

**Proposal of DOER and AG  
Statewide Savings Targets at 1.15% with \$14.0 M in Performance Incentives  
Gas Program Administrators**

	Offer			
	2010 Target	2011 Target	2012 Target	Total 2010-2012
Savings Target as % of Retail Energy Sales	0.60%	0.90%	1.15%	
Annual Energy Savings (therms)	12,510,000	19,000,000	24,500,000	56,010,000
Performance Incentive (\$ million)	4.0	4.5	5.5	14.0
Threshold to Begin Earning Incentives	75%	75%	75%	
Performance Incentive Cap (\$ million)	5.0	TBD	TBD	
Program Costs (\$ million)	49.9*	80.9*	108.5*	239.4*
Cost Per Annual Therm Saved	3.99*	4.26*	4.43*	4.27*
Amount of Other Funding (\$ million)	Known \$	20	40	

The Council will entertain PA proposals to provide flexibility for one or more individual PAs. Such proposals may allow for savings goals reasonably lower or higher than the savings target (with detailed justification), but with the statewide savings targets (set forth in therms above) remaining the same.

Incentive pool is allocated to individual PAs based on the savings target each year, and not based on the sum of PA savings levels (which may sum to slightly lower than the savings targets), therefore potentially leading to a total incentive level slightly less than the target incentive level.

Incentive mechanism provides higher incentives for the higher savings targets.

Incentive pool of \$14.0 million is the maximum pool at the target savings level for the three years.

Use deemed savings for calculation of incentives and LBR for 2010. Use evaluation (EM&V) results to determine performance incentives and LBR earned for 2011 and 2012, but limit the impact of the evaluation results to a bandwidth of +/-25% at the sector level.

\*Program costs are still under review by PAs and consultants to resolve a number of differences; numbers to be finalized before filings. The numbers here are the consultant recommendations. There are a number of identified factors that are likely to push program costs up but these factors need more careful review prior to finalization for the plans.