

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2009-060

State of Arkansas

As Engrossed: H3/17/09 H3/26/09

87th General Assembly

A Bill

Regular Session, 2009

HOUSE BILL 1903

By: Representatives Cash, Blount, Breedlove, Carroll, Harrelson, Kidd, Moore, J. Roebuck, L. Smith,
Wagner, B. Wilkins

By: Senator Bookout

Filed with: House Interim Committee on Insurance and Commerce
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO SET ENERGY EFFICIENCY SAVINGS GOALS FOR AN ELECTRIC PUBLIC UTILITY AND A NATURAL GAS PUBLIC UTILITY REGULATED BY THE ARKANSAS PUBLIC SERVICE COMMISSION; TO REQUIRE THE ELECTRIC PUBLIC UTILITY AND THE NATURAL GAS PUBLIC UTILITY TO DEVELOP AN ENERGY EFFICIENCY PLAN; TO ALLOW FOR THE RECOVERY OF COSTS; TO REQUIRE REVIEW BY THE COMMISSION; TO ALLOW THE COMMISSION TO AWARD INCENTIVES; AND FOR OTHER PURPOSES.

Subtitle

THE ENERGY EFFICIENCY SAVINGS GOALS ACT OF 2009.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 23, Chapter 3 is amended to add an additional subchapter to read as follows:

23-3-801. Title.

This subchapter shall be known and may be cited as the "Energy Efficiency Savings Goals Act of 2009".



1
2 23-3-802. Definitions.

3 As used in this subchapter:

4 (1) "Cost effective" means the program meets the cost-
5 effectiveness criteria established by the Arkansas Public Service Commission;

6 (2)(A) "Energy efficiency" means a decrease in the consumption
7 of electricity or natural gas achieved through a measure or program that
8 targets customer behavior, equipment, devices, or materials.

9 (B) "Energy efficiency" includes load management to the
10 extent that it reduces an electric utility's overall energy usage in this
11 state; and

12 (3) "Load management" means a measure or program that targets
13 equipment or devices to decrease peak electricity demand from a peak to an
14 off-peak period.

15
16 23-3-803. Energy efficiency savings goals.

17 (a) An electric utility shall use its best efforts through the
18 implementation of energy efficiency programs for its customers to meet by
19 2013 an annual energy savings goal of at least one percent (1%) of the
20 electric utility's total annual sales in kilowatt hours based on its most
21 recent three-year average of total kilowatt hours, as determined by the
22 Arkansas Public Service Commission.

23 (b) A natural gas utility shall use its best efforts through the
24 implementation of energy efficiency programs for its customers to meet by
25 2013 an annual energy savings goal of at least seventy-five hundredths of one
26 percent (0.75%) of the natural gas utility's total annual sales in therms
27 based on its most recent three-year average of total therm sales, as
28 determined by the commission.

29 (c) During the period of 2010 through 2012, the commission may
30 establish for an electric utility or a natural gas utility interim goals for
31 energy savings that are attributable to energy efficiency programs
32 implemented under this subchapter.

33
34 23-3-804. Limitation on spending.

35 (a) Unless the Arkansas Public Service Commission has given its prior
36 approval, a natural gas utility or an electric utility shall not spend on its

1 energy efficiency programs an annual amount that exceeds two percent (2%) of
2 its total utility sales revenues for the preceding year.

3 (b) As used in subsection (a) of this section, "total utility sales
4 revenues" includes electricity or natural gas commodity costs.

5
6 23-3-805. Energy efficiency plan.

7 (a) Within ninety (90) days after the effective date of this act, the
8 Arkansas Public Service Commission shall initiate a proceeding to require
9 each utility to develop and submit an energy efficiency plan to meet its
10 energy efficiency savings goal set under § 23-3-803.

11 (b)(1) Within one hundred eighty (180) days after the effective date of
12 this act, each utility shall file its energy efficiency plan with the
13 commission for its approval.

14 (2) Beginning September 1, 2010, and annually thereafter, each
15 utility shall file its energy efficiency plan with the commission for its
16 approval.

17 (c) The energy efficiency plan shall include without limitation the
18 following:

19 (1) A set of energy efficiency programs that include offerings
20 for each customer class;

21 (2) The funding level for each energy efficiency program;

22 (3) A demonstration that the proposed energy efficiency programs
23 and funding are sufficient to achieve the utility's energy efficiency savings
24 goal;

25 (4) A demonstration that the utility's energy efficiency
26 programs will collectively be cost-effective;

27 (5)(A) An explanation of the utility's plan for the practical
28 and effective administration of the utility's proposed energy efficiency
29 programs.

30 (B) A utility's energy efficiency programs shall be
31 administered by a commission-approved entity that includes without
32 limitation:

33 (i) The utility;

34 (ii) A coordinator with other utility programs;

35 (iii) A state, county, or local agency; or

36 (iv) A nonprofit organization; and

1 (6) The process for retaining an independent expert to verify
2 the incremental energy savings from the utility's energy efficiency programs.

3 (d) An energy efficiency plan may include provision for the utility or
4 the administrator selected by the commission to facilitate third-party loans
5 to customers to finance an energy efficiency measure.

6 (e) The energy efficiency plan's proposed expenditures for energy
7 efficiency programs for each rate class shall be equal to the amounts that
8 are collected from each customer rate class for the energy efficiency
9 programs.

10
11 23-3-806. Monitoring.

12 The Arkansas Public Service Commission shall monitor and verify utility
13 performance to ensure compliance with the requirements of this subchapter.

14
15 23-3-807. Cost recovery.

16 (a) The Arkansas Public Service Commission shall allow a utility that
17 undertakes an approved energy efficiency program to recover its costs to
18 implement that energy efficiency program.

19 (b)(1)(A) The utility shall recover the costs of an approved
20 energy efficiency program from its customers in a manner that is consistent
21 with the electric utility's or the natural gas utility's most recent order
22 for a general change or modification of rates and charges.

23 (B) The charge under subdivision (b)(1)(A) of this section
24 shall be:

25 (i) Applied to all existing and future distribution
26 customers; and

27 (ii) Based on that customer's current monthly
28 billing determinants.

29 (2) If it finds it in the public interest, the commission may
30 authorize the utility to capitalize the costs of implementing approved energy
31 efficiency programs.

32
33 23-3-808. Energy efficiency plan review.

34 (a)(1) Within one hundred eighty (180) days of receiving an energy
35 efficiency plan from a utility, the Arkansas Public service Commission shall
36 approve the energy efficiency plan, conditionally approve the energy

1 efficiency plan, or reject the energy efficiency plan.

2 (2) If the commission rejects the energy efficiency plan or
3 conditionally approves the energy efficiency plan in terms that the utility
4 will not accept, the utility shall submit a revised energy efficiency plan
5 within thirty (30) days.

6 (b) The utility's obligations under § 23-3-803 are not affected by the
7 commission's determination under subsection (a) of this section.

8
9 23-3-809. Incentives.

10 (a) If a utility exceeds the applicable energy performance standards
11 under § 23-3-803, the Arkansas Public Service Commission may allow the
12 utility to receive a financial incentive for its performance as provided in
13 the commission's rules.

14 (b) A financial incentive approved under subsection (a) of this
15 section shall be:

16 (1) Added to the total energy efficiency program costs to be
17 recovered by the utility under § 23-3-806; and

18 (2) Included in the cost-effectiveness evaluation of the energy
19 efficiency programs.

20
21 23-3-810. Rules.

22 (a) The Arkansas Public Service Commission shall promulgate rules to
23 implement this subchapter.

24 (b) The rules shall include the procedure for reviewing and verifying
25 the results of each utility's compliance with this subchapter.

26
27 23-3-811. Reporting.

28 By September 30, 2011, and biennially afterwards, the Arkansas Public
29 Service Commission shall provide a report to the Cochairs of the Legislative
30 Council on the progress and results of the energy efficiency programs
31 implemented under this subchapter.

32
33 23-3-812. Applicability.

34 This subchapter does not apply to a municipal corporation or a
35 consolidated municipal improvement district that owns or operates an electric
36 utility syste

/s/ Cash

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