

**Proposal of DOER and AG
Statewide Savings Targets at 2.4% in 2012 with \$65 M in Performance Incentives
Electric Program Administrators**

Adopted by EEAC 10-6-09

	Offer			
	2010 Target	2011 Target	2012 Target	Total 2010-2012
Savings Target as % of Retail Energy Sales	1.4%	2.0%	2.4%	
Annual Energy Savings in GWh	630	910	1,109	2,649
Performance Incentive (\$ million)	17.5	22.0	25.5	65.0
Threshold to Begin Earning Incentives	75%	75%	75%	
Performance Incentive Cap (\$ million)	21.875	TBD	TBD	
Program Costs (\$ million)	233*	373*	499*	1,105*
Cost Per Annual kWh Saved	0.37*	0.41*	0.45*	
Amount of Other Funding (\$ million)	Known \$	100	200	

The Council will entertain PA proposals to provide flexibility for one or more individual PAs. Such proposals may allow for savings goals slightly lower or higher than the savings target (with detailed justification), but with the statewide savings targets (set forth in GWh 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 \$65 million is the maximum pool at the target savings level for the three years.

Use evaluation (EM&V) results to determine performance incentives earned, but limit the impact of the evaluation results to a bandwidth of +/-25% at the portfolio level.

*Program costs are still under review by PAs and consultants to resolve a number of differences; numbers to be finalized before filings.