 a.m.**

Meeting Minutes

Columbia again thanked the stakeholder group for taking time from their busy schedules to participate in the meeting. The meeting adjourned at approximately 11:50 am.

Attachment: "COH DSM Stakeholder Group presentation 20100910, final.ppt"

September 10, 2010

**Columbia Gas of Ohio
DSM Stakeholder Group Meeting**

Daniel Creekmur
Director, Strategic Initiatives

Jack Lavery
Manager, DSM

Columbia Gas
of Ohio
A Millstream Company

For Discussion Purposes Only

1

Agenda

- Call to Order
- Welcome and Introductions
- Program Status Update
- Proposed modifications to DSM Action Plan
 - Energy Efficiency Loan Fund
 - Small Business Energy Solutions
 - Home Performance Solutions
 - New Home Solutions - continuation
 - Evaluation Schedule
- Vote on Proposed Modifications
- Adjournment

Columbia Gas
of Ohio
A Millstream Company

For Discussion Purposes Only

2

Columbia Gas of Ohio DSM Stakeholder Group Meeting
September 10, 2010

Program Status Update

Jack Lavery
Manager, DSM

Columbia Gas
of Ohio
A Millstream Company

For Discussion Purposes Only

3

DSM Program Update

- WarmChoice
 - 2,376 of 3,321 customers served to date
 - 127,000 Mcf gas savings
- Simple Energy Solutions
 - 3,763 of 5,040 showerheads to date
 - 2,602 of 7,026 thermostats to date

Columbia Gas
of Ohio
A Millstream Company

For Discussion Purposes Only

4

DSM Program Update

- **Furnace Market Research**
 - In progress
- **Ohio Small Business Energy Saver**
 - On-line audit update requested from ODO
- **Energy Design Solutions**
 - Launched, seminars 4th quarter, consulting available
- **Innovative Energy Solutions**
 - Funding Applications on-line
 - Usage > 3000 Ccf/year
 - Energy Audits, ECM rebates, EMV, Research/Demonstration/Experimental

For Discussion Purposes Only

Columbia Gas
of Ohio
A Williams Company
5

DSM Program Update

- **New Home Solutions**
 - Energy Star New Homes program
 - Kick off event 9/21
 - Partnership with AEP
- **Energy Efficiency Loan Fund**
 - ECO-Link
- **Small Business Energy Solutions**
 - Demand low
- **Home Performance Solutions**
 - Over 2558 audits since 9/2009; 90% in 2010
 - Conversion rates @ 50%
 - Last month's rebates=previous 8 months

For Discussion Purposes Only

Columbia Gas
of Ohio
A Williams Company
6

Columbia Gas of Ohio DSM Stakeholder Group Meeting
September 10, 2010

Proposed Changes to DSM Action Plan

Daniel Creekmur
Director, Strategic Initiatives
Jack Laverty
Manager, DSM

For Discussion Purposes Only

Columbia Gas
of Ohio
A Williams Company
7

Proposed Changes to DSM Action Plan

- Case 08-72-GA-AIR, Opinion and Order
- Should DSM Stakeholder Group determine that a continuation, modification and/or expansion of Columbia's DSM programs is reasonable and prudent, stipulating parties agree the Columbia may file an application with the Commission seeking authority to continue, modify, and or expand Columbia's DSM programs
- May also request authority to modify rider DSM accordingly
- No application until at least 18 months following 12/3/08 stipulation (May 2010)

For Discussion Purposes Only

Columbia Gas
of Ohio
A Williams Company
8

Energy Efficiency Loan Fund Pilot Program

- **Approved in DSM Action Plan at \$1,146MM**
 - 2 bid cycles, could not compete with ECO-Link model
- **Treasurer of State of Ohio created ECO-Link**
 - Energy Conservation for Ohioans
 - 3% interest rate
 - Many participating banks
 - Loan Fund duplicates effort
 - COH in partnership with ECO-Link
- **Fund customers rather than banks**
- **Reallocate Loan Funds into Home Performance Solutions program for 2011**

For Discussion Purposes Only

Columbia Gas
of Ohio
A Millrose Company
9

Energy Efficiency Loan Fund Pilot Program

- **Approximate/Flexible EELF Funding Reallocation Plan for 2011**
 - **Allocate To Home Performance Solutions**
 - Increase audits by ~942
 - Increase from 6039 to 6918 by March 31, 2011
 - Continue \$300 (10%) incentive for assisted customers
 - Group not used to receiving benefits
 - Continue \$250 incentive for customers taking action w/in 30 days
 - **Provide contractor incentives**
 - \$100 for referral that results in audit
 - \$100 bonus for referral that results in eligible improvements (insulation, air sealing)
 - Small amount to marketing (\$75k)/rebate processing (\$35k)

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Small Business Energy Solutions (SBES) Pilot Program

- **Approved in DSM Action Plan at \$3.5MM**
- **Few rebates to date**
- **Recommend to Suspend program 9/30/10**
- **Perform process evaluation to determine issues and propose redesign for future**
 - Program are funds already allocated for evaluation
- **Proposed Modification**
 - Reallocate remaining funding into Home Performance Solutions program

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Small Business Energy Solutions (SBES) Pilot Program

- **Approximate/Flexible Funding Reallocation Plan for 2011**
 - **Re-allocate ~\$3MM to Home Performance Solutions**
 - Current HPS program on target to surpass initial energy audit targets by March 31, 2011.
 - Opportunity to further ramp up successful and popular pilot program
 - **Approximate Reallocation Mix**
 - Energy Audits (~\$1,200,000)
 - Rebates (~\$1,200,000)
 - Rebate processing (~\$150,000)
 - Implementer Management (\$166,000)
 - Evaluation (~\$50,000)
 - Marketing (~\$300,000)
 - QA (~\$35,000)

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Home Performance Solutions Pilot Program

- High Efficiency Furnace rebates not generating customer interest
 - Proposed Modifications
 - Increase standard rebate from \$200 up to \$400, if necessary
 - Increase bonus rebate from \$400 up to \$650, if necessary
 - Balance with other rebates, expanded HPS

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Other Pilot Programs - Continuation/Modification

- New Home Solutions
 - Delayed program due to housing market
 - Contracted with MaGrann 6/1/10
 - Program kick off meeting with Builders/Raters 9/21/10
 - Recommend to continue through 12/31/2012

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Other Pilot Programs - Modification/continuation

- New Home Solutions continuation rationale
 - No increase in approved program budget
 - Hit savings targets for the program (3rd year - 80,000 MCF potential)
 - Significant portion of the homes committed to the program in 2011 will not complete construction until 2012; additional homes can be built in 2012
 - Typical lag time from enrollment through completion is up to 6 months
 - Builders need some degree of consistency and reasonable expectation of program longevity
 - Asking them to significantly change their building practices
 - A known limit of program support through the end of next year will barely provide enough time for this evolution in an industry with long cycle times

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Other Pilot Programs - Modification/continuation

- New Home Solutions continuation rationale
 - The standard is about to begin a significant technical upgrade through 2011, with the expectation of substantial additional savings
 - The magnitude of the additional effort is expected to be an entry and retention barrier; drop out rates without incentives could be 50% or higher
 - Our program's top tier incentive will provide much needed support for this transition
 - If builders cannot rely on this support for homes completed after 1/1/2012 they will be less likely to commit homes at the higher efficiency level (ES Version 3), or to even participate.
 - Because this will ultimately be the only Energy Star level, the long term prospects of the program and the corresponding savings opportunity will be lost or significantly impaired.

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DSM Pilot Program Evaluation Schedule

- Program launches and ramp up taking more time than expected
- Current evaluation schedule impacts ability to properly evaluate energy savings impacts and process
 - Proposed modification
 - Align the evaluation schedule to coincide with actual program launch dates based on a program year time period where needed

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Columbia Gas of Ohio DSM Stakeholder Group Meeting September 10, 2010

- Vote on Proposed Modifications
 - Next step - file with PUCO
- Adjournment

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EXHIBIT B

Original and (New) Program Names	Evaluation Type	Program Year	Earliest Timeframe for Program Year (PY) Report	Latest Timeframe for Program Year (PY) Report
Residential Home Performance (Home Performance Solutions)	Impact, Energy Engineering Estimates	2009	October 31, 2010	February 28, 2011
		2010	October 31, 2011	February 29, 2012
		2011	March 31, 2012	June 30, 2012
	Process	2009	October 31, 2010	February 28, 2011
	Impact, PRISM-equivalent with control group	2009	October 31, 2011	January 31, 2012
		2010	October 31, 2012	January 31, 2013
		2011	March 31, 2013	June 30, 2013
Residential New Construction (Energy Star® New Homes)	Impact, Energy Engineering Estimates	2009	August 31, 2011	November 30, 2011
		2010	March 31, 2012	June 30, 2012
		2011	August 31, 2012	November 30, 2012
	Process	2009	August 31, 2011	November 30, 2011
	Impact, PRISM-equivalent with comparison group	2009	August 31, 2012	November 30, 2012
		2010	March 31, 2013	June 30, 2013
Residential Low Cost Rebates (Simple Energy Solutions)	Impact, Energy Engineering Estimates	2009	April 1, 2010	July 31, 2010
		2010	April 1, 2011	July 31, 2011
		2011	April 1, 2012	July 31, 2012
	Process	2009	April 1, 2010	July 31, 2010
	Impact, PRISM-equivalent with control group	2009	April 1, 2011	July 31, 2011
		2010	April 1, 2012	July 31, 2012
Ohio Market Research	Impact, Energy Engineering Estimates	2009	April 1, 2010	July 31, 2010
		2010	April 1, 2011	July 31, 2011
		2011	April 1, 2012	July 31, 2012
	Impact, PRISM-equivalent with control group	2009	April 1, 2011	July 31, 2011
		2010	April 1, 2012	July 31, 2012
		2011	April 1, 2013	July 31, 2013
Small Business Energy Incentive Program (Small Business Energy Savings)	Impact, Energy Engineering Estimates	2009	March 31, 2011	June 30, 2011
		2010	March 31, 2011	June 30, 2011
		2011	March 31, 2011	June 30, 2011
	Process	2009	March 31, 2011	June 30, 2011
	Impact, PRISM-equivalent with control group	2009	NA	NA
		2010	NA	NA
Ohio Small Business Energy Saver Audit Program	NA			
Power2Go Energy Solutions Partnership Energy Solution Program	NA			
Innovative Technology (innovative Energy Solutions)	Impact, Energy Engineering Estimates, International Performance Measurement and Verification Protocols (IPMVP), Pre- and post- treatment gas usage comparisons		To be determined separately for each project.	To be determined separately for each project.