

Arizona Energy Efficiency Resource Standards Brief Sheet

The Essentials

- By 2020 Public Utility Companies with an annual revenue of more than \$5 million must achieve energy savings (measured in kWh) equal to at least 22 percent of their previous year's sales
 - Public Utility Companies must design Demand Side Management programs to encourage customers to reduce their energy usage
- By 2020 every gas utility must achieve cumulative savings equal to 6% of their previous year's retail sales

Policy details

Electrical Energy Efficiency Rules

The Arizona Corporation Commission ("ACC") adopted the final Energy Efficiency Rules in August 2010. The rule requires Arizona based electrical utilities to achieve cumulative energy savings equal to 22 percent of their previous year's retail electric sales. Electrical utilities with annual revenues of less than \$5 million are not included in this rule. Savings are measured in sales of kilowatt-hours.

The energy savings may be achieved through:

- Demand Side Management ("DSM") programs;
- Peak Demand Reductions;
- Building codes;
 - Utilities are permitted to count up to one third of the energy savings associated with energy efficient building codes
- Combined Heat and Power ("CHP") installations; and
- Customer self direction

Utilities must submit a proposed implementation plan on June 1st of every other year describing goals and mechanisms for meeting the energy efficiency standard for the next two calendar years. The ACC reviews and approves the plans before implementation. The ACC requires utilities to file progress reports on their DSM programs by March 1st of each year.

Gas Efficiency Rules

The ACC also established gas efficiency requirements by adopting a final rule in January 2011. By 2020 every gas utility must achieve cumulative savings equal to 6 percent of their previous years retail sales.

The energy savings may be achieved through:

- DSM Programs;
- Renewable energy resource technology application ("RET") programs;
- Building Codes; and
- Customer self direction

All DSM and RET programs must be approved by the ACC prior to implementation. Gas utilities must annually submit, by April 1, to the ACC a DSM progress report regarding their ACC approved DSM and RET programs.

Read more:

ACC's informational web page on the energy efficiency requirements:

<http://www.azcc.gov/divisions/administration/energyefficiency.asp>

The Energy Efficiency Standards in the Arizona Administrative Code (R14-2-2401, et seq. (electricity standard rule) and R14-2-2501, et seq. (for the natural gas standard rule)):

http://www.azsos.gov/public_services/Title_14/14-02.htm

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Latest developments:

Both the electrical and natural gas Energy Efficiency reduction requirements operate in a statistical ladder like reduction pattern. See the ladder charts below.

Reduction ladder chart for electrical utilities:

Calendar Year	Energy Efficiency Standard
2011	1.25%
2012	3.00%
2013	5.00%
2014	7.25%
2015	9.50%
2016	12.00%
2017	14.50%
2018	17.00%
2019	19.50%
2020	22.00%

Reduction Ladder chart for Natural Gas:

Calendar Year	Energy Efficiency Standard
2011	0.50%
2012	1.20%
2013	1.80%
2014	2.40%
2015	3.00%
2016	3.60%
2017	4.20%
2018	4.80%
2019	5.40%
2020	6.00%