

SCE&G Proposes New Energy Efficiency Programs *Upon approval, implementation estimated to begin fall 2010*

In June 2009, SCE&G filed, for approval, a portfolio of nine proposed Energy Efficiency programs with the Public Service Commission of South Carolina. Seven of the programs are geared toward SCE&G's residential customers, with the remaining two focused on the Company's commercial/industrial customers. A hearing before the SCPSC was held on April 1, 2010. Assuming that the Commission approves SCE&G's programs by the end of May 2010, implementation of the programs is anticipated to begin fall 2010.

Proposed Residential Programs

To ensure proposed DSM programs were responsive to the needs and expectations of its service territory, in the Spring of 2009, SCE&G actively solicited input from customers and key stakeholder groups throughout South Carolina regarding the types of programs they would like to see implemented to help them save energy. The majority of the feedback the company received fell into three general categories of interest for program consideration -- rebates/incentives, consumer education and in-home services. As shown in the table below, the programs that are specific to the residential market reflect that ongoing customer feedback.

Program Name	Rebates/Incentives	Education	In-Home Services
Benchmarking		✓	
Energy Information Display	✓	✓	✓
Energy Check-up/Home Performance Audit	✓	✓	✓
ENERGY STAR Lighting and Appliance	✓	✓	
New High Efficiency HVAC/Water Heater	✓	✓	✓
Existing HVAC Efficiency	✓	✓	✓
Residential ENERGY STAR New Homes	✓	✓	

1. Residential Benchmarking

This program will provide customers with detailed energy consumption benchmarks for monthly and annual energy use, along with recommendations on how to improve energy efficiency. The program will use data to identify a customer's "peer group" (e.g., homes with similar construction characteristics, of a similar age, in a similar sub-division and/or with similar occupancy patterns) to compare that customer's energy usage to the peer group. The service will be provided at no cost to participating customers.

2. Residential Energy Information Display

This program will provide customers with a discounted in-home display device (one per household) that helps monitor energy usage. The device will provide customers with key information to help them effectively manage their energy usage, including current price of energy (\$/kWh and/or \$/hour), cost of energy used this month, and where they stand relative to their personal energy budget.

Participating customers will be charged a one-time \$40 fee for the display (which has an estimated value of approximately \$150), of which \$20 will be refunded upon verification of installation. This \$40 charge/\$20 refund will be waived for low-income customers.

3. Residential Home Energy Check-up and Home Performance Audit

This program will offer two levels of home energy reviews: Tier 1) a quick home energy check-up; Tier 2) a comprehensive Home Performance audit. Through both, customers will be made aware of the energy efficiency programs and rebates offered by SCE&G, federal and state tax credits, and other known sources of funding and/or technical support.

The **Tier 1** review will include a visual inspection of key energy-related facets of the home performed by SCE&G staff, as well as a direct installation of low-cost measures (e.g., compact fluorescent lights (CFLs), water heater wraps, and/or pipe insulation). The Tier 1 assessment -- estimated to be a \$250 value -- is free to customers, provided they agree to a minimum number of installation measures.

The **Tier 2** Audit is a comprehensive Home Performance Audit, performed by a qualified independent contractor. The audit is a whole-home inspection with diagnostic testing, typically including blower door and duct blaster tests, as well as the use of standardized energy auditing software. After the audit, the contractors review their findings with the homeowners and make recommendations for energy efficiency improvements. SCE&G will provide incentives equal to approximately 15-25 percent of the cost of the recommended measures, up to \$1,500 per home (a higher cap and incentive level will be available for low income customers).

4. Residential ENERGY STAR Lighting and Appliances

This program will offer opportunities to all residential customers to purchase a variety of ENERGY STAR qualified products through retail sales channels at discounted prices that reflect an incentive provided by SCE&G. SCE&G will also provide informational, educational, and point-of-purchase materials to increase customer awareness of ENERGY STAR qualified products.

5. Residential New High Efficiency HVAC and Water Heater

This program will provide incentives to eligible customers for the purchase and installation of high efficiency central air conditioners, heat pumps, and high efficiency electric or alternative fuel water heaters in new construction or upon replacement in existing construction. The program will use a network of independent HVAC and plumbing contractors that are trained in program details. SCE&G will develop a schedule of specific incentives based on the tonnage and efficiency of the units.

6. Residential Existing HVAC Efficiency

This program will provide incentives to eligible customers to improve the efficiency of existing central air conditioner and heat pump systems through HVAC tune-ups, refrigerant charge and air flow correction, and/or duct sealing and insulation. The services will be delivered through a network of independent HVAC contractors that are trained in program details.

7. Residential ENERGY STAR New Homes

This program will provide commercial builders with incentives to construct, market, and sell ENERGY STAR qualified homes, which are at least 15 percent more efficient than homes built to the 2004 International Residential Code (IRC) and often 20 to 30 percent more efficient than standard homes. The program will provide financial incentives to help builders offset the increased costs associated with incorporating more energy efficient features into new homes.

Commercial and industrial proposed programs

1. Commercial & Industrial - Prescriptive

This program will offer financial incentives according to a standard schedule of incentives and equipment efficiency and performance standards. Typical measures will include high efficiency lighting, lighting controls, motors, HVAC systems, and food service equipment. This program will provide incentives for an established list of common measures without requiring complex analysis or participation rules.

2. Commercial & Industrial - Custom

This program will provide calculated incentives (on a \$/kW and \$/kWh saved basis) to offset the cost of qualifying large energy efficiency projects. This program is focused on those technologies or customer applications that are not covered by the prescriptive program. Customers will apply for the program in advance of initiating any work. Based on the nature of the operations and the equipment to be replaced or purchased, SCE&G will validate potential energy savings and provide a custom incentive unique to each project.