ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT D/B/A AES INDIANA FOR APPROVAL OF DEMAND SIDE MANAGEMENT (DSM) PLAN, INCLUDING ENERGY EFFICIENCY (EE) PROGRAMS, AND ASSOCIATED ACCOUNTING AND RATEMAKING TREATMENT, INCLUDING TIMELY RECOVERY, THROUGH AES INDIANA'S EXISTING STANDARD CONTRACT RIDER NO. 22, OF ASSOCIATED COSTS INCLUDING PROGRAM OPERATING COSTS, NET LOST REVENUE, AND FINANCIAL INCENTIVES.	)	**CAUSE NO. 46081** **APPROVED: JAN 08 2025**

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Jennifer L. Schuster, Senior Administrative Law Judge

On May 31, 2024, Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana" or "Petitioner") filed its Verified Petition for approval by the Indiana Utility Regulatory Commission ("Commission") of a demand side management ("DSM") plan, including energy efficiency ("EE") programs, and associated accounting and ratemaking treatment, including timely recovery, through AES Indiana's existing Standard Contract Rider No. 22 (Demand Side Management Adjustment) ("DSM Rider" or "Rider 22"), of associated costs including program operating costs, net lost revenue, and financial incentives relief as further described below. On May 31, 2024, Petitioner also filed the testimony, attachments and workpapers of the following witnesses:

- Katie Heard, AES Indiana Demand Side Management ("DSM") Lead;
- Erik Miller, AES Indiana Director of Resource Planning; and
- Kimberly Aliff, AES Indiana Revenue Requirements Manager

On June 10, 2024, Citizens Action Coalition of Indiana, Inc. ("CAC") filed a petition to intervene, which was granted on June 19, 2024.

On October 1, 2024, AES Indiana filed the settlement testimony and attachments of AES Indiana witnesses Ms. Heard and Ms. Aliff as well as a copy of the Stipulation and Settlement Agreement ("Settlement Agreement"). Also on October 1, 2024, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the settlement testimony of Brian R. Latham, Utility Analyst in the OUCC's Electric Division.

The Commission conducted an evidentiary hearing in this Cause on October 22, 2024, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana.

Petitioner, the OUCC, and CAC participated in the evidentiary hearing by counsel, and the prefiled evidence and testimony of Petitioner and the OUCC, as well as the parties' Settlement Agreement, were admitted into the record without objection.

Based upon applicable law and evidence of record, the Commission now finds:

1. <u>Notice and Jurisdiction</u>. Notice of the hearing in this Cause was given and published as required by law. AES Indiana is a "public utility" under Ind. Code §§ 8-1-2-1 and 8-1-8.5-1, and an "electricity supplier" pursuant to Ind. Code § 8-1-8.5-10. Under Ind. Code ch. 8-1-8.5 and 170 IAC 4-8, the Commission has jurisdiction over AES Indiana's DSM and EE program offerings and associated cost recovery. Therefore, the Commission has jurisdiction over AES Indiana and the subject matter of this proceeding.

2. <u>Petitioner's Characteristics and Business</u>. AES Indiana is a public utility corporation organized and existing under Indiana law, with its principal office at One Monument Circle, Indianapolis, Indiana. AES Indiana is engaged in rendering electric utility service in Indiana, and owns and operates, among other properties, plant and equipment within Indiana that are used for the generation, transmission, delivery and furnishing of such service to the public.

3. <u>Relief Requested</u>. AES Indiana requests Commission approval of a DSM plan for the two-calendar-year period of 2025 through 2026 (the "2025-2026 DSM Plan" or "DSM Plan"). The 2025-2026 DSM Plan includes EE goals; a portfolio of EE programs and other DSM Programs designed to achieve the EE goals and demand savings; program budgets and program costs; and procedures for independent evaluation, measurement, and verification ("EM&V").

The cost recovery proposal for the DSM Plan includes a request for continued accounting and ratemaking procedures to recover costs through AES Indiana's Rider 22, including the direct costs (including EM&V) and indirect costs of the EE and DSM programs, funds for emerging technology, net lost revenue, and financial incentives. With respect to the implementation mechanics of cost recovery via Rider 22, AES Indiana is not proposing to make any changes from the accounting and ratemaking treatment for the DSM Plan costs currently in effect. AES Indiana also does not propose to make any changes from the current methodology being used to allocate DSM costs between customer classes. AES Indiana does not seek approval of updated Rider 22 billing factors in this proceeding.

AES Indiana's proposal for lost revenue recovery reflects the actual reduced kilowatt-hours ("kWh") or kilowatt ("kW") sales resulting from the DSM programs, as determined by the independent EM&V evaluator. AES Indiana requests authority to recover a tiered financial incentive through its Rider 22. As explained in AES Indiana's case-in-chief, the financial incentive mechanism being proposed in this case is the same as that currently approved for the 2024 DSM Plan. Under AES Indiana's proposal, the Income Qualified Weatherization ("IQW") program would be excluded from the financial incentive.

Consistent with current practice and as discussed in its case-in-chief, AES Indiana proposes to continue to utilize its existing AES Indiana Oversight Board ("OSB") to oversee implementation of the 2025-2026 DSM Plan.

4. **Parties' Evidence.**

A. **AES Indiana's Case-in-Chief.** AES Indiana's witnesses identified the DSM Plan programs' goals, budgets, and costs; discussed the demand and energy impact of and cost/benefit analysis for the DSM Plan; and addressed the Ind. Code § 8-1-8.5-10 ("Section 10") considerations.

Ms. Heard presented the 2025-2026 DSM Plan and associated program operating costs. She stated that AES Indiana seeks Commission approval for AES Indiana to deliver a reasonably achievable and cost-effective portfolio of DSM programs with gross energy saving projections totaling 364,541 MWh for the two-year period of 2025-2026. She said the portfolio consists of the following six residential programs and four business programs:

Residential
Residential Demand Response
Efficient Products
Multifamily
School Education
Home Energy Reports
Income Qualified Weatherization

Commercial and Industrial ("C&I")
Custom
Load Curtailment
Prescriptive
Small Business Direct Install

She said AES Indiana projects successful delivery of the 2025-2026 DSM Plan to require spending authority of $95,238,079 in program direct and indirect costs over the two-year plan period.

Ms. Heard compared the annual energy savings and program operating costs in the 2025-2026 DSM Plan to those set forth in the 2021-2023 DSM Plan and 2024 extension. She stated the average annual MWh savings goals and budgets for the 2025-2026 DSM Plan have increased 15% and 34% respectively compared to prior DSM Plans. She testified the factors contributing to the increased energy savings goals are threefold: (1) as of 2022, the residential Demand Response program has started claiming energy savings for smart thermostats claimed and enrolled to the program; (2) strong industry and market relationships in the AES Indiana territory has resulted in increased Multifamily participation; and (3) the implementation of the Prescriptive Midstream channel in 2021 has matured over the past three years, resulting in a robust pipeline of distribution participation. She explained the project expenditures have increased for three reasons: (1) increased savings compared to prior years; (2) the addition of a new Load Curtailment program; and (3) following 2020, inflationary pressures have resulted in higher overall costs, with expenditures rising from 2021 to 2025.

According to Ms. Heard, consistent with prior Commission orders, AES Indiana requests spending flexibility of up to 10% of the portfolio direct costs for the 2025-2026 DSM Plan. She explained that spending flexibility provides AES Indiana, through its OSB, the ability to pursue cost-effective energy and demand savings opportunities if interest in the market exceeds forecasted customer participation. She said increasing the level of participation or inclusion of additional measures may increase direct costs, prompting the need for additional funds. She said AES Indiana will continue to work with its OSB to modify budgets, as necessary, as it has in the past.

Ms. Heard explained that AES Indiana is requesting authority to carry over unspent funds from the prior program year in the 2025-2026 DSM Plan period beginning in 2025. In addition, she said AES Indiana requests authority to carry over any unspent funds from its 2024 DSM Plan approved in Cause No. 45898 into the 2025-2026 DSM Plan period. She proposed unspent carryover funds be allocated per the same methodology for spending flexibility. She stated that, taking into account the two-year plan period, AES Indiana proposes to reinstate the emerging technology initiative at $250,000 per year, for a total of $500,000 for the 2025-2026 DSM Plan period. She said the emerging technology initiative will provide AES Indiana the opportunity to design, propose and implement new solutions throughout the two-year plan period.

AES Indiana proposes to maintain the current composition of the AES Indiana OSB, which includes voting members from AES Indiana, OUCC, and CAC. Ms. Heard described the continued role of the OSB and ongoing reporting of DSM program impacts and expenditures.

Ms. Heard also discussed program implementation and stated that the program will largely be delivered by a third-party vendor, but said that AES Indiana intends to maintain its administrative responsibility over the 2025-2026 DSM Plan. In partnership with its OSB, AES Indiana will continue to maintain responsibility for coordination and oversight of the final EM&V report completed annually by the independent third-party evaluator.

According to Ms. Heard, in comparison to the most recent DSM Plans, there are three material changes to the 2025-2026 DSM Plan program offerings: 1) the addition of an improved participation customer journey; 2) an introduction of the Load Curtailment Rate program; and 3) the removal of the Appliance Recycling program. She explained the 2025-2026 DSM plan will introduce an enhanced comprehensive program design and delivery, coupled with a modernized multi-channel approach centralized in a single location. For example, eligible AES Indiana residential customers who choose to participate in the DSM programs will be able to buy a smart thermostat, enroll in the Demand Response program, and schedule an energy assessment all at the same site. She noted the demands on consumers' attention have increased and become more varied as the range of digital, social, and other non-traditional media platforms has grown. She said consumer communication preferences range from a variety of digital and traditional platforms and to keep pace, AES Indiana continues to invest in technologies and systems that support customized engagement, a personalized experience, and increasingly, a total digital solution. She testified the integrated strategy of implementing the 2025-2026 DSM Plan alongside an enhanced customer ecosystem will enable AES Indiana to effectively execute the proposed programs.

Regarding the new Load Curtailment Rate program, Ms. Heard said that AES Indiana proposed in its most recently approved base rate case (Cause No. 45911) to shift from five separate interruptible tariff offerings to a new, general offering for Interruptible Demand Response ("Rider 19") to allow service agreements with individual customers who want to participate in interruptible demand response programs. She said that, as AES Indiana explained in that case, Rider 19 is a mechanism for AES Indiana to enter into interruptible demand response contracts, like those from the C&I Load Curtailment DSM program, with customers with at least 100 kW of interruptible demand.

Regarding the removal of the Appliance Recycling program, Ms. Heard explained that, in September 2023, AES Indiana was notified by the contracted vendor that it had ceased operations due to the lack of financial funding. Pet. Ex. 1 at 19. She said AES Indiana has elected to remove the Appliance Recycling program for two reasons: (1) lack of participation demand in the market; and (2) a local, viable implementer is no longer available in the AES Indiana territory.

Section A.13.5 of the Settlement Agreement approved in Cause No. 45911 states that AES Indiana will include a residential demand response aggregation program proposal in its RFP for this 2025-2026 DSM Plan. Ms. Heard said that, based upon the responses for this program in the RFP, AES Indiana would present a recommendation to the OSB and determine if residential customers would be applicable to participate in Rider 19. Also in the Cause No. 45911 Settlement, AES Indiana agreed to collaborate with the OSB on adding a minimum dollar per kW value for the rate in Rider 19 and expanding terms and conditions of participation as part of this DSM Plan.

Ms. Heard provided further details on the RFP approach and how it was used for plan development. She described the timing and process for the RFP issuance and bid evaluation efforts. She identified the program categories presented in the RFP, the requirements of the RFP, and further explained how programs were developed that were not included in the RFP process.

Ms. Heard also discussed the DSM Plan development, including stakeholder involvement. She explained that AES Indiana proposes to maintain the current financial incentive and lost revenue recovery and discussed why recovery of financial incentives and lost revenues is reasonable and necessary. Ms. Heard also described the requirements and steps taken by AES Indiana to comply with Section 10.

Mr. Miller presented a cost benefit analysis of the two-year DSM Plan. He testified that the analysis was performed using the Participant Cost Test (“PCT”), the Utility Cost Test (“UCT”), Rate Impact Measure (“RIM”) Test, and the Total Resource Cost (“TRC”) Test. He said these tests are defined in 170 I.A.C 4-7-1. He added that the types of costs included in the cost and benefit analysis are well established and defined in the California Standard Practice Manual for Economic Analysis of Demand-Side Program and Projects, which is relied on throughout the country, including Indiana.

Mr. Miller showed that the 2025-2026 DSM Plan is cost-effective at the overall Portfolio level, explaining that the Residential Portfolio has a UCT score of 1.11 when including the benefits and costs from the IQW program, and the C&I Portfolio has a UCT score of 2.32. He further discussed the 0.99 UCT score of the Commercial Load Curtailment Program, explaining that because this program is new, there are initial implementation costs required to start up the program in 2025 that are not offset by program participants and associated savings until 2026. He said that, looking at the cost effectiveness of the program years individually, the UCT score for the Commercial Load Curtailment Program in 2025 is 0.46. This initial year has a high cost with lower than ultimately expected participation which is typical of a newly established program. He noted that the program becomes cost effective in 2026 with a UCT score of 1.30 after the program gains participants and savings. He stated this program is expected to maintain cost effectiveness in the future similar to 2026. Mr. Miller went on to discuss how the cost effectiveness tests were considered in the DSM Plan development.

Mr. Miller next discussed how the 2025-2026 DSM Plan EE goals are reasonably achievable, consistent with AES Indiana's 2022 Integrated Resource Plan ("2022 IRP"), and designed to achieve an optimal balance of energy resources in AES Indiana's service area. He stated that the 2025-2026 DSM Plan is consistent with AES Indiana's most recent long-range IRP and underlying resource assessment submitted to the Commission (Sections 10(j)(3)(B) and 10(j)(9)). Mr. Miller also opined that the DSM Plan's direct costs are reasonable in light of the cost of DSM selected in the 2022 IRP. He testified AES Indiana considers the effect, or potential effect, in both the long-term and short-term, of the proposed DSM Plan on the electric rates and bills of customers that participate in EE programs compared to the electric rates and bills of customers that do not participate in EE programs (Section 10 (j)(7)). Mr. Miller further addressed the independent EM&V and alignment with Section 10(j)(4).

Mr. Miller also addressed Ind. Code § 8-1-2-0.6 and the Five Pillars of reliability, affordability, resiliency, stability, and environmental sustainability. He stated that AES Indiana understands the importance of considering the Five Pillars in utility electric service and Integrated Resource Planning. He said in the 2022 IRP, which served as a basis for this DSM plan, AES Indiana's IRP Scorecard evaluated the Five Pillars of Utility Electric Service and State Energy Policy. He discussed how the IRP Scorecard included metrics representing the Five Pillars. He concluded that AES Indiana found that the level of DSM selected in the 2022 IRP and proposed in this plan is integral to the reasonable, least cost Preferred Resource Portfolio and Short Term Action Plan selected through the 2022 IRP process.

Ms. Aliff's testimony described the impact of the 2025-2026 DSM Plan on the previously approved cost recovery mechanism utilized in AES Indiana's semi-annual filings (Cause No. 43623 DSM X), including the allocation of cost recovery among the customer classes. She also discussed AES Indiana's proposal to earn a financial incentive calculated as a percentage of DSM expenditures and how AES Indiana proposes to account for the financial incentive in the Fuel Adjustment Clause ("FAC") earnings test. She explained the calculation of lost revenues and the method AES Indiana proposes to account for the proposed lost revenue recovery in the FAC earnings test; and (4) described the estimated bill impacts associated with implementation of the 2025-2026 DSM Plan.

Ms. Aliff testified that AES Indiana is seeking approval of the same cost recovery mechanism that has been previously authorized by the Commission, most recently in Cause No. 45898, and added that AES Indiana proposes to continue to use the forecast and reconciliation method currently approved for program operating costs, lost revenues and financial incentives. She said that AES Indiana also proposes to continue to submit annual filings under Rider 22, which will continue to establish a January-through-December billing period for this rider.

Ms. Aliff discussed the financial incentive mechanism and the calculation and tracking of lost revenues. She said the estimates of kWh consumption and kW demand reductions tie directly to the net kWh and net kW in the 2025-2026 DSM Implementation Plan (AES Indiana Attachment KH-2), which have been adjusted to reflect the net-to-gross ratio for each program to account for free ridership. She said that the DSM lost revenues reflected in AES Indiana's billing for retail service under Rider No. 22, including any reconciled amount of over/under recovery, will continue to be included in the FAC earnings test. She presented the estimated rate impact on residential customer using 1,000 kWh per month.

B. <u>AES Indiana's Settlement Testimony</u>. Ms. Heard opined that the Settlement Agreement maintains robust EE goals for each year in the Plan that are consistent with AES Indiana's IRP, and positions AES Indiana and the OSB to continue to use spending flexibility to respond to market conditions. She said the Settlement Agreement also resolves concerns regarding program details and implementation, the use of spending flexibility and calculation of performance incentives, improvements to the OSB governance and DSM scorecard, and changes to the Demand Response program.

Ms. Heard stated Section I.A of the Settlement Agreement addresses several DSM program and implementation-related items, including notification timelines, a process to reach agreed-upon changes to customer program rebate/incentives for the Prescriptive Program, program control enhancements, and an emerging technology budget. She said that this section formally acknowledges that AES Indiana will actively coordinate with its OSB to propose and review customer program rebate/incentive modifications that exceed 15% of the filed measure value. AES Indiana is committed to notifying its OSB a minimum of three business days in advance of requesting a vote to modify customer program rebate/incentive amounts. The parties also agreed the Prescriptive Program customer program rebates/incentives will be agreed upon by the OSB in Q4, 2024. While the final prescriptive rebate amounts have not be determined yet, for planning purposes, AES Indiana Attachment KH-1S reflects an average reduction of 25% customer program rebates/incentives for high bay lighting measures within the Prescriptive program. She stated the reduction of 25% from high performing products resulted in a decrease of an estimated $1,360,000 from the Business 2025-2026 DSM Plan total budget.

Ms. Heard testified that, in the fourth quarter of 2024, AES Indiana will collaborate with its OSB to evaluate suitable customer program rebate and incentive amounts for the market while ensuring these amounts support ongoing program engagement. For planning purposes, the customer program rebate/incentive amounts will be reduced by at least 25%. She stated that AES Indiana will also present enhanced program controls to the OSB for review in the fourth quarter of 2024. The goal of refining program controls, particularly for the Prescriptive program, is to establish clear guidelines for the programs' total budget. She explained implementing such controls will mitigate the risk of programs exhausting the budget mid-year. Refined program controls may include, but are not limited to, setting maximum quantity limits for Prescriptive program participants or requiring pre-approval for projects exceeding a specified amount. Finally, Ms. Heard stated the last DSM Plan enhancement addressed in this section is the emerging technology budget. She said the Prescriptive program total budget has decreased by an estimated total of $1,360,000. The total 2025-2026 case-in-chief emerging technology budget was $250,000 annually. Per the Settlement Agreement, AES Indiana Attachment KH-1S includes an emerging technology budget of $1,000,000 annually.

Ms. Heard stated Section I.B of the Settlement Agreement addresses spending flexibility. She said the Settlement Agreement preserves AES Indiana's current ability to apply spending flexibility of up to 10% (inclusive) of the portfolio direct program costs for the 2025-2026 DSM Plan towards programs with a UCT score greater than 1.0. In addition, spending flexibility of up to 10% to 15% of the portfolio direct program costs may be authorized with a unanimous vote of the OSB. She stated the 10% spending flexibility, when coupled with an additional 5% of the direct program costs, results in spending flexibility of approximately $12,908,000 available to the OSB to address favorable market conditions over the 2025-2026 period. She opined that these provisions reasonably address concerns raised by the parties and allow for reasonable flexibility in program funding as circumstances evolve during the period of the DSM Plan.

Ms. Heard testified that Section I.C. of the Settlement Agreement clarifies that AES Indiana will maintain the existing financial incentive methodology, and that AES Indiana will work towards an agreeable performance incentive structure for the 2027-2029 DSM Plan. She explained the financial incentive approach proposed by AES Indiana in the instant case is aligned with Section 10 requirements and is designed to alleviate the burden of ongoing dispute on this particular matter. She said AES Indiana acknowledges the parties' desire to modify the existing financial incentive methodology and that AES Indiana will work with its OSB in 2025 to explore alternative financial incentive methodologies. She stated to the extent a unanimous decision is not reached, AES Indiana reserves the right to propose a financial incentive mechanism in its next DSM Plan case, which AES Indiana plans to file in 2026. She said that, per Section I.C.2 of the Settlement Agreement, AES Indiana will maintain the savings goal and performance incentive structure as filed. Separately, any spending from emerging technologies or spending flexibility, as discussed above, will be associated with additional energy and/or demand savings outside of the savings goal as agreed to by the OSB, wherein AES Indiana will have an opportunity to earn a performance incentive on those additional energy and/or demand savings using the same, but separately calculated, performance incentive mechanism. She further noted that for purposes of the FAC, AES Indiana's authorized net operating income will not be adjusted by the actual amount of DSM financial incentives earned for the 2025-2026 DSM Plan.

Ms. Heard stated that Section I.D of the Settlement Agreement is intended to further support cooperation among the parties to review and approve a new OSB governance document. She said that the parties are all members of the AES Indiana DSM OSB and, as of September 2024, the parties are actively working towards a modified OSB Governance document. She explained the parties are aiming to have a formalized document available by January 2025.

Ms. Heard stated Section I.E of the Settlement Agreement addresses the removal of the demand response load curtailment program. She stated that the load curtailment program is available through AES Indiana's Rider 19, which does not account for opt-in or opt-out Rider 22 AES Indiana customers. She said the parties agree that the load curtailment program for business should be eligible to industrial and commercial customers who have chosen to opt-out of DSM Plan Programs and that AES Indiana will file a separate docket by July 1, 2025 that addresses load curtailment as a separate rider, which includes DSM opt-out customer eligibility. She testified this provision reasonably addresses the parties' desire to further discuss and refine demand response offerings in a way that does not delay approval of the DSM Plan.

Ms. Heard testified that Section I.F. addresses modifications AES Indiana is making to the AES DSM Scorecard.

Ms. Heard stated that all parties agree that the DSM Plan, as modified by the Settlement Agreement, remains compliant with Section 10. She opined that the DSM Plan remains consistent with AES Indiana's most recent IRP, as well as the State Energy Analysis. She further noted that, consistent with Section 10, perspectives of the OUCC and CAC (including perspectives of the constituents they serve) are incorporated into the Settlement Agreement.

Ms. Heard concluded that Commission approval of the Settlement Agreement is in the public interest and is the product of arms-length negotiations. She stated that settling disputed issues through compromise is a reasonable means of resolving controversy. She stated the Settlement Agreement incorporates concessions by AES Indiana in comparison to the positions provided in the original plan. These concessions increase the challenge to achieve cost-effective energy savings and position the AES Indiana OSB to respond to marketplace developments.

Ms. Aliff explained that the program modifications detailed in the Settlement Agreement result in a reduction to the direct program costs, thereby reducing the forecasted financial incentives as compared to AES Indiana's original proposal. Ms. Aliff presented a revised estimate of the lost revenue for the 2025-2026 DSM Plan based on the terms of the Settlement Agreement and using the same methodology as in AES Indiana's case-in-chief. She stated that there is also a correction to the Residential forecast lost revenue for program years 2025-2026 as well as persisting lost revenue from program year 2024. She explained that these forecasted amounts are estimates used to illustrate a bill impact of the proposed Plan and will be refined and updated during the course of AES Indiana's Rider 22 proceedings and subsequently trued up to EM&V.

Ms. Aliff testified the program modifications detailed in the Settlement Agreement only affect Business DSM programs. However, she provided tables showing the revised estimated Residential bill impact incorporating the corrections to incremental and legacy lost revenues. As shown in Ms. Aliff's testimony, a residential customer using 1,000 kWh per month would see a forecasted DSM factor of $5.32 per month for 2025 when legacy lost revenues are included.

C. <u>OUCC's Testimony</u>. Mr. Latham provided an overview of the agreed settlement terms and discussed the OUCC's support for the Settlement Agreement.

Mr. Latham testified that the OUCC considered affordability throughout the case and during settlement negotiations. He said that the OUCC negotiated to ensure AES Indiana's proposed DSM programs are cost-effective and that there are appropriate voting parameters within the OSB for using flex spending and money from AES Indiana's emerging technology budget. He described the program modifications and stated the modifications AES Indiana agreed to make to its proposed DSM Plan will provide greater benefits to its customers.

Mr. Latham described the Settlement Agreement terms regarding spending flexibility and spending rollover. He noted that all Flexible Spending amounts included within this Plan are specific to this Plan and are not eligible for transfer or "rollover" from any prior DSM Plan or to any subsequent DSM Plan. He opined that the proposed spending flexibility and rollover parameters benefit ratepayers and give AES Indiana the flexibility to operate the plans to greatest benefit to its ratepayers while giving the utility additional flexibility with OSB approval.

With respect to performance incentives, Mr. Latham testified AES Indiana's existing and proposed incentive methodology will be maintained, and that AES Indiana agrees to address alternative performance incentives with the OSB beginning in 2025. He stated that adding savings goals for emerging technology fund use is designed to ensure ratepayer interests will be at the forefront of any additional spending. He said requiring unanimous OSB approval will mean that all consumer parties on the OSB will agree that the use of emerging technology funds will be an appropriate use of such budgeted funds. He added that flexing savings goals that change in relation to spending changes will encourage all OSB board members to maximize outcomes when considering spending changes. He stated it will also reward better performing programs when available money is allocated among the various programs as performance maximization will be the goal. He explained the ultimate beneficiaries should be ratepayers as the funds used in DSM will maximize DSM benefits.

Mr. Latham testified the parties agree on the need for a new OSB governance document. He said the OSB will meet to discuss required updates to the current governance document, and that the new governance document will contain language to indicate it will remain effective until superseded by another document or the OSB is dissolved by Commission order. He said the parties did agree to a three-day vote deadline regarding program pauses, suspensions, and/or terminations.

Finally, Mr. Latham discussed the future reporting measures agreed to in the Settlement Agreement. He stated the parties agree that AES Indiana will work with its vendor to separate C&I Prescriptive Program spending and savings to differentiate spending and savings for the Midstream rebate/incentive channel, which will be reported as a distinct program in the scorecard (both the Midstream channel and the Downstream channel are currently included together under Prescriptive on the scorecard, and not reported separately). He said that the separation of the Midstream channel spending and savings from the Prescriptive program spending and savings on the scorecards will improve OSB transparency and allow better program management. He noted AES Indiana also agrees to work with the OSB and its vendor to improve the AES Indiana DSM scorecard in other respects. In addition, the parties will also work to separate the Midstream channel in future plan cycles such that it is a separate program from the Prescriptive Program.

Mr. Latham recommended the Commission approve the Settlement Agreement terms for AES Indiana's DSM Plan, as filed. He said the Settlement Agreement serves the public interest by providing additional customer value.

5. <u>Commission Discussion and Findings</u>. Petitioner requests approval of its proposed DSM Plan, as modified by the Settlement Agreement, for calendar years 2025-2026 and timely recovery of all associated program costs, including direct and indirect costs of the programs, costs associated with EM&V, and reasonable lost revenues for its energy efficiency programs, as well as financial incentives pursuant to Section 10.

The Parties also seek Commission approval of their Settlement Agreement, which, together with the evidence of record, resolves all issues in this case. Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). Any settlement agreement that is approved by the Commission "loses its status as a strictly private contract and takes on a public interest gloss." (quoting *Citizens Action Coalition of Indiana, Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather, [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406. Any

Commission decision, ruling, or order—including the approval of a settlement—must be supported by specific findings of fact and sufficient evidence, as well as a determination that the decision, ruling, or order is not contrary to law. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition of Indiana, Inc. v. Public Service Co. of Indiana, Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). Therefore, before we can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just, and consistent with the purpose of applicable law, is not contrary to law, and serves the public interest.

Indiana law strongly favors settlement as a means of resolving contested proceedings. *See, e.g.*, *Georgos v. Jackson*, 790 N.E.2d 448, 453 (Ind. 2003) ("Indiana strongly favors settlement agreements."); *Mendenhall v. Skinner & Broadbent Co.*, 728 N.E.2d 140, 145 (Ind. 2000) ("The policy of the law generally is to discourage litigation and encourage negotiation and settlement of disputes.") (citation omitted). A settlement agreement "may be adopted as a resolution on the merits, if [the Commission] makes an independent finding supported by substantial evidence on the record as a whole that the proposal will establish just and reasonable rates." *Mobil Oil Corp. v. Fed. Power Comm'n*, 417 U.S. 283, 314 (1974) (emphasis in original) (internal quotation marks omitted); see also, e.g., *Indianapolis Power & Light Co.*, Cause No. 39938, 1995 WL 735722 (Aug. 24, 1995) (*quoting Mobil Oil Corp.*, 417 U.S. at 314).

A. <u>Statutory Framework</u>. Section 10(h) requires electricity suppliers, such as AES Indiana, to file at least once every three years, a petition for approval of plan that includes:

(1) energy efficiency goals;
(2) energy efficiency programs to achieve the energy efficiency goals;
(3) program budgets and program costs; and
(4) evaluation, measurement, and verification procedures that must include independent evaluation, measurement, and verification.

Once such a plan has been submitted, the Commission is required to consider the following ten factors enumerated in Section 10(j) to determine the overall reasonableness of the proposed plan:

> (1) Projected changes in customer consumption of electricity resulting from the implementation of the plan.
>
> (2) A cost and benefit analysis of the plan, including the likelihood of achieving the goals of the energy efficiency programs included in the plan.
>
> (3) Whether the plan is consistent with the following:
>
> (A) The state energy analysis developed by the commission under section 3 of this chapter.
>
> (B) The electricity supplier's most recent long-range integrated resource plan ("IRP") submitted to the commission.

(4) The inclusion and reasonableness of procedures to evaluate, measure, and verify the results of the energy efficiency programs included in the plan, including the alignment of the procedures with applicable environmental regulations, including federal regulations concerning credits for emission reductions.

(5) Any undue or unreasonable preference to any customer class resulting, or potentially resulting, from the implementation of an energy efficiency program or from the overall design of a plan.

(6) Comments provided by customers, customer representatives, the office of utility consumer counselor, and other stakeholders concerning the adequacy and reasonableness of the plan, including alternative or additional means to achieve energy efficiency in the electricity supplier's service territory.

(7) The effect, or potential effect, in both the long-term and the short-term, of the plan on the electric rates and bills of customers that participate in energy efficiency programs compared to the electric rates and bills of customers that do not participate in energy efficiency programs.

(8) The lost revenues and financial incentives associated with the plan and sought to be recovered or received by the electricity supplier.

(9) The electricity supplier's current integrated resource plan and the underlying resource assessment.

(10) Any other information the commission considers necessary.

If the Commission finds the plan to be reasonable in its entirety, the Commission shall: (1) approve the plan in its entirety, (2) allow the electricity supplier to recover all associated program costs on a timely basis through a periodic rate adjustment mechanism, (3) allocate and assign costs associated with a program to the class or classes of customers that are eligible to participate in the program, and (4) allow recovery of reasonable financial incentives and lost revenues. Section 10(k) and Section 10(o). If the Commission finds the plan is not reasonable because costs associated with one or more programs included in the plan exceed the projected benefits of the program(s), the Commission may exclude the program(s) and approve the remainder. Section 10(l). If the Commission finds the plan is not reasonable in its entirety, then the Commission's order shall set forth the reasons for its determination and the electricity supplier shall submit a modified plan within a reasonable time. Section 10(m).

Accordingly, we consider Petitioner's request for approval of its proposed 2025-2026 DSM Plan.

B. <u>Ind. Code § 8-1-8.5-10(h) Requirements</u>. It is undisputed that AES Indiana is an electricity supplier as defined by Section 10(a) and that it has made a submission under Section 10(h) seeking approval of a proposed plan. The Verified Petition in this Cause, and supporting evidence, include all four of the elements required to satisfy Section 10(h) as explained further below.

i. **<u>EE Goals</u>.** Section 10(c) defines "energy efficiency goals" as: all energy efficiency produced by cost-effective plans that are:

(1) reasonably achievable;

(2) consistent with an electricity supplier's integrated resource plan; and

(3) designed to achieve an optimal balance of energy resources in an electricity supplier's service territory.

The 2025-2026 DSM Plan portfolio is expected to achieve gross savings of 364,540,663 kWh, broken down by program as follows:[1]

Program	Energy Savings		Demand Savings	
	Gross kWh	Net kWh	Gross kW	Net kW
Residential Demand Response	7,755,471	7,755,471	116,625	116,625
Efficient Products	28,659,122	20,417,734	7,146	5,626
Home Energy Report	55,620,000	55,620,000	44,323	44,323
Income Qualified Weatherization	22,170,988	22,170,988	2,449	2,449
Multifamily	8,739,027	8,090,151	825	830
School Education	6,783,180	7,090,853	1,091	1,105
Custom	69,708,325	63,365,826	7,351	6,910
Demand Response – Commercial	251,520	251,520	2,873	2,873
Downstream	53,275,618	52,744,292	10,589	10,483
Midstream	101,796,324	97,724,471	26,906	25,829
Small Business Direct Install	9,781,089	9,135,308	523	424
Residential*	129,727,787	121,145,198	172,459	170,957
Business	234,812,876	223,221,417	48,241	46,519
Direct Subtotal	364,540,663	344,366,615	220,701	217,476
Portfolio Total	364,540,663	344,366,615	220,701	217,476

* Includes Income Qualified Weatherization benefits and costs.

Based on the evidence of record, we find the energy savings goal for the 2025-2026 DSM Plan is reasonably achievable, consistent with the IRP, and is designed to achieve an optimal balance of energy resources in AES Indiana's service territory.

[1] Petitioner's Exhibit 1,Workpaper KH-1S.

ii. **EE Programs.** The proposed 2025-2026 DSM Plan includes programs designed to achieve Petitioner's EE goals. The record reflects that the parties agreed to several program modifications and implementation-related items, including notification timelines, a process to reach agreed-upon changes to customer program rebate/incentives for the Prescriptive program, program control enhancements, and an emerging technology budget. Mr. Latham testified on behalf of the OUCC that the agreed-upon program modifications will provide greater benefits to AES Indiana's customers. Pub. Ex. 1 at 2. Therefore, the Commission approves the offering of the DSM Programs as modified by the Settlement Agreement.

iii. **Program Budgets and Costs.** AES Indiana identified the annual budget associated with the 2025-2026 DSM Plan, as modified by the Settlement Agreement, as follows:

	2025	2026	Total
Direct Costs	$40,386,163	$45,669,518	$86,055,681
Indirect Costs	$1,850,000	$1,450,000	$3,300,000
Sub total	**$42,236,163**	**$47,119,518**	**$89,355,681**
Financial Incentives			
Emerging Technology	$1,000,000	$1,000,000	$2,000,000
Spending Flexibility			
Lost Revenues	$4,457,660	$4,457,660	
Sub total	**$5,457,660**	**$5,457,660**	
Total	**$43,808,636**	**$43,808,636**	
Lost Revenues (Legacy)	$13,822,639	$13,822,639	
Total (w/ Legacy)	**$57,631,275**	**$57,631,275**	

Petitioner's Exhibit 2, Attachment KH-1S.

We find the budgets reasonably reflect the amount necessary to achieve the energy savings goals.

Consistent with prior Commission Orders, AES Indiana initially requested spending flexibility of up to ten percent of the portfolio direct costs for the 2025-2026 DSM Plan. In her settlement testimony, Ms. Heard testified the parties agreed to maintain the ten percent spending flexibility option, while also permitting the use of spending flexibility up to 10% to 15% of the portfolio direct program costs with a unanimous vote of the OSB. She noted the parties agree that spending flexibility amounts are not eligible for transfer to any prior or subsequent DSM Plan.

Mr. Latham testified that the proposed spending flexibility gives AES Indiana the flexibility to operate the plans to greatest benefit to its ratepayers while giving the utility additional flexibility with OSB approval.

As discussed above, the parties propose to maintain AES Indiana's existing spending flexibility of up to ten percent of portfolio direct costs while creating an additional opportunity, within specified parameters, to spend up to an additional five percent of portfolio direct costs with unanimous OSB approval. We find the parties' agreement on this issue reasonably addresses concerns raised by the parties and allows for flexibility in program funding as circumstances evolve during the period of the DSM Plan. Accordingly, we find the parties' proposed spending flexibility is reasonable.

iv. <u>Independent EM&V and Reporting</u>. The 2025-2026 DSM Plan includes a process for independent EM&V. Mr. Miller explained that AES Indiana's evaluation plans are designed to meet or exceed the evaluation elements required by 170 IAC 4-8-4. He testified that, when EM&V standards and protocol regarding federal regulations for emission credit reductions are known, AES Indiana will work with both its independent evaluation vendor and OSB to incorporate the requirements needed to comply with any federal and/or state emissions credit plan.

Mr. Miller testified that AES Indiana will consider the results of EM&V in determining lost revenues and the financial incentive. He said AES Indiana will true-up lost revenues and the financial incentive based on the most current EM&V when the final annual EM&V report for each Program Year is filed with the Commission. AES Indiana Witness Aliff testified that this true-up occurs in a subsequent annual filing that is made for Standard Contract Rider No. 22 following the conclusion of the annual EM&V.

These proposals continue the EM&V process and reporting that is currently in place, and parties did not propose any changes. Based on the evidence presented, we find that the proposed EM&V procedures to independently verify the results of the DSM programs and the estimated EM&V costs are reasonable. Accordingly, we find that the EM&V for the 2025-2026 DSM Plan is reasonable and compliant with Section 10.

C. <u>Reasonableness of the 2025-2026 DSM Plan</u>. Section 10(j) identifies ten factors the Commission must consider in determining whether a plan submitted under Section 10(h) is reasonable. For the reasons set forth below, we find that AES Indiana's 2025-2026 DSM Plan, as modified by the Settlement Agreement, is reasonable and is approved.

i. <u>Projected Changes in Customer Consumption (Section 10 (j)(1))</u>. AES Indiana identified the annual projected energy savings resulting from the implementation of the proposed 2025-2026 DSM Plan as modified by the Settlement Agreement, which are reflected in the table below.

Program Year	Program Gross Energy Savings (kWh)
2025	176,024,473
2026	188,516,190

Pet. Ex. 1 at 9; Pet. Ex. 2, Attachment KH-1S. AES Indiana Attachment KH-1S shows the 2025-2026 DSM Plan is also expected to result in approximately 221 MW (gross) in demand savings.

We find these projections indicate how customer consumption of electricity is expected to change as a result of AES Indiana's pursuit of the 2025-2026 DSM Plan goal. Accordingly, we find it is reasonable to expect a corresponding decrease in customer consumption of electricity compared to what it would be without the programs.

ii. <u>Cost-Benefit Analysis (Section 10(j)(2))</u>. 170 IAC 4-8-2 requires the use of, at a minimum, four tests — the PCT, RIM Test, program administrator cost test (or UCT), and TRC Test — as part of the cost-benefit analysis required by Ind. Code § 8-1-8.5-10(j)(2). Each of these tests is designed to compare various costs and benefits from a different perspective.

Mr. Miller stated that AES Indiana evaluated the cost-effectiveness of its proposed portfolio and DSM programs using these standard tests. He testified that the 2025-2026 DSM Plan is cost-effective at the overall portfolio level, with a UCT score of 1.11 for the Residential Portfolio, a UCT score of 2.32 for the C&I Portfolio, and an overall portfolio UCT score of 1.77.

The record shows that the 2025-2026 DSM Plan, as modified by the Settlement Agreement, remains cost-effective on a portfolio basis. The total portfolio approach to cost-effectiveness is consistent with Commission DSM/EE policy. *See Indiana Utility Regulatory Commission*, Cause No. 42693 (April 23, 2008) at 13 ("[T]he use of cost-benefit tests provides assurance that individual programs or portfolios can be justified on cost-effectiveness grounds.").

The record further shows the parties have reasonably agreed to modifications intended to further improve the cost-effectiveness of the 2025-2026 DSM Plan. More specifically, the parties agree to coordinate through the OSB to propose and review customer program rebate/incentive modifications for the Prescriptive Program and to consider additional program enhancements. Settlement Agreement Section I.A. The parties also agreed to decrease the Prescriptive program total budget by an estimated total of $1,360,000, while increasing the emerging technology budget from $250,000 annually to $1,000,000 annually. As discussed above, Petitioner's case-in-chief demonstrates that the 2025-2026 DSM Plan is cost-effective at the Residential Portfolio, Business Portfolio, and overall portfolio levels. With respect to the IQW program, Ind. Code § 8-1-8.5-10(h) authorizes the inclusion in a DSM Plan of home energy efficiency assistance programs for qualified customers regardless of whether the program is cost-effective. Therefore, based on the evidence presented, we find that the DSM Plan portfolio of programs is cost-effective and otherwise satisfies this statutory criterion.

iii. <u>Consistency with State Energy Analysis and Utility's Most Recent Long-Range IRP (Section 10(j)(3))</u>. The Commission has previously acknowledged that a state energy analysis that meets all the statutory criteria set forth in Ind. Code § 8-1-8.5-3 does not currently exist. *See, e.g.*, *Indianapolis Power & Light Co.*, Cause No. 45370 at 10 (Dec. 29, 2020); *Indianapolis Power & Light Co.*, Cause No. 44945 at 39 (Feb. 7, 2018); *Ind. Mich. Power Co.*, Cause No 44841 at 28 (Sept. 20, 2017); *S. Ind. Gas & Elec. Co.*, Cause No. 44645 at 22 (Feb. 23, 2016). Ms. Heard explained that AES Indiana has considered the 2025-2026 DSM Plan's consistency with the state energy analysis and noted that AES Indiana provided the State Utility Forecasting Group ("SUFG") with information related to AES Indiana's DSM Plan development. She said that AES Indiana provided information that was considered by SUFG in its development of the 2021 Indiana Electricity Forecast. We find that appropriate consideration has been given to consistency with the State SUFG Forecast and that this statutory element is satisfied.

Regarding consistency with AES Indiana's most recent IRP, we found above that the DSM Plan EE goals, as modified by the Settlement Agreement, are consistent with AES Indiana's most recent IRP. We also find that the 2025-2026 DSM Plan, as modified by the Settlement Agreement, is reasonable and consistent with the IRP.

iv. **<u>EM&V (Section 10(j)(4))</u>.** For the reasons discussed above, we find that the EM&V for the 2025-2026 DSM Plan is reasonable and compliant with Section 10.

v. **<u>Undue or Unreasonable Preference to Customer Classes (Section 10(j)(5))</u>**. Ms. Heard testified AES Indiana has made every effort to offer a robust and diverse group of cost-effective DSM programs for all customers. There was no evidence presented identifying any undue or unreasonable preference to any customer class resulting, or potentially resulting, from the implementation of a proposed program or from the overall design of the Plan. Thus, our analysis of this issue weighs in favor of the DSM Plan's reasonableness.

vi. **<u>Stakeholder Comments (Section 10(j)(6))</u>.** Ms. Heard testified that AES Indiana meets regularly with the AES Indiana DSM OSB and trade allies and considers their input in the development of the proposed DSM Plan. She said stakeholder input was also received and considered by AES Indiana as part of the IRP Stakeholder process. Additional input was received through the participation of the OUCC and CAC in this docketed process, resulting in the Settlement Agreement. Thus, to the extent they exist, comments provided by customers, customer representatives, the OUCC, and other stakeholders concerning the adequacy and reasonableness of AES Indiana DSM Plan were provided in the Parties' evidence. Accordingly, the Commission has considered such comments in making its determinations in this order, and we find the stakeholder comments weigh in favor of the DSM Plan's reasonableness.

vii. **<u>Effect or Potential Effect of the Plan on Electric Rates and Customer Bills of Participants and Non-Participants (Section 10(j)(7))</u>.** Mr. Miller showed that AES Indiana considered stakeholder perspectives when analyzing the cost-effectiveness of the 2025-2026 DSM Plan, including those of participating customers and non-participating customers. AES Indiana witness Aliff calculated the overall rate impact by customer class and the monthly bill impact on a residential customer using 1,000 kWh per month.

As the Commission has noted before, "investing in EE today provides benefits to customers on many levels in the future. It is well understood that investments in EE reduce the need for IPL to generate energy, build or procure future supply-side resources, and can lead to the delay of, or even eliminate the need for costly upgrades to the utility system." *Indianapolis Power & Light Co.*, Cause No. 44945 at 41 (Feb. 7, 2018). Based on the evidence of record, we find the effects or potential effects of the DSM Plan on electric rates and customer bills of participants and non-participants to be reasonable.

viii. **<u>Lost Revenue and Financial Incentive (Section 10(j)(8))</u>.** If the Commission finds that an electricity supplier's EE plan is reasonable, Sections 10(k) and 10(o) require us to allow an electricity supplier to recover through a rate adjustment mechanism:

(1) Reasonable financial incentives that:
  (A) encourage implementation of cost-effective energy efficiency programs; or

(B) eliminate or offset regulatory or financial bias:
(i) against energy efficiency programs; or
(ii) in favor of supply side resources.
(2) Reasonable lost revenues.

Because we have found AES Indiana's DSM Plan is reasonable, we must consider whether AES Indiana's proposal provides for reasonable financial incentives and reasonable lost revenue. We note that 170 IAC 4-8 authorizes the provision of financial incentives and lost revenue that the Commission finds reasonable for other types of DSM programs.

1. Lost Revenues. AES Indiana proposes to maintain the authorization to recover lost revenues incurred for all programs for: (1) the life of the measure, (2) three years from implementation of any measure installed, or (3) until measure-related energy savings are reflected in new base rates and charges, whichever occurs earlier. This methodology was requested and approved in the Settlement Agreement in Cause No. 45370 and continued in Cause No. 45898. As explained by Ms. Aliff, the net energy and demand savings used for the forecast of lost revenues will be based on either calculated or deemed values, as determined by previous EM&V results or the Indiana Technical Resource Manual ("TRM"). Where neither EM&V results nor an Indiana TRM value exists, AES Indiana and its vendors use representative savings assumptions for purposes of forecasting net savings, typically from other statewide TRMs. Final net impacts will be determined by EM&V. Ultimately, recorded net savings and associated lost revenues are trued up based on EM&V, which provides a safeguard for AES Indiana's customers.

Ms. Aliff testified that the participation in DSM programs by customers reduces kWh consumption and kW demand, which results in reduced revenue collections for utilities (such as AES Indiana) which are only partially offset by a reduction in base fuel and variable O&M costs.

In her settlement testimony, Ms. Aliff presented updated lost revenue calculations based on modifications discussed in the Settlement Agreement and a correction made to prior lost revenue calculations. She explained the estimates will be refined and updated during the course of the Rider 22 proceedings and subsequently trued up to EM&V.

Based on the evidence of record, the Commission finds and concludes that the 2025-2026 DSM Plan proposal for recovery of lost revenues is reasonable, and AES Indiana's proposal is approved.

2. Financial Incentive. Ms. Aliff stated that AES Indiana is proposing to continue the tiered, performance-based financial incentive mechanism currently in place, calculated as a percentage of total spending on direct program costs. The financial incentive would be earned on all programs except the IQW program. As explained by Ms. Heard, the Settlement Agreement maintains the existing and proposed financial incentive mechanism for the 2025-2026 DSM Plan period. Separately, any spending from emerging technologies or spending flexibility, as discussed above, will be associated with additional energy and/or demand savings outside of the savings goal as agreed to by the OSB, wherein AES Indiana will have an opportunity to earn a performance incentive on those additional energy and/or demand savings using the same, but separately calculated, performance incentive mechanism.

That said, AES Indiana acknowledged the parties' desire to modify the existing financial incentive methodology and agreed to work with its OSB in 2025 to explore alternative financial incentive methodologies. Ms. Heard testified that, to the extent a unanimous decision is not reached, AES Indiana reserves the right to propose a financial incentive mechanism in its next DSM Plan case, which AES Indiana plans to file in 2026.

Based on the evidence of record, the Commission finds the parties' proposal to maintain the financial incentive mechanism currently in place for purposes of the 2025-2026 DSM Plan is reasonable and is approved. In addition, we approve the parties' proposal for spending flexibility and emerging technology spending to be associated with additional energy and/or demand savings outside of the savings goal as agreed to by the OSB, with AES Indiana having the opportunity to earn a performance incentive on those additional energy and/or demand savings using the same, but separately calculated, performance incentive mechanism. We further find the parties' proposal to discuss potential alternative financial incentive mechanisms for consideration in AES Indiana's next DSM Plan case to be reasonable.

Whenever it makes a proposal to the OSB for use of the emerging technology budget (as described in Section I.A.4 of the Settlement Agreement), AES Indiana shall provide the same information to the Commission in a compliance filing under this Cause on the same date it is provided to the OSB.

ix. Utility's Current IRP and the Underlying Resource Assessment (Section 10(j)(9)). Based on the evidence of record, the governing statute, and the discussion above, we find that the evidence demonstrates that the 2025-2026 DSM Plan, as modified by the Settlement Agreement, is consistent with AES Indiana's 2022 IRP.

x. Conclusion on DSM Plan. Based on the evidence presented in this case and our consideration of the factors enumerated in Section 10(j), we find and conclude that AES Indiana's 2025-2026 DSM Plan, as modified by the Settlement Agreement, is reasonable in its entirety, in the public interest, and is approved.

B. Program Cost Recovery. Section 10 provides that, once an electricity supplier's EE plan is approved, the Commission shall allow the electricity supplier to recover all associated program costs on a timely basis through a periodic rate adjustment mechanism. Section 10(k)(2). The DSM Rules also provide authorization for the recovery of such program costs. 170 IAC 4-8-5. Ms. Aliff testified that AES Indiana is seeking approval of the same cost recovery mechanism that has been previously authorized by the Commission, most recently in Cause No. 45370. Having found AES Indiana's 2025-2026 DSM Plan, as modified by the Settlement Agreement, to be reasonable in its entirety, we therefore find that AES Indiana shall be authorized to recover its associated program costs, including direct and indirect costs of operating the programs, net lost revenue, financial incentive, and EM&V costs, through Rider 22 as proposed by AES Indiana.

C. Oversight. AES Indiana requested approval to continue to utilize its OSB to assist in the administration of the 2025-2026 DSM Plan. Ms. Heard said that the AES Indiana OSB will have the ability to shift dollars within the portfolio using spending flexibility, as described above, as well as shift dollars among programs in the 2025-2026 DSM Plan, so long as the approved budget is not exceeded. She added that AES Indiana requests that the OSB maintain its authority to approve new DSM programs during the period that these approvals are in effect (calendar years 2025-2026). Funding for any new program addition would not be in excess of the total approved spending, as authorized in this proceeding. The funds would either be moved from a program that is under performing or from the requested spending flexibility. No party opposed this proposal, and the parties further agreed to work collaboratively to review and update the OSB governance documents. The Commission has previously approved OSBs to oversee and monitor energy efficiency programs for utilities. *See, e.g.*, *Indianapolis Power & Light Co.*, Cause No. 45370 (Dec. 29, 2020) at 13; *Indianapolis Power & Light Co.*, Cause No 44945 at 45-46 (Feb. 7, 2018) (citing *Indianapolis Power & Light Co.*, Cause No. 44792 at 23 (Dec. 28, 2016); *Ind. Mich. Power Co*., Cause No. 43959 (April 27, 2011); *S. Ind. Gas and Elec. Co*., Cause No. 43427 (Dec. 16, 2009)). Based on the evidence of record, we find AES Indiana's proposed ongoing use of the OSB is reasonable. In addition, AES Indiana shall provide a copy of the new OSB governance document contemplated by Section I.D.1 of the Settlement Agreement within seven days of that document's finalization.

D. Program Scorecard. Pursuant to our prior orders, AES Indiana is currently submitting its quarterly scorecard reports and annual EM&V reports related to the 2024 DSM Plan. Petitioner proposed to file quarterly scorecard reports related to the 2025-2026 DSM Plan to the Commission in this docket. Petitioner further proposed to submit a final EM&V report on or before July 1 of each year, summarizing the prior year DSM efforts and evaluated results. Finally, Petitioner proposes to continue submitting scorecard reports to the OSB to be reviewed during AES Indiana's monthly OSB meeting. These proposals continue the EM&V process and reporting that is currently in place. No party opposed these proposals. The parties also agreed that AES Indiana will work with its vendor to separate C&I Prescriptive program spending and savings to differentiate spending and savings for the Midstream rebate/incentive channel, which will be reported as a distinct program in the scorecard. The evidence of record supports the parties' contention that this reporting modification will improve OSB transparency and allow better program management. The ongoing reporting provides the Commission a better understanding of the savings being achieved during the implementation of the DSM Plan. Based on our review of the evidence of record, we find AES Indiana's proposed reporting, as modified by the Settlement Agreement, is reasonable. The quarterly scorecards and annual EM&V report associated with the 2025-2026 DSM Plan shall be filed under this Cause.

E. Approval of Settlement Agreement. Based upon the foregoing, the Commission finds that the Settlement Agreement is reasonable and consistent with the governing regulatory framework. The resolution of the pending matters set forth in the Settlement Agreement is within the scope of and supported by the evidence presented by the Parties. The Settlement Agreement incorporates concessions by Petitioner and reflects a reasonable compromise on all issues raised in this proceeding. We find the Settlement Agreement will allow AES Indiana to offer cost-effective EE and demand response programs to customers.

Based on the evidence of record, the Commission finds that the Settlement Agreement is reasonable, is in the public interest, and is approved. Regarding future citation of this order, our approval should be construed in a manner consistent with our finding on the precedential value of settlement agreements in *Richmond Power & Light*, Cause No. 40434 (March 19, 1997).

6. **Motion for Interim Authority.** On December 31, 2024, Petitioner filed an Agreed Motion for Interim Authority for Petitioner to Continue to Offer Its Current Demand Side Management Programs Until a Final Order Is Approved in This Case ("Agreed Motion"). In the Agreed Motion, Petitioner requests interim relief allowing it to continue offering the DSM programs approved in Cause No. 45898 until a final order is issued in this Cause. Petitioner also requests that it be permitted to "timely recover the costs associated with the DSM Plan in 2025, including direct and indirect costs of operating the programs, lost revenue, financial incentives, and evaluation, measurement, and verification costs consistent with the 45898 Order." Agreed Motion at 2, ¶ 4. Petitioner states that the OUCC and CAC do not object to the Agreed Motion.

Having reviewed the Agreed Motion, we deny it as moot. AES Indiana may seek recovery of the costs of the DSM programs approved in Cause No. 45898 that are incurred in 2025.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Settlement Agreement, a copy of which is attached hereto, is approved.

2. AES Indiana's proposed 2025-2026 DSM Plan, as modified by the Settlement Agreement, including the proposed budgets, is approved.

3. AES Indiana's requested accounting and ratemaking treatment, including timely recovery of costs associated with its 2025-2026 DSM Plan, including direct (including EM&V costs), and indirect costs of operating the programs, net lost revenue, and financial incentive, is approved.

4. The accounting procedures necessary to implement the recovery of program costs are approved.

5. AES Indiana is authorized to recover all its costs associated with the 2025-2026 DSM Plan through its Rider 22 as proposed by AES Indiana.

6. AES Indiana shall file quarterly scorecards and an annual final EM&V report on or before July 1 of each year. These filings shall be made electronically under this Cause.

7. Whenever it makes a proposal to the OSB for use of the emerging technology budget (as described in Section I.A.4 of the Settlement Agreement), AES Indiana shall provide the same information to the Commission in a compliance filing in this Cause on the same date it is provided to the OSB.

8. AES Indiana shall provide a copy of the new OSB governance document contemplated by Section I.D.1 of the Settlement Agreement within seven days of that document's finalization.

9. This Order shall be effective on and after the date of its approval.

<u>HUSTON, BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR</u>:

APPROVED: JAN 08 2025

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

____

Dana Kosco
Secretary of the Commission

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT D/B/A AES INDIANA FOR APPROVAL OF DEMAND SIDE MANAGEMENT (DSM) PLAN, INCLUDING ENERGY EFFICIENCY (EE) PROGRAMS, AND ASSOCIATED ACCOUNTING AND RATEMAKING TREATMENT, INCLUDING TIMELY RECOVERY, THROUGH AES INDIANA'S EXISTING STANDARD CONTRACT RIDER NO. 22, OF ASSOCIATED COSTS INCLUDING PROGRAM OPERATING COSTS, NET LOST REVENUE, AND FINANCIAL INCENTIVES.	)	**CAUSE NO. 46081**

STIPULATION AND SETTLEMENT AGREEMENT

Petitioner Indianapolis Power & Light Company d/b/a AES Indiana ("Petitioner" or "AES Indiana"), the Indiana Office of Utility Consumer Counselor ("OUCC"), and Citizens Action Coalition of Indiana, Inc. ("CAC"), (collectively the "Settling Parties" and individually "Settling Party"), solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts and counsel, stipulate and agree that AES Indiana's 2025-2026 DSM Plan shall be approved as modified below and the terms and conditions set forth below represent a fair, just and reasonable resolution of the matters pending in this Cause, subject to their incorporation by the Indiana Utility Regulatory Commission ("Commission") into a final, non-appealable order ("Final Order")[1] without modification or further condition that may be unacceptable to any Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement ("Settlement

[1] "Final Order" as used herein means an order issued by the Commission as to which no person has filed a Notice of Appeal within the thirty-day period after the date of the Commission order.

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Agreement"), in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

I. TERMS AND CONDITIONS. The Settling Parties agree to Commission approval of the Company's proposed 2025-20263 DSM Plan and associated accounting and ratemaking treatment modified as follows:

A. <u>DSM Programs and Implementation</u>.

1. AES Indiana agrees to notify its DSM Oversight Board ("OSB") a minimum of three business days in advance of requesting a vote to modify incentives on measures that exceed 15% of the finalized incentives determined by the OSB beginning with the start of the 2025 program year. If the OSB has not cast a vote within three business days, AES will proceed under the assumption that there are no objections to the request.

2. All initial 2025 program year customer program rebates/incentives in the Prescriptive Program will be agreed upon by the OSB prior to 2025. The Settling Parties recognize that any changes in program incentives affect the cost-effectiveness scores. Thus, any changes in program incentives from those used in obtaining Commission approval must obtain unanimous OSB approval prior to implementation.

3. AES Indiana agrees to develop and propose program control enhancements to limit the potential for mid-year budget overruns. AES Indiana will present the program controls for discussion and vote by the OSB prior to 2025.

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4. An Emerging Technology budget category with direct program spend budget of $1,000,000 will be created to fund new programs or products identified by the Settling Parties that maintain cost-effectiveness for the affected program, except for income-qualified programs which are not required to be cost-effective. Any use of the Emerging Technology budget will require a unanimous OSB vote with such vote to be held within 10 business days of the notice of such a request. When AES presents a proposal to the OSB for the use of Emerging Technology funds, it will include the methodology, cost-effectiveness assumptions, and other relevant research to justify the expenditure.

B. <u>Spending Flexibility and Rollover</u>.

1. The OSB will be authorized to pursue additional reasonably achievable, cost-effective energy savings by exercising spending flexibility, except that income-qualified programs are not required to be cost-effective. More specifically, AES Indiana will be permitted to apply spending flexibility of up to 10% (inclusive) of the portfolio direct costs for the 2025-2026 DSM Plan towards programs with a Utility Cost Test ("UCT") score greater than 1.0, except that income-qualified programs are not required to be cost-effective. Additional spending flexibility of up to an additional 5% (meaning spending flexibility over 10.0%-15%) of the portfolio direct costs for the 2025-2026 DSM Plan may be authorized only with a unanimous vote of the OSB.

2. The Settling Parties explicitly agree that all Flexible Spending amounts included within this Plan are specific to this Plan and are not eligible for transfer or "roll-over" from any prior DSM Plan or to any subsequent DSM Plan.

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C. Opportunity to Earn Performance Incentive.

1. AES Indiana will maintain the existing and proposed performance incentive methodology. AES Indiana will evaluate and work toward an agreeable performance incentive structure for the 2027-2029 DSM Plan. The OSB will begin meeting in 2025 to discuss a new performance incentive mechanism which will be voted on, and potentially included in the next plan, prior to AES Indiana's next plan filing. To the extent a unanimous decision is not reached, AES Indiana reserves the right to propose a performance incentive mechanism in its next DSM case.

2. The savings goal and performance incentive structure as filed will be maintained. Separately, any spending from emerging technologies or spending flexibility, as discussed above, will be associated with additional energy and/or demand savings outside of the savings goal as agreed to by the OSB, wherein AES Indiana will have an opportunity to earn a performance incentive on those additional energy and/or demand savings using the same, but separately calculated, performance incentive mechanism.

3. For purposes of the FAC, AES Indiana's authorized net operating income will not be adjusted by the actual amount of DSM financial incentives earned for the 2025-2026 DSM Plan.

D. DSM Oversight Board Governance.

1. The Settling Parties agree to have the OSB review and approve a new OSB board governance document. Modifications to be considered include, but are not limited to, the following:

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a. AES Indiana to notify its OSB a minimum of three business days before requesting a vote for any program being paused, suspended, and/or terminated. If the OSB has not cast a vote within three business days, AES will proceed with the proposal and assume there are no objections.

b. OSB review and approval required for any external communications related to program pauses, suspensions, and/or terminations. If the OSB has not cast a vote within three business days, AES will proceed with the proposal and assume there are no objections.

E. Demand Response Program.

1. AES Indiana agrees to remove the load curtailment from the demand response program offerings from this filing in order to refile it in a separate docket by July 1, 2025, so that a separate rider can be crafted that will include "opt-out" EE customers.

F. Reporting.

1. AES Indiana agrees to work with its vendor to separate Midstream spending and savings to be reported as a distinct program in the scorecard and will work to separate them in future plan cycles.

2. AES Indiana agrees to work with its vendor and OSB to improve the 2025-2026 AES DSM Scorecard. Modifications may include but are not limited to: end of year energy savings forecast, forecasted pipeline, and historical run rates.

(cont'd on next page)

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II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION.

1. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement.

2. The Settling Parties may file testimony specifically supporting the Settlement Agreement. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement and to consider the input of the other Settling Parties. Such evidence, together with the evidence previously prefiled in this Cause, will be offered into evidence without objection and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn and the Commission will continue to hear the matters pending in this Cause with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.

3. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective and binding on all Settling Parties as an Order of the Commission.

III. EFFECT AND USE OF SETTLEMENT AGREEMENT.

1. It is understood that this Settlement Agreement is reflective of a negotiated settlement and neither the making of this Settlement Agreement nor any of its provisions shall

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constitute an admission by any Settling Party in this or any other litigation or proceeding except to the extent necessary to implement and enforce its terms. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.

2. Neither the making of this Settlement Agreement (nor the execution of any of the other documents or pleadings required to effectuate the provisions of this Settlement Agreement), nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.

3. This Settlement Agreement shall not constitute and shall not be used as precedent by any person or entity in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce this Settlement Agreement.

4. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any Settling Party may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.

5. The evidence in support of this Settlement Agreement constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible after the filing of this Settlement Agreement and the final evidentiary hearing.

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6. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise.

7. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their respective clients, and their successor and assigns, which will be bound thereby.

8. The Settling Parties shall not appeal or seek rehearing, reconsideration, or a stay of the Commission Order approving this Settlement Agreement in its entirety and without change or 2 condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement).

9. The provisions of this Settlement Agreement shall be enforceable by any Settling Party first before the Commission and thereafter in any state court of competent jurisdiction as necessary.

10. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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ACCEPTED and AGREED as of the 1st day of October, 2024.

Katie Heard

Indianapolis Power & Light Company d/b/a AES Indiana

Indiana Office of Utility Consumer Counselor

Kerwin L. Olson, Executive Director
Citizens Action Coalition of Indiana, Inc.

135064468v1

2025 - 2026 Summary*

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Demand Response - Residential	$9,969,105	7,755,471	7,755,471	116,625	116,625
Efficient Products	$11,832,539	28,659,122	20,417,734	7,146	5,626
Home Energy Reports	$5,803,893	55,620,000	55,620,000	44,323	44,323
Income Qualified Weatherization	$10,514,430	22,170,988	22,170,988	2,449	2,449
Multifamily	$3,012,623	8,739,027	8,090,151	825	830
School Education	$1,163,536	6,783,180	7,090,853	1,091	1,105
Custom	$13,265,119	69,708,325	63,365,826	7,351	6,910
Demand Response - Commercial	$479,645	251,520	251,520	2,873	2,873
Downstream	$9,632,088	53,275,618	52,744,292	10,589	10,483
Midstream	$16,144,029	101,796,324	97,724,471	26,906	25,829
Small Business Direct Install	$4,238,675	9,781,089	9,135,308	523	424
Residential*	$42,296,125	129,727,787	121,145,198	172,459	170,957
Business	$43,759,556	234,812,876	223,221,417	48,241	46,519
Direct Subtotal	$86,055,681	364,540,663	344,366,615	220,701	217,476
Indirect Subtotal	$3,300,000				
Portfolio Total	$89,355,681	364,540,663	344,366,615	220,701	217,476

*Includes Income Qualified Weatherization benefits and costs.

2025 Summary*

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Demand Response - Residential	$4,393,606	3,184,182	3,184,182	53,908	53,908
Efficient Products	$5,622,870	13,448,181	9,494,735	3,460	2,718
Home Energy Reports	$2,794,690	27,000,000	27,000,000	20,235	20,235
Income Qualified Weatherization	$5,030,587	10,743,996	10,743,996	1,146	1,146
Multifamily	$1,569,898	4,558,375	4,213,655	406	409
School Education	$581,768	3,391,590	3,545,427	546	552
Custom	$6,383,871	33,986,708	30,907,506	3,569	3,355
Downstream	$4,528,499	26,384,483	26,121,329	5,211	5,159
Demand Response - Commercial	$201,474	125,760	125,760	729	729
Midstream	$7,281,696	48,553,953	46,611,795	12,822	12,309
Small Business Direct Install	$1,997,203	4,647,244	4,339,644	249	201
Residential*	$19,993,419	62,326,325	58,181,995	79,701	78,969
Business	$20,392,744	113,698,148	108,106,033	22,580	21,753
Direct Subtotal	$40,386,163	176,024,473	166,288,028	102,280	100,722
Indirect Subtotal	$1,850,000				
Portfolio Total	$42,236,163	176,024,473	166,288,028	102,280	100,722

*Includes Income Qualified Weatherization benefits and costs.

2026 Summary*

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Demand Response - Residential	$5,575,499	4,571,289	4,571,289	62,717	62,717
Efficient Products	$6,209,669	15,210,941	10,922,999	3,687	2,908
Home Energy Reports	$3,009,202	28,620,000	28,620,000	24,088	24,088
Income Qualified Weatherization	$5,483,843	11,426,992	11,426,992	1,303	1,303
Multifamily	$1,442,725	4,180,651	3,876,496	419	421
School Education	$581,768	3,391,590	3,545,427	546	552
Custom	$6,881,248	35,721,617	32,458,320	3,781	3,554
Downstream	$5,103,589	26,891,135	26,622,963	5,378	5,324
Demand Response - Commercial	$278,171	125,760	125,760	2,144	2,144
Midstream	$8,862,334	53,242,371	51,112,676	14,084	13,521
Small Business Direct Install	$2,241,471	5,133,845	4,795,665	275	222
Residential*	$22,302,705	67,401,462	62,963,203	92,759	91,988
Business	$23,366,813	121,114,728	115,115,384	25,661	24,765
Direct Subtotal	$45,669,518	188,516,190	178,078,586	118,420	116,754
Indirect Subtotal	$1,450,000				
Portfolio Total	$47,119,518	188,516,190	178,078,586	118,420	116,754

*Includes Income Qualified Weatherization benefits and costs.

Indirect Costs	2025	2026	Total
Outreach & Education	$950,000	$950,000	$1,900,000
Consulting	$655,000	$255,000	$910,000
Memberships	$20,000	$20,000	$40,000
Staff Development	$25,000	$25,000	$50,000
Indirect AES Labor	$200,000	$200,000	$400,000
Total	$1,850,000	$1,450,000	$3,300,000

	2025	2026	Total
Direct Costs	$40,386,163	$45,669,518	$86,055,681
Indirect Costs	$1,850,000	$1,450,000	$3,300,000
Sub total	**$42,236,163**	**$47,119,518**	**$89,355,681**
Financial Incentives			
Emerging Technology	$1,000,000	$1,000,000	$2,000,000
Spending Flexibility			
Lost Revenues	$4,457,660	$4,457,660	
Sub total	**$5,457,660**	**$5,457,660**	
Total	**$43,808,636**	**$43,808,636**	
Lost Revenues (Legacy)	$13,822,639	$13,822,639	
Total (w/ Legacy)	**$57,631,275**	**$57,631,275**	

Energy Efficiency Goal (Gross kWh)	
Year 2025	176,024,473
Year 2026	188,516,190

Petitioner's Attachment KH-2
2025 - 2026 DSM Plan

DSM PROGRAMS

2025-2026 Summary

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Residential Demand Response	$9,969,105	7,755,471	7,755,471	116,625	116,625
Efficient Products	$11,832,539	28,659,122	20,417,734	7,146	5,626
Multifamily	$3,012,623	8,739,027	8,090,151	825	830
School Education	$1,163,536	6,783,180	7,090,853	1,091	1,105
Home Energy Reports	$5,803,893	55,620,000	55,620,000	44,323	44,323
Income Qualified Weatherization	$10,514,430	22,170,988	22,170,988	2,449	2,449
Custom	$13,663,019	69,708,325	63,365,826	7,351	6,910
Demand Response	$479,645	251,520	251,520	2,873	2,873
Prescriptive	$25,776,117	155,071,942	150,468,763	37,494	36,312
Small Business Direct Install	$4,238,675	9,781,089	9,135,308	523	424
Residential	$42,296,125	129,727,787	121,145,198	172,459	170,957
Business	$43,759,556	234,812,876	223,221,417	48,241	46,519
Direct Subtotal	$86,055,681	364,540,663	344,366,615	220,701	217,476
Indirect Subtotal	$3,300,000				
Portfolio Total	$89,355,681	364,540,663	344,366,615	220,701	217,476

Program budgets are inclusive of the direct and indirect cost of DSM programs, including costs related to Evaluation, Measurement, and Verification ("EM&V").

DEMAND RESPONSE

Program Description	The Demand Response (DR) program aims to deliver peak demand savings through the following end uses: **DERMS Distributed Energy Resource Management System** • A DERMS platform, allowing management and control of all curtailable devices from the multiple enrollment channels detailed below. • **Direct Load Control ("DLC") Switch Maintenance.** AES Indiana's current program consists of ~44,000 one-way load control switches and ~5,500 two-way load control switches. The Demand Response program will provide ongoing maintenance and support for DLC devices connected to customers' cooling units. • **Smart Thermostats.** AES Indiana's current program consists of ~19,500 smart thermostats that are demand response enabled. The program offers a simplified avenue for recruiting AES Indiana's residential customers into the DR program using in-home visits and touch points within other residential offerings. Customers who purchase a smart thermostat through the Efficient Products program or receive a thermostat through the Income Qualified Weatherization and Multifamily Direct Install programs will receive thermostat incentives as well as bill credits through AES Indiana Rider 13. • **Bring Your Own Thermostat (BYOT).** Channel that allows AES Indiana customers to purchase smart thermostats and enroll simultaneously in the smart thermostat DR program and/or enroll their existing compatible smart thermostat into the DR program. • **Hot Water Heaters.** Taking advantage of hot water heaters for demand response is a recent addition to AES Indiana's portfolio. The load shape for hot water heaters provides a demand response opportunity that coincides with AES Indiana's winter peak, which is typically during the morning hours of winter months. There are several new technological innovations in this space that provide customers and AES Indiana more insight and control over non-demand savings metrics, like continuous monitoring of water temperature (i.e., comfort). This channel focuses on DR enabled water heater controllers for the multi-family sector where the fault, leak, and control functionality provide significant value to property owners and managers.
Objectives	The objectives for the Demand Response program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Present a single, concierge-focused energy management solution to customers; • Use other energy efficiency programs to bring customers and devices to DR; • Target both winter and summer peak demand through inclusion of hot water heaters; • Creating a foundation for the next generation DR program(s);

	• Leveraging synergies between AES Indiana energy efficiency and DR program.			
Demand Response		**2025**	**2026**	**Total**
Projected Savings	**Gross Energy (kWh) Savings**	3,184,182	4,571,289	7,755,471
	Gross Demand (kW) Savings	53,908	62,717	116,625
	Net Energy (kWh) Savings	3,184,182	4,571,289	7,755,471
	Net Demand (kW) Savings	53,908	62,717	116,625
Projected Expenditures	**Budget (Dollars)**	$4,393,606	$5,575,499	$9,969,105
Cost-Effectiveness Tests	**UCT Ratio**	1.02	0.96	0.99
	TRC Ratio	1.29	1.23	1.26
	RIM Ratio	0.92	0.86	0.89
	PCT Ratio	2.40	2.93	2.66

EFFICIENT PRODUCTS

Program Description	The Efficient Products program will increase awareness and sales of energy efficient HVAC systems, smart thermostats and other ENERGYSTAR appliance products in the AES Indiana service territory. The Program has many facets including retail markdowns, appliance rebates, contractor-led home improvement rebates, energy kits, an online marketplace, and Energy Concierge Advisors. • **Rebates and Markdowns**. AES Indiana's residential customers can purchase products at participating retail locations across its service territory and/or receive rebates through contractor (trade ally) driven projects. The program will reduce the cost barrier of products through markdowns at the point of sale or through rebates post purchase/installation. Additionally, AES Indiana will leverage a customer facing portal to allow participants to submit online incentive applications for qualifying appliance purchases. The digital site will serve as the single point of entry for all customer-facing offerings within the AES Indiana portfolio providing a streamlined delivery and improved customer experience. • **Support for Demand Response.** Smart thermostat purchases through retailers, trade allies, or through an online marketplace in this program will continue to provide AES Indiana customers with multiple channels to enroll in AES Indiana's Demand Response program, avoiding many of the usual customer acquisition costs of a standalone bring-your-own-thermostat (BYOT) or direct install (DI) program. Connecting a customer who has already chosen to purchase an energy efficient product through the Efficient Products program is an excellent warm lead for the other energy efficiency offerings. • **Energy Concierge Service**. An Energy Concierge Advisor will be available to virtually support customers through their energy efficiency journey by identifying opportunities for participation across program channels and measures to deliver deeper savings for each customer and provide them with personalized support. Energy Concierge advisors will perform virtual home energy assessments, manage a caseload of customers, and connect them to coordinating programs throughout the AES portfolio. The addition of Energy Concierge Advisors will guide customers from initial participation on to the next opportunity for savings as it relates to their specific journey. This approach will allow for improved follow-up to prompt customers to complete previously identified efficiency recommendations, answer any subsequent questions, and provide deeper support for customers wishing to better understand their home's energy use.
Objectives	The objectives for the Efficient Products program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Providing an entry point into AES Indiana's portfolio of savings opportunities, and ongoing support for their specific ongoing energy journey;

	• Engaging residential customers over the long term through our Energy Concierge approach, delivering more holistic energy savings; • Cross-promoting and educating customers on applicable Inflation Reduction Act ("IRA") rebates to leverage additional cost savings, promoting home electrification and EV offerings as part of the energy transition; • Increasing consumer awareness of the benefits of energy efficient products in the residential market; • Working with trade allies to drive installation of energy efficient HVAC and other products; • Amplifying the availability of energy efficient products in local retail stores; • Improving retailers' understanding of the benefits of energy efficient products through training; • Enhancing the local market penetration of energy efficient products through off-shelf merchandising tactics leading to higher sales; • Pursuing industry leadership initiatives to increase knowledge and develop strategic partnerships to strengthen local program effectiveness; • Educating customers on available incentives for ENERGY STAR products; • Strengthening the customer's awareness of AES Indiana as a trusted partner in energy efficiency;			
Efficient Products		**2025**	**2026**	**Total**
Projected Savings	**Gross Energy (kWh) Savings**	13,448,181	15,210,941	28,659,122
	Gross Demand (kW) Savings	3,460	3,687	7,146
	Net Energy (kWh) Savings	9,494,735	10,922,999	20,417,734
	Net Demand (kW) Savings	2,718	2,908	5,626
Projected Expenditures	**Budget (Dollars)**	$5,622,870	$6,209,669	$11,832,539
Cost-Effectiveness Tests	**UCT Ratio**	1.08	1.10	1.09
	TRC Ratio	0.94	0.95	0.95
	RIM Ratio	0.31	0.30	0.31
	PCT Ratio	6.86	7.04	6.95

MULTIFAMILY

Program Description	This program will provide no-cost, turnkey service delivery to property managers, property tenants, and manufactured home dwellings to help overcome first-cost and disruption barriers typically associated with this type of investment. Trained Energy Concierge Advisors will install low-cost energy saving measures (e.g., showerheads, programmable thermostats, bath and faucet aerators and pipe wrap) within residences at no cost.			
Objectives	The objectives for the Multifamily program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Providing education and support services for property owners/managers, tenants, and manufactured homeowners to promote the implementation of energy efficiency measures; • Delivering a customer-centric, Energy Concierge approach by engaging across multiple channels to provide a holistic focus to building owners, managers, builders, designers, trade ally partners, and residents; • Providing manufactured homeowners with access to energy efficient products; • Strengthening the customers awareness of AES Indiana as a trusted partner in energy efficiency;			
	Multifamily	**2025**	**2026**	**Total**
Projected Savings	**Gross Energy (kWh) Savings**	4,558,375	4,180,651	8,739,027
	Gross Demand (kW) Savings	406	419	825
	Net Energy (kWh) Savings	4,213,655	3,876,496	8,090,151
	Net Demand (kW) Savings	409	421	830
Projected Expenditures	**Budget (Dollars)**	$1,569,898	$1,442,725	$3,012,623
Cost-Effectiveness Tests	**UCT Ratio**	1.33	1.34	1.34
	TRC Ratio	1.33	1.34	1.34
	RIM Ratio	0.26	0.26	0.26
	PCT Ratio	N/A	N/A	N/A

SCHOOL EDUCATION

Program Description	The School Education program incorporates an educational module provided to fourth grade and high school students, along with a take-home kit of energy efficiency measures. Measures include low-flow fixtures and weather stripping. The program targets students to help them learn about energy efficiency and how they can apply it at school and at home. Participating schools will receive education in the classroom, including live presentations, the *Community in Action* after-school event series (an after-school energy education program designed for students and their families) and online resources, as well as take-home kits filled with energy efficiency saving devices. The program is designed to educate both the students and their parents about simple energy efficiency and conservation practices, driving grassroots market transformation throughout the service territory.
Objectives	The objectives for the School Education program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Helping customers identify opportunities to better manage their energy use; • Strengthen and improve AES customer energy efficiency education; • Cross-promotion and uplift to other energy efficiency program offerings; • Promoting energy literacy among teachers, students, and families.

School Education		2025	2026	Total
Projected Savings	Gross Energy (kWh) Savings	3,391,590	3,391,590	6,783,180
	Gross Demand (kW) Savings	546	546	1,091
	Net Energy (kWh) Savings	3,545,427	3,545,427	7,090,853
	Net Demand (kW) Savings	552	552	1,105
Projected Expenditures	Budget (Dollars)	$581,768	$581,768	$1,163,536
Cost-Effectiveness Tests	UCT Ratio	2.43	2.46	2.44
	TRC Ratio	2.43	2.46	2.44
	RIM Ratio	0.29	0.28	0.29
	PCT Ratio	N/A	N/A	N/A

HOME ENERGY REPORTS

Program Description	The Home Energy Reports (HERS) is a behavioral program which seeks to encourage customers to reduce energy usage through gamification strategy leading to more efficient behavior and habits. The program will leverage a digital portal which provides individualized Home Energy Reports that analyze customer's energy usage and offer recommendations on how to save energy and money by making small changes to their energy consumption. The Program also uses proactive alerts, which includes high bill alerts (HBAs). The HBAs feature notifies customers when they are trending toward higher-than-usual energy usage and provides recommendations on how to reduce their usage before the end of the billing period. The Behavioral Program centers around an industry-leading HER experience, proactive alerts to reach customers during critical moments, a web-based self-service energy management platform, and advanced analytics and reporting services. These solutions will seamlessly integrate within the portfolio as part of a comprehensive, end-to-end customer experience. The web platform is designed to engage AES Indiana customers with personalized energy usage insights (data browser and bill comparison), relevant program promotions ("ways to save" and "next best action") and provide agency over their energy usage (home energy analysis). Reports are sent quarterly or monthly (when AES Indiana has a valid e-mail address) to customers throughout the year. A key behavioral component is peer comparison, where customers are shown their energy usage relative to similar, nearby households. Peoples' intrinsic social competitiveness thereby increases the energy reductions and effectiveness of this program.
Objectives	Objective for the Home Energy Reports program is to: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Reduce energy consumption through socially driven and information-driven behavioral change; • Raise general awareness regarding energy efficiency; • Cross-promote and market other programs within the portfolio.

	Home Energy Reports	2025	2026	Total
Projected Savings	**Gross Energy (kWh) Savings**	27,000,000	28,620,000	55,620,000
	Gross Demand (kW) Savings	20,235	24,088	44,323
	Net Energy (kWh) Savings	27,000,000	28,620,000	55,620,000
	Net Demand (kW) Savings	20,235	24,088	44,323
Projected Expenditures	**Budget (Dollars)**	$2,794,690	$3,009,202	$5,803,893
	UCT Ratio	1.19	1.29	1.24

Cost-Effectiveness Tests	**TRC Ratio**	1.19	1.29	1.24
	RIM Ratio	0.49	0.52	0.51
	PCT Ratio	N /A	N/A	N/A

INCOME QUALIFIED WEATHERIZATION

Program Description	The Income Qualified Weatherization program provides energy efficiency services and measures to residential customers whose incomes are at or below 200 percent of the federal poverty level. The program seeks to deliver savings to the income qualified customer group through a combination of strategies directed toward single family, multifamily and manufactured housing customers. • **Single Family In-Home Energy Assessments and Weatherization.** The program provides in-home energy assessments to qualifying customers and offers holistic weatherization measures, including air and duct sealing completed by trained Energy Concierge Advisors. Additional building shell improvements such as attic and wall insulation for qualifying customers are provided at no-cost by local weatherization contractors for electrically heated homes. • **Healthier Homes.** The Healthier Homes assessment is an additional service provided to qualifying customers participating in the in-home energy assessment and weatherization offering. Healthier Homes seeks to identify and mitigate health and safety issues within a home that serve as a barrier to additional weatherization and efficiency improvements, as well as issues that serve as an immediate and urgent health and safety danger to occupants of the dwelling. • **Income Qualified Multifamily and Manufactured Housing.** The program will provide no-cost, turnkey service delivery to property managers and tenants of designated income qualified multifamily housing to help overcome first-cost and disruption barriers typically associated with this type of investment. Trained Energy Concierge Advisors will install low-cost energy saving measures (e.g., showerheads, programmable thermostats, bath and faucet aerators and pipe wrap) within residences at no cost. The program will also provide Energy Concierge services to residents living in manufactured homes, including energy assessments, direct install of energy efficient measures, and additional qualifying weatherization services as applicable. • **Foodbank.** The program will incorporate a channel for distribution of energy efficient in-home products through local food pantry partners.
Objectives	The objectives for the Income Qualified Weatherization program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Helping eligible customers understand how they are using energy, identify opportunities for energy savings specific to their home, and offer access to a wider range of energy efficiency measures; • Leverage Energy Concierge Advisors to ensure customers have the support needed to continue their journey beyond the initial assessment, delivering more holistic energy savings; • Educating qualifying customers on the benefits of installing energy efficiency measures and of behavior change opportunities so they can begin saving energy and money immediately; • Providing education support services and funding for qualified customers to promote the implementation of energy efficiency measures;

- Engaging AES Indiana's residential customers over the long term, delivering more holistic energy savings;
- Executing a comprehensive community outreach plan to increase community group engagement;
-

Income Qualified Weatherization		2025	2026	Total
Projected Savings	Gross Energy (kWh) Savings	10,743,996	11,426,992	22,170,988
	Gross Demand (kW) Savings	1,146	1,303	2,449
	Net Energy (kWh) Savings	10,743,996	11,426,992	22,170,988
	Net Demand (kW) Savings	1,146	1,303	2,449
Projected Expenditures	Budget (Dollars)	$5,030,587	$5,483,843	$10,514,430
Cost-Effectiveness Tests	UCT Ratio	1.17	1.15	1.16
	TRC Ratio	1.15	1.15	1.15
	RIM Ratio	0.27	0.27	0.27
	PCT Ratio	75.42	76.59	76.00

CUSTOM

Program Description	The Custom program will provide incentives to business customers for implementing energy efficiency projects that fall outside the scope of the Prescriptive program. The Custom program broadens the availability of financial incentives for more complex projects and offers non-cash incentives in the form of technical support for customers and trade allies. Program measures earn incentives based on $/kWh savings achieved beyond baseline energy performance, such as state or federal codes and standards, industry-accepted performance standards, or other baseline energy performance standards. The program will also help business customers participate in AES Indiana's suite of business programs, creating additional savings opportunities for customers. Prescriptive measures can complement the deeper savings approach to energy efficiency achieved through the Custom program. Continuing recent program enhancements to AES Indiana's program portfolio, the Custom program also includes channels for Strategic Energy Management ("SEM"), and Retro-commissioning ("RCx"). SEM was launched in 2019 to provide a cohort-based program delivery channel that is designed to facilitate a culture of continuous energy improvement at customers' facilities. RCx, also launched in 2019, is designed to improve performance in existing buildings. While RCx projects have historically been eligible measures in the Custom Program, a dedicated RCx channel was developed to improve the overall customer experience, including incentives for the initial RCx study to be completed.
Objectives	The objectives for the Custom program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Encouraging business customers to improve the energy efficiency of their facilities by offering program incentives; • Leveraging technical expertise to identify, scope and drive projects forward, working closely with customers and their contracted trade allies; • Enhancing existing relationships with the network of equipment suppliers who can also identify energy efficiency opportunities for utility customers and streamline their engagement with the program; • Coordinating program delivery of all AES Indiana's business programs where appropriate, including Prescriptive, and SBDI to improve customer experience;

	Custom	2025	2026	Total
Projected Savings	**Gross Energy (kWh) Savings**	33,986,708	35,721,617	69,708,325
	Gross Demand (kW) Savings	3,569	3,781	7,351
	Net Energy (kWh) Savings	30,907,506	32,458,320	63,365,826
	Net Demand (kW) Savings	3,355	3,554	6,910
Projected Expenditures	**Budget (Dollars)**	$6,383,871	$6,881,248	$13,265,119
	UCT Ratio	1.91	1.88	1.89

Cost-Effectiveness Tests	TRC Ratio	1.38	1.37	1.38
	RIM Ratio	0.33	0.33	0.33
	PCT Ratio	7.55	7.75	7.65

BUSINESS DEMAND RESPONSE

Program Description	The Business Demand Response program aims to deliver peak demand savings through the different end uses including thermostats, water heating, thermal storage and lighting. The program provides support to current C&I customers already engaged in other AES Indiana C&I energy efficiency programs. The current DSM C&I Programs provide qualifying customers access to incentives to support program adoption through the Custom, Prescriptive, Small Business, or Strategic Energy Management (SEM) pathways. These programs are primarily driven through close engagement with a closed trade ally network, supported by a dedicated outreach team. AES Indiana provides community education and outreach, industry partnerships, trade partner management and outreach, marketing, rebate processing, quality control and contact center support services. The program will focus on bringing automated DR (ADR) to small to medium sized customers through thermostats, water heaters, thermal storage, and lighting. The program will deliver capacity to AES Indiana, improve facility performance and increase customer satisfaction.
Objectives	The objectives for the Business Demand Response program include: • Achieving verifiable, cost-effective electric savings; • Deliver predictable, reliable, and consistent capacity through all seasons; • Cross-promote DR programs with customers already participating in energy efficiency programs or at the time of energy efficiency program promotion, using DR incentives to help subsidize capital expenditures for energy efficiency improvements; • Implement incentives that drive performance, and align with a customer's opportunity cost and sustainability goals; • Reach small and medium business (SMB) customers, driving DR participation and improving facility performance;

Business Demand Response		2025	2026	Total
Projected Savings	Gross Energy (kWh) Savings	125,760	125,760	251,520
	Gross Demand (kW) Savings	729	2,144	2,873
	Net Energy (kWh) Savings	125,760	125,760	251,520
	Net Demand (kW) Savings	729	2,144	2,873
Projected Expenditures	Budget (Dollars)	$201,474	$278,171	$479,645
Cost-Effectiveness Tests	UCT Ratio	0.37	0.85	0.64
	TRC Ratio	0.40	1.41	0.87
	RIM Ratio	0.34	0.81	0.60
	PCT Ratio	4.12	6.17	5.51

PRESCRIPTIVE

Program Description	The Prescriptive program provides rebates and associated savings for a prescribed set of qualifying products and end uses. The program generates energy savings for business customers by increasing customer awareness and understanding of energy efficiency opportunities in their facilities through education provided by the local program team and a qualified network of trained trade allies. The program will provide financial incentives to customers for installing a wide array of high efficiency measures. The Prescriptive program is a great introduction to energy efficiency for AES Indiana customers and can serve as an entry point to further engage customers on a journey to more energy saving options available through AES Indiana's suite of business programs. Additionally, AES Indiana proposes to continue a Midstream channel, which offers incentives for buy-downs to reduce the initial cost of high efficiency products through a network of local distributors.
Objectives	The objectives for the Prescriptive program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Encouraging business customers to improve the energy efficiency of their facilities by offering financial incentives that improve the economics associated with installing a broad range of energy efficiency options that address major end uses and processes; • Enhancing the network of trade allies by offering program training on new measures and technologies that will continue to play a part in efficiency program planning and delivery; • Leveraging cost-efficiencies derived from the current portfolio; • Coordinating program delivery and customer support with existing trade ally networks; • Coordinating program delivery of all AES Indiana's business programs where appropriate, including Custom and SBDI;

	Prescriptive	2025	2026	Total
Projected Savings	**Gross Energy (kWh) Savings**	74,938,436	80,133,506	155,071,942
	Gross Demand (kW) Savings	18,033	19,462	37,494
	Net Energy (kWh) Savings	72,733,124	77,735,639	150,468,763
	Net Demand (kW) Savings	17,468	18,845	36,312
Projected Expenditures	**Budget (Dollars)**	$11,810,195	$13,965,922	$25,776,117
Cost-Effectiveness Tests	**UCT Ratio**	3.42	2.82	3.08
	TRC Ratio	1.49	1.36	1.42
	RIM Ratio	0.41	0.39	0.40
	PCT Ratio	3.93	4.13	4.03

SMALL BUSINESS DIRECT INSTALL

Program Description	The Small Business Direct Install program helps small business owners experience immediate savings by completing energy-efficient equipment upgrades. Customers with less than a threshold annual peak demand – currently 200 kW – are eligible for participation. Commercial Energy Auditors conduct a walkthrough assessment and provide recommendations for savings. In addition, the Auditors install faucet aerators, non-GSL LED bulbs, LED exit signs, occupancy sensors, pre-rinse spray valves, programmable thermostats, low-flow showerheads, and water heater pipe insulation at no cost to the customer while onsite. The SBDI program design builds on the current model to better complement AES Indiana's Prescriptive offerings by increasing the incentive on select measures identified through the assessment for small business customers. This approach leads to higher project conversion rates, economic development, and further positions AES Indiana as a true partner with its small business customers and the communities it serves. While financial constraints are a very common barrier to implementing energy efficiency upgrades, cost barriers are often more acute for small business owners based on their smaller size and budgets. The SBDI Program aims to transform the small business market by increasing the installation of energy efficiency measures and encouraging follow-on building improvements through incentive-eligible projects offered through the Prescriptive program. The program will use a tablet-based audit tool to document facility data (e.g., size, fixture counts), direct installation of measures, and additional energy efficiency opportunities. The program provides customers with attractive and easy-to-understand project proposals with the cost and payback data customers need to make informed decisions about which projects to implement and build a business case for investment. New to the SBDI program, in 2021, will be a Virtual Retro-commissioning channel which is designed to target small and medium sized business customers. A web-based portal will allow customers to view interval data and will provide personalized energy efficiency insights and recommendations meant to drive behavioral and process driven energy savings.
Objectives	The objectives for the SBDI program include: • Achieving verifiable, cost-effective electric savings through low-cost measures; • Encouraging small business customers to improve the energy efficiency of their facilities by installing a suite of targeted, highly cost-effective measures at no cost to demonstrate the benefits of investing in efficiency while building rapport that leads to further investment; • Educating the customer about their existing energy use and how to operate their buildings in a way that saves energy and money, supporting long-term energy efficiency awareness and commitment leading to permanent improvements in the market for energy efficient products and services; • Creating assessment reports that are compelling and that present additional energy efficiency opportunities and available financial incentives to make the case for further investment; • Implementing a streamlined participation process that breaks down financial barriers for small business customers by offering immediate energy and cost

	savings through direct installation of measures and bonus incentives for multi-measure implementation; • Following-up after assessments to drive participation in measures suited to the particular customer from the wider suite of AES Indiana business programs by implementing cross-selling strategies that move customers to action; • Using data-driven customer outreach, segmentation, and prioritization strategies to reach the right customers with the right messages, including sector-specific messages for AES Indiana's most common small business customer types (e.g., small offices, restaurants, retail, grocery, and warehouses); • Improving customer satisfaction and placing AES Indiana at the center of the value steam as the customer's energy efficiency expert and advocate for energy and cost savings.

Small Business Direct Install		2025	2026	Total
Projected Savings	**Gross Energy (kWh) Savings**	4,647,244	5,133,845	9,781,089
	Gross Demand (kW) Savings	249	275	523
	Net Energy (kWh) Savings	4,339,644	4,795,665	9,135,308
	Net Demand (kW) Savings	201	222	424
Projected Expenditures	**Budget (Dollars)**	$1,997,203	$2,241,471	$4,238,675
Cost-Effectiveness Tests	**UCT Ratio**	1.14	1.13	1.14
	TRC Ratio	1.14	1.13	1.14
	RIM Ratio	0.37	0.37	0.37
	PCT Ratio	N/A	N/A	N/A