ComEd Ex. 13.5
State Utility Shareholder Incentive Mechanisms for Energy Efficiency

State	Approx. Annual Savings	% of Cost	% of Net Benefits	ROE Bonus	Normal ROE	Generic/ Unknown Incentive	Penalty	Comments
Section 1: States With Mandate								
Arizona	2.0%		Yes (10%, capped at 10% of DSM					
California	0.9%		Yes (9-12%, up to earnings cap)				Yes	
Colorado	1.0%		Yes (varies, up to 12%, capped at 20% of expenditure)					
Connecticut	1.0%	Yes (varies, up to 8%, before taxes)						
Delaware	2.5%							
Hawaii	1.0%		Yes (1-5%, capped at $4M, before taxes)					
Illinois	1.2% (avg.)						Yes (up to $665K)	
Indiana	0.9%					Pending		Indiana law allows for "either shared savings or adjusted/bonus return on equity mechanisms as demand-side management incentives."
Iowa	1.5%							
Maryland	1.5-1.8%							Financial incentive mechanisms are permitted by law, but none have been approved yet.
Massachusetts	2.4%	Yes (varies, about 5%)						
Michigan	0.3%-1%							ROE on EE program costs and a performance incentive of up to 15% of program costs are permitted by law.
Minnesota	1.5%		Yes (varies, up to 30% of conservation budget)					
Nevada	0.6%			Yes (5% extra ROE on EE spending)				

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New Mexico	0.7% (avg.)					Yes	Yes	New Mexico Public Regulation Commission has approved rate "adder" that recovers lost revenue and provides performance incentive/penalty based on savings levels.
New York	1.9%	Yes (varies; up to $40M annually, which is ~12% of costs)					Yes	
North Carolina	0.75-5.0%		Yes (varies, 8-13%)					
Ohio	1.3% (avg.)		Yes (varies, up to 10% of shared savings)				Yes (see comments)	Noncompliance calls for penalty prescribed by legislature or "the amount of the existing market value of one renewable energy credit per MWh of undercompliance or noncompliance."
Pennsylvania	1.0%						Yes ($1-20M)	
Texas	0.3%		Yes (varies, up to 20% of program costs; 10% increase in incentive if savings are achieved through certain low-income programs)					
Vermont	2.0%	Yes (up to 2.6% of total budget)						
Washington	~1%		Yes (varies, for one utility)		Yes (one utility)		Yes (one utility)	

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Section 2: States Without Mandate								
Alabama								
Alaska								
Arkansas						Pending		Incentives are currently pending.
District of Columbia						Yes		
Florida								Nothing is currently in place. HB 7135 authorizes Commission to allow IOUs to earn additional ROE for exceeding EE and conservation goals. 0.5% increase in ROE is permitted for EE measures exceeding 20% of annual load growth. Also, "financial awards and penalties" are authorized.
Georgia			Yes (15% of net present value)					Only one incentive program in place.
Idaho			Yes (one program only; varies, up to 10%)				Yes (one program only)	Currently incentive only applies to home construction program, but Idaho Power Company intends to explore incentives that apply to entire portfolio.
Kansas								Kansas law allows a rate of return of 0.5-2% above allowed rate of return on EE investments. No specific incentives have been approved yet.
Kentucky			Yes (varies, up to 10% of program costs)					
Louisiana				Yes (0-0.3% bonus on all equity)				
Maine								
Mississippi								
Missouri								Missouri law encourages the Commission to provide utilities with "timely earnings opportunities" associated with energy efficiency programs.
Montana								Montana law allows for 2% bonus to rate of return for DSM investments; nothing has been approved.
Nebraska								
New Hampshire		Yes (8-12% of total program budgets)						
New Jersey						Yes		Board of Public utilities contracts for EE services; compensation is based on performance.

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North Dakota								
Oregon								
Oklahoma		Yes (15%, for programs that do not produce savings)	Yes (25%, for programs that produce estimatable savings)					
Rhode Island		Yes (4.4%)						
South Carolina			Yes (varies, 8-13%)					South Carolina law requires PSC to "adopt procedures to encourage electric utilities to invest in cost-effective energy-efficient technologies and conservation programs. Procedures must provide incentives and cost recovery mechanisms..."
South Dakota			Yes					Two utilities have "financial incentive mechanisms based on performance" approved.
Tennessee								
Utah								Utah House Joint Resolution 9 supports performance-based incentives.
Virginia								Virginia law calls for VSCC to develop and implement incentives to help achieve energy efficiency goals. Legislation allows for utility to earn normal ROE on expenses.
West Virginia								
Wisconsin					Yes (one utility)			
Wyoming								

Notes:

[1] Sources: State "Utility-Sector Policies" webpages in ACEEE's State Energy Policy Database; The Edison Foundation, "State Energy Efficiency Regulatory Frameworks," January 2010; Regulatory Assistance Project, "Energy Efficiency Incentives for Utilities: A Review of Approaches So Far," October 6, 2009; Regulatory Assistance Project, "Energy Efficiency Incentives for Utilities: Approaches in the US, Stakeholder Process in Idaho," November 20, 2009; Public Service Commission of South Carolina, "Order Approving DSM/EE Application," June 26, 2009, Docket No. 2008-251-E, Order No. 2009-373; Entergy New Orleans, Inc., "Electric Formula Rate Plan Rider Schedule," May 1, 2009; New Mexico Public Regulation Commission, "Final Order Repealing and Replacing 17.7.2 NMAC," April 9, 2010, Case No. 08-00024-UT; North Carolina Utilities Commission, "Order Approving Agreement and Stipulation of Partial Settlement, Subject to Certain Commission-Required Modifications," June 15, 2009, Docket No. E-2, Sub 931.

[2] "% of Cost" and "% of Net Benefits" indicate whether utilities can earn a cash incentive for meeting savings goals. The cash incentive is usually determined as a percentage of cost or a percentage of program net benefits.

[3] "ROE Bonus" indicates whether utilities can earn an increased rate of return on energy efficiency spending. "Normal ROE" indicates whether utilities can earn their normal rate of return on this spending. The variables are mutually exclusive.

[4] "Penalty" indicates whether utilities can be penalized for failing to meet savings goals.