

## Layton, Kimberly

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**From:** Lauckner, Kevin [Kevin.Lauckner@Honeywell.com]  
**Sent:** Monday, June 09, 2014 5:39 PM  
**To:** Comments, Urc  
**Subject:** Comments on DSM and EE policies and programs  
**Attachments:** Comments June 9 2014 to IURC General Counsel Beth Krogel Roads.pdf

Thank you for the opportunity to provide comment on the future of DSM and EE in the State of Indiana.

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General Counsel Beth Krogel Roads  
Re: IURC's EE/DSM Recommendations  
Indiana Utility Regulatory Commission  
101 West Washington Street, Ste. 1500 E  
Indianapolis, IN 46204

June 9, 2014

Dear Indiana Utility Regulatory Commission:

As companies that represent approximately 10,000 manufacturing and energy efficiency jobs in Indiana, we are pleased to offer our perspective on the importance of Demand Side Management (DSM) and Energy Efficiency (EE) policies and programs as part of a holistic energy strategy as called for by Governor Pence.

Energy efficiency and demand response programs are the lowest-cost sources of energy when compared with the cost of conventional generation. Such programs help to reduce risk and price volatility for consumers, and are an important contribution to the diversity of energy resources essential for a comprehensive energy strategy that will generate energy savings, jobs and flexibility for Indiana. Energy efficiency and demand response programs benefit Indiana business by providing essential programs to make their facilities more energy efficient, reduces the costs of their energy consumption and reduces total utility system costs.

We believe Indiana's energy strategy should:

**1. Include appropriate energy efficiency goals**

- Emphasize energy efficiency as a low cost option for Indiana energy users and an important business in Indiana for manufacturers and sellers of energy efficiency products and services.
- Provide a stable legislative and regulatory environment that creates investment and marketplace certainty for utilities and businesses alike. The Edison Foundation notes, States with regulatory frameworks that support utilities in their efforts to pursue electric efficiency as a sustainable business tend to be leaders in electric efficiency expenditures and savings. (March 2014 Issue Brief, p7)
- Indiana's commitment to energy efficiency should be either state level goals, or incentives, or a combination of the two to provide transparent and consistent signals to the market.

**2. Reflect an examination of the overall effectiveness of current DSM programs in the state**

- Overall utility portfolios should be cost effective and provide utilities with flexibility to deliver programs tailored to their different customer classes.
- DSM programs have proven to be enormously effective. Third-party measurement and verification by a leading evaluator of Indiana DSM programs have shown benefits to exceed costs by 2:1 in 2012, increasing to 2.9:1 for the 2012/13 years, for a two-year cost of \$0.03 per kWh (2013 Energizing Indiana Evaluation Report, May 1 2014. p1, p293).

**3. Reflect any and all issues that may improve current DSM programs**

- Key Principals for Efficiency Programs
  - i. Support DSM programs that create jobs in manufacturing and delivery services.
  - ii. Leverage third party expertise and innovation to provide best in class solutions that promote manufacturing and services in Indiana.
  - iii. Programs can always be improved. The program should support independent evaluation that occurs in parallel to the delivery of existing successful programs to ensure benefits are being delivered to Indiana customers.
- Programs
  - i. Utilities should have flexibility in their plan creation and deployment.
  - ii. Encourage the joint delivery of gas and electric programs.
  - iii. Leverage equipment and manufactured technology to deliver sustained savings.
  - iv. Recognize that rebates continue to play an important role in promoting the use of energy efficient equipment while providing more jobs for Hoosiers and supporting trade allies like construction workers and HVAC vendors.

**4. Reflect a thorough benefit-cost analysis of the cost impact to ratepayers of possible DSM programs**

- Maintain third-party measurement and verification of DSM programs using standardized protocols and governed by the IURC, as it's an important facet of gauging program success.
- Utilize cost effectiveness tests that put DSM and EE on the same playing field as other resources.

**5. Allow for an opt-out whereby large electricity consumers can decide not to participate in a DSM program**

- There are ways to keep large electricity users involved in DSM programs, including various self-direct models. Energy efficiency businesses of Indiana welcome the opportunity to work with stakeholders on an approach that preserves energy efficiency and promotes economic growth.

We agree with the Governor's pursuit of an all-of-the-above energy strategy that includes the use of cost-effective energy efficiency. We support and encourage regulatory certainty, and also flexibility for utilities to deliver customer based energy savings.

We thank you for the opportunity to provide comments and look forward to continued dialogue and participating in Indiana's economic growth.

Sincerely,

EnerNOC  
General Electric  
Honeywell  
Ingersoll Rand  
Johnson Controls

Kingspan Insulated Panels  
Knauf Insulation  
Leidos Engineering  
Siemens  
United Technologies