

**THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners: Mark Sievers, Chairman
 Ward Loyd
 Thomas E. Wright

In the Matter of a General Investigation of)
Energy-Efficiency Policies for Utility) Docket No. 12-~~GIMX-337~~-GIV
Sponsored Energy-Efficiency Programs.)

**ORDER OPENING DOCKET, SETTING PREHEARING CONFERENCE AND
APPOINTING PREHEARING OFFICER**

NOW, the matter of a general investigation of energy-efficiency policies for utility sponsored energy-efficiency programs comes before the State Corporation Commission of the State of Kansas (Commission). The Commission finds and concludes as follows:

1. The Commission opened previous general investigation dockets to look into issues, most recently, Docket No. 08-GIMX-441-GIV (441 Docket) to address cost-recovery methods for energy-efficiency programs and Docket No. 08-GIMX-442-GIV (442 Docket) to address cost benefit analysis of energy-efficiency programs.

2. Commission Staff (Staff) has submitted a Report and Recommendation to the Commission, which is attached to this order as Attachment A, noting the need to clarify the 441 and 442 Dockets.

3. The Commission finds and concludes that a new general investigation docket should be opened to investigate the need for further clarification to the Commission's orders in the 441 and 442 Dockets.

4. The Commission hereby sets a prehearing conference for November 29, 2011, at 1:30 p.m., in the Commission's First Floor Hearing Room, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027, for Staff and any intervenors to discuss the issues of natural gas inclusion,

performance incentives and program cost recovery, and how the Commission can establish a procedural schedule to accomplish the purpose of this docket. Parties should be prepared to discuss prehearing issues that will promote the orderly and prompt conduct of this proceeding. K.S.A. 77-517; K.A.R. 82-1-222.

5. Melissa R. Doeblin, Advisory Counsel, is hereby appointed as prehearing officer for this docket.

6. This Order providing notice of the Prehearing Conference should be sent to all parties to the 441 and 442 Dockets, however, any party seeking to participate in this docket shall file a petition to intervene on or before November 29, 2011.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. A new General Investigation Docket will be opened to address issues related to clarification of the Commission's orders in Docket Nos. 08-GIMX-441-GIV and 08-GIMX-442-GIV.

B. Melissa R. Doeblin is designated as the prehearing officer for this docket.


C. A Prehearing Conference shall be held November 29, 2011 at 1:30 p.m., in the Commission's First Floor Hearing Room, 1500 SW Arrowhead Road, Topeka, Kansas 66604-4027.

D. Parties wishing to intervene in this docket shall file a petition to intervene with the Commission on or before November 29, 2011.

BY THE COMMISSION IT IS SO ORDERED

Sievers, Chairman; Loyd, Commissioner; Wright, Commissioner

Dated: NOV 09 2011



ORDER MAILED NOV 10 2011

Patrice Petersen-Klein
Executive Director

1500 SW Arrowhead Road
Topeka, KS 66604-4027



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Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

ATTACHMENT A

MEMORANDUM

TO: Chairman Mark Sievers
Commissioner Ward Loyd
Commissioner Thomas E. Wright

FROM: Robert Glass, Chief of Economics and Rates
Lana Ellis, Senior Research Economist
Michael Deupree, Senior Research Economist

Date: November 9, 2011

DATE SUBMITTED TO EXECUTIVE DIRECTOR: November 04, 2011

DATE SUBMITTED TO LEGAL: November 04, 2011

DATE SUBMITTED TO COMMISSIONERS: _____

SUBJECT: Energy Efficiency General Investigation

Executive Summary

Following its investigation into when and how jurisdictional utilities should promote energy efficiency and what ratemaking treatment is appropriate, the Commission found there was a need to establish a policy framework for reviewing and evaluating energy efficiency programs on a uniform and consistent basis.¹ Consequently, the Commission opened concurrent general investigations into cost-benefit analysis (08-GIMX-442-GIV, hereinafter “442”)² and into cost-recovery methods (08-GIMX-441-GIV, hereinafter “441”)³ for energy efficiency programs. Since that time, the utilities, Staff, and the Commission have all expressed difficulties in applying the Commission’s energy efficiency policy making dockets (441 and 442) due to new economic and operational realities. Because these difficulties have created uncertainty regarding energy efficiency policy, Staff recommends the Commission open a new general investigation docket wherein specific difficulties concerning energy efficiency policy can be identified and resolved.

I. Background

On September 11, 2006, the Commission opened a docket to investigate when and how utilities should promote energy efficiency and what ratemaking treatment is appropriate.⁴ In that docket, the Commission found it has broad authority and discretion to promote efficiency and conservation of energy.⁵ The Commission also found that it has wide discretion to consider and apply methodologies for approving energy efficiency programs and that the Commission is not limited to any particular methodology or approach. The Commission further noted that, under K.S.A. 74-616(b), it is directed to develop a comprehensive state energy conservation plan and procedures for implementing that plan.⁶

The Commission also found there was a need to establish a policy framework for reviewing and evaluating energy efficiency programs on a uniform and consistent basis (to serve as the basis for developing a comprehensive energy efficiency and conservation program)⁷ and thus ordered the opening of two investigations to facilitate development of and subsequent action on key elements of a comprehensive program in Kansas.⁸ Accordingly, the Commission opened concurrent general

¹ Docket No. 07-GIMX-247-GIV (hereinafter, “247”), In the Matter of the Application of Kansas City Power & Light Company for Approval to Transition to Permanent Status Certain Demand Side Management Programs, Staff Report and Recommendation, pp. 14-15.

² Docket No. 08-GIMX-442-GIV, In the Matter of a General Investigation Regarding Benefit-Cost Analysis and Program Evaluation for Energy Efficiency Programs (addressing methods of benefit-cost analysis and program evaluation for energy efficiency programs as well as real-time pricing or other rate structures that may encourage energy conservation or load shifting).

³ Docket No. 08-GIMX-441-GIV, In the Matter of a General Investigation Regarding Cost Recovery and Incentives for Energy Efficiency Programs (addressing cost recovery, throughput incentive, and performance incentives for energy efficiency programs).

⁴ 247, p. 1.

⁵ 247, p. 9.

⁶ 247, p. 12.

⁷ 247, p. 12.

⁸ 247, p. 12.

investigations into cost-benefit analysis (08-GIMX-442-GIV, hereinafter “442”)⁹ and into cost-recovery methods (08-GIMX-441-GIV, hereinafter “441”)¹⁰ for energy efficiency programs.¹¹

II. Staff’s Analysis and Recommendation

Need to Clarify 441 and 442

The utilities, Staff, and the Commission have all expressed difficulties in applying the Commission’s energy efficiency policy making dockets (441 and 442) due to new economic and utility operational realities.¹² As Staff explained in its 780 Report and Recommendation:¹³

Since the Commission began to shape its policy regarding energy efficiency in the summer of 2008, the world has been mired in a prolonged period of below normal economic growth. This economic malaise has affected nearly all sectors of the economy, including the electric power sector. With major layoffs in the commercial and industry sectors and residential customers being more watchful of spending behaviors, forecasts of expected growth in electric loads have been continually revised downwards. This combined with the fact that most jurisdictional utilities have recently completed major new generation projects, has created a situation where most utilities will more than likely have excess capacity resources for many years. In the case of KCP&L, the Company is projected to have excess capacity resources through 2021, nearly a decade out into the future.¹⁴

ACEEE Energy Efficiency Scorecard

In its 2011 State Energy Efficiency Scorecard, the American Council for an Energy-Efficient Economy (ACEEE) rated states in a number of categories to determine overall best practices and leadership in energy efficiency.¹⁵ In the 2011 Scorecard, Kansas was ranked 48th out of 51, a drop of two places from the previous year. While all of the policies promoted by the ACEEE scorecard may not be appropriate for Kansas, there is potential for the Kansas score to improve. And, because the ACEEE rankings involve regulatory policy and program implementation, it is necessary to determine

⁹ Docket No. 08-GIMX-442-GIV, In the Matter of a General Investigation Regarding Benefit-Cost Analysis and Program Evaluation for Energy Efficiency Programs (addressing methods of benefit-cost analysis and program evaluation for energy efficiency programs as well as real-time pricing or other rate structures that may encourage energy conservation or load shifting).

¹⁰ Docket No. 08-GIMX-441-GIV, In the Matter of a General Investigation Regarding Cost Recovery and Incentives for Energy Efficiency Programs (addressing cost recovery, throughput incentive, and performance incentives for energy efficiency programs).

¹¹ 247 pp. 14-15.

¹² The Commission expressed its desire to reexamine the 441 and 442 Dockets in the Open Meeting granting KCP&L’s Petition to Withdraw its Application in Docket 10-KCPE-795-TAR.

¹³ Docket No. 11-KCPE-780-TAR, In the Matter of the Application of Kansas City Power & Light Company for Approval to Transition to Permanent Status Certain Demand Side Management Programs, Staff Report and Recommendation, p. 9.

¹⁴ See 2010 Kansas Generation Planning Survey – KCP&L, attached to 780 Staff’s Report and Recommendation as Confidential Exhibit MWD-2. Data for the 2011 Kansas Generation Planning Survey is still being collected, but shows similar forecasted system capacity and demand.

¹⁵ American Council for an Energy-Efficient Economy (ACEEE), The 2011 State Energy Efficiency Scorecard, October 2011, pp. vi-vii (The ACEEE’s State Energy Efficiency Scorecard presents a comprehensive ranking of the states based on an array of metrics designed to capture best practices and recognize leadership in energy efficiency policy and program implementation).

which policy and program approaches are appropriate for Kansas to promote energy efficiency and conservation.

Staff's Recommendation

Staff recommends that a new general investigation docket be opened wherein specific difficulties concerning energy efficiency policy can be identified and resolved. Specifically, Staff recommends the Commission open a new docket investigating the changing realities of energy efficiency to identify and resolve the specific difficulties arising from the 441 and 442 Dockets. Kansas City Power & Light ("KCP&L") agrees that any generic docket should focus on specific issues to avoid a prolonged proceeding.¹⁶

While Staff encourages utility input on identifying issues for further investigation, Staff notes that fuel switching has already been addressed through rate design and the cost-benefit issue is likewise settled. Therefore, Staff recommends that the Commission limit the scope of its investigation to just the natural gas inclusion, performance incentives, and program cost recovery issues.

¹⁶ Docket No. 11-KCPE-780-TAR, Response of Kansas City Power & Light Company to Staff's Report and Recommendation, pp. 6-7.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

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GLENDIA CAFER, ATTORNEY CAFER LAW OFFICE, L.L.C. 3321 SW 6TH STREET TOPEKA, KS 66606		

ORDER MAILED NOV 10 2011

The Docket Room hereby certified that on this _____ day of _____, 20____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.

IN RE: DOCKET NO

12-GIMX-337-GIV

DATE NOV 09 2011

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