

2014-2015 IMPLEMENTATION UPDATE

Lighting Deeper Dive

EEAC Consultants
10 June 2014

Overview and Summary

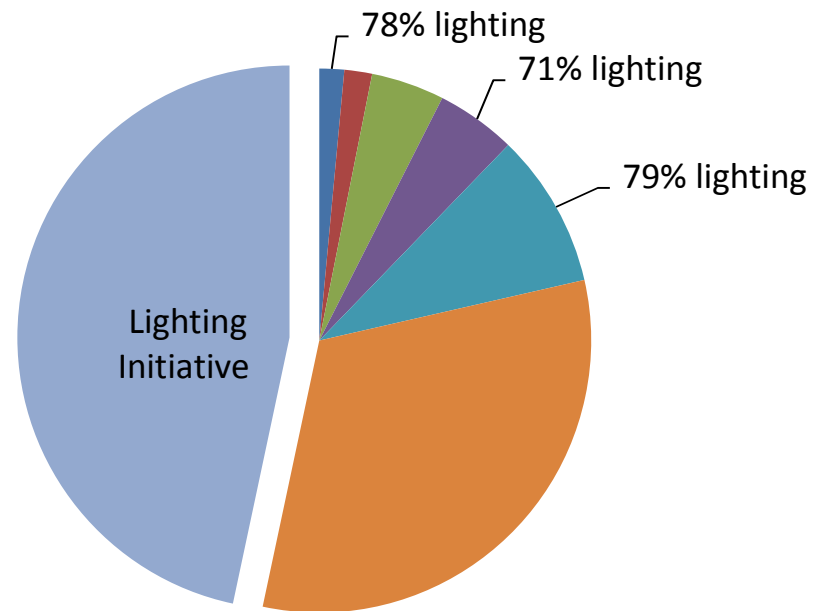


- ▶ **Lighting: ~60% of ALL Residential and LI savings**
- ▶ **Larger role in Implementation Update (IU) than in Plan**
- ▶ **Still reviewing IU goals:**
 - Ensure they reflect “best practices”
 - Differences in proposed PA lighting efforts
 - Awaiting 2013 AR data
- ▶ **Moving forward: More LEDs**
 - Nearly half of Lighting Initiative YTD Lifetime savings
 - LEDs are near parity on Incentive \$/Lifetime kWh
- ▶ **When to exit CFLs in next 3-Year Plan?**

Lighting Represents Nearly 60% of All Residential and LI Savings

- ▶ **Lighting Initiative is 47% of all 2013 Residential savings (Plan)**
- ▶ **Lighting is 59% of ALL 2013 Residential savings, 63% of Low Income (Plan)**

Residential 2013 Plan Annual Savings by Initiative

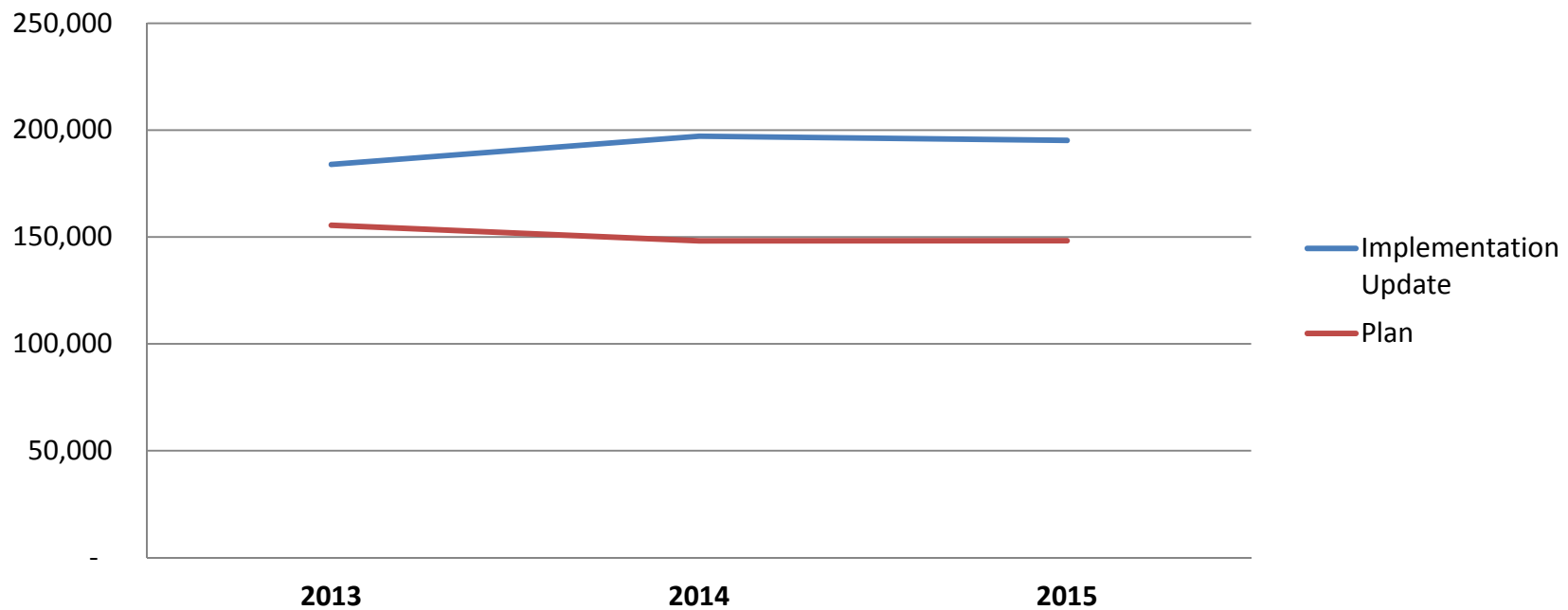


■ RNC ■ HVAC ■ Appliances ■ MF ■ HES ■ Behavioral ■ Lighting

Lighting's Importance Continues in 2014 and 2015

► Greater role for Residential Lighting Initiative in Implementation Update (IU) than in 2014 & 2015 Plan

Residential Lighting Initiative Savings (MWh)



Ongoing Review of Implementation Update Savings & Budget Estimates

- ▶ **2014 - 2015 IU Savings & Budgets developed using a high level extrapolation of 2013 data w/adjustments for:**
 - Evaluation (e.g., EISA adjustments)
 - Implementation, i.e., changes in program activity
- ▶ **Are proposed IU changes**
 - Best practices?
 - Supported by PAs’ “on the ground” efforts?
- ▶ **To be completed by 8/7**

Ongoing Review of Implementation Update Savings & Budget Estimates (Cont.)

- ▶ **Examine PA differences in Residential Lighting Initiative IU savings**
 - NGrid Lighting increases 51% vs. Plan
 - NU Lighting increases 7% vs. Plan
 - But NU Lighting is 53% of sector savings, NGrid's is 42%

Ongoing Review of Implementation Update Savings & Budget Estimates (Cont.)

- ▶ **Review Federal lamp standards (EISA) impacts**
 - 2012-2014 tier got us to halogens
 - CFLs are **NOT** the baseline
 - 2020 tier gets us to CFL level of efficiency
 - For covered lamps, greater impact on CFL lifetime savings than on LED savings

- ▶ **Review other Key assumptions**
 - Incentive levels
 - Program product mix
 - Assumed product mix in baseline

LED Product Mix Has Increased Markedly Since 2012

- ▶ In Plan LEDs were 5% of Residential Lighting Initiative unit goals for ALL three years.
- ▶ But 2013 results informed higher 2014 goals and performance:

LED Contributions to Residential Savings		
	2013 Q4	2014 YTD
Units	15%	16%
Annual Savings	23%	26%
Lifetime Savings	39%	47%
Incentives	46%	n/a

Other States are Accelerating Their Shift to LEDs

► Connecticut

- 2014: 22% LED Unit goal (32% YTD)
- 2015: 32% LED Unit goal
- Shareholder incentive tied to the above
- No more dimmable CFL support

► Rhode Island

- 14% of unit goals (15% YTD)
- 27% of Annual Savings YTD
- 45% of Lifetime Savings YTD

LED Program Cost Efficiency at Near Parity With CFLs on a Lifetime Basis

- ▶ **2014 PA LED incentives will continue to drop to reflect continued declines in retail pricing**
- ▶ **PA Bulk procurement solicitation will help drive down DI costs for all lighting products**

Residential Lighting Initiative Incentive Cost in 2013 (cents/kWh)		
	per Annual kWh	per Lifetime kWh
CFL	9	1.3
LED	27	1.8

Near-Term Program Strategies and Implications

- ▶ **LED Prices and Incentives will continue to decline while efficacy (and savings) increase**
 - LEDs may very soon be cheaper on an lifetime savings basis
- ▶ **Begin to exit CFL market starting with certain specialty lamps**
 - Better LED performance in most enclosed and dimming applications
 - Complete exit likely in next Three-year Plan
- ▶ **Increased LED DI, particularly for specialty applications**

Contact Information



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