BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

IN THE MATTER OF THE APPLICATION OF OKLAHOMA GAS AND ELECTRIC COMPANY FOR AN ORDER OF THE COMMISSION APPROVING THE COMPANY'S 2025 DEMAND PORTFOLIO; AUTHORIZING RECOVERY OF PROGRAM COSTS, LOST NET REVENUES AND INCENTIVES THROUGH THE ENERGY EFFICIENCY PROGRAM RIDER; AND FOR WAIVER OF OAC 165:35-41-4(B)(5), OAC 165:35-41-4(B)(7), AND OAC 165:35-41-5(D)(2)	)	CASE NO. PUD 2024-0000__

APPLICATION

COMES NOW Oklahoma Gas and Electric Company, hereinafter referred to as "Applicant," "OG&E," or "Company," and hereby files its Application pursuant to OAC 165:35-41-4 in the above-styled case.

I. Parties.

OG&E is an investor-owned electric public utility that owns and operates plant, property, and other assets used for the generation, production, transmission, distribution, and sale of electric power and energy in the states of Oklahoma and Arkansas. OG&E is incorporated in the State of Oklahoma, is subject to the regulatory authority of this Commission with respect to its retail rates and charges for sales of electricity made within the State of Oklahoma, and has its principal place of business at 321 N. Harvey, Oklahoma City, Oklahoma 73102. Applicant is represented for the purpose of these proceedings by the following named individuals whose addresses are reflected below:

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All correspondence, pleadings and communications with respect to this proceeding should be directed to all named counsel at their respective emails and addresses.

II. Facts.

A. Pursuant to OAC 165:35-41-4(a), all electric utilities under rate regulation of the Commission having more than 10,000 meters in the state of Oklahoma shall propose, at least once every three years, and be responsible for the administration and implementation of a Demand Portfolio of Demand Programs within their service territories. OG&E is an electric utility under rate regulation of the Commission and has more than 10,000 meters in the state of Oklahoma.

B. As further required under OAC 165:35-41-4(a), such proposals shall be made by filing an application with the Commission on or before July 1 prior to the year the programs will be effective. In this Application, OG&E is seeking Commission approval of a Demand Portfolio

for the years 2025 to 2029. OG&E plans to implement the Demand Programs in the Demand Portfolio effective January 1, 2025.

C. The 2025 Demand Portfolio includes three energy efficiency ("EE") programs, two demand response ("DR") programs, and an Education program:

1. Home Energy Efficiency Program ("HEEP")
2. Weatherization Residential Assistance Program ("WRAP")
3. SmartHours
4. Commercial Energy Efficiency Program ("CEEP")
5. Business Demand Response ("BDR")
6. Education Program

D. Exhibit A to this Application provides the information required by OAC 165: 35-41-4(a)(1)-(20).

E. Pursuant to OAC 165:35-41-4(c)(2), OG&E is requesting the recovery of costs associated with research and development investments and will utilize the results of that research to test and validate expanded program offerings and features for residential, commercial, and industrial customers.

F. Pursuant to OAC 165:35:41-7, OG&E is seeking to recover its program costs, lost net revenues associated with any achieved energy and demand savings, and performance-based incentives from its demand portfolio through the Energy Efficiency Program Rider.

G. Further, OG&E is requesting three waivers to the Demand Program Rules: (i) waiver of OAC 165:35-41-5(d)(2) to exceed the cost cap on the average residential customer's monthly bill from $2.50 to approximately $3.50 based on the Rule's ability to exceed this cap based on the benefits to be achieved; (ii) waiver of OAC 165:35-41-4(b)(7) to extend the

implementation schedule from 3 years to 5 years consistent with proposed rule changes that are scheduled to become effective October 1, 2024; and (iii) limited waiver of OAC 165:35-41-4(b)(5) to the general prohibition on fuel-switching to allow for a limited number of replacements of open flame heating systems with electric mini-split systems for certain WRAP-qualified customers.

III. Legal Authority.

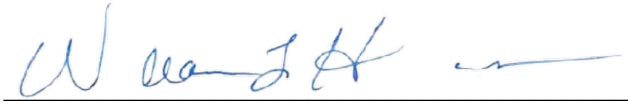
The Commission has jurisdiction to grant the relief requested herein by virtue of Okla. Const., art. IX, §18, 17 O.S. §151 *et seq*. and OAC 165:35:41.

IV. Relief Sought.

WHEREFORE, Applicant requests that after appropriate notice and hearing, the Commission issue an Order (i) approving OG&E's 2025-2029 Demand Portfolio; (ii) authorizing the recovery of the program costs, lost net revenues, and performance-based incentives through the Energy Efficiency Program Rider; (iii) authorizing the recovery of costs associated with research and development investments; (iv) granting waivers of OAC 165:35-41-4(b)(5), 165:35-41-4(b)(7) and 165:35-41-5(d)(2) as set forth above; and (v) granting any other such and further relief as the Commission may determine to be fair, just, and equitable.

Respectfully submitted,

OKLAHOMA GAS AND ELECTRIC COMPANY



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CERTIFICATE OF MAILING

I hereby certify that on the 1st day of July 2024, a true and correct copy of the foregoing document was electronically served via the OCC ECF system and via email to the following:

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Exhibit "A"

Oklahoma Gas and Electric Company

2025 Demand Portfolio

Home Energy Efficiency Program ("HEEP")

1. A description of the intent of the Demand Portfolio as a whole

OG&E's 2025 Demand Portfolio is structured according to the requirements set forth in OAC 165:35-41-4(b). The Demand Portfolio includes comprehensive long-term energy efficiency programs, demand response programs, and an education program targeted to all customer classes. The portfolio is designed to provide energy savings and demand reduction for OG&E customers, minimize long-term cost of utility service, delay the need for new generation, and enable customers to better manage their energy use.

2. A description of the intent of each Demand Program

This multipronged program helps OG&E's residential customers to reduce energy consumption by implementing energy efficient upgrades in their homes. Multiple channel offerings provide homeowners with targeted choices to participate aimed at improving customer engagement, measure adoption (e.g., ENERGY STAR appliances), and program savings. The program consists of the following program channels:

a. **Residential Solutions Channel**
This market-driven HEEP channel promotes EE by providing homeowners with low-cost home assessments, direct-install measures, community and educational outreach, and inducements for home retrofits. The channel also provides technical resources to contractors and other trade allies, who are integral to delivery. The inducements encourage participation by increasing awareness of the benefits and decreasing the upfront costs of assessments and energy efficient upgrades to customers' homes, with a focus on the envelope and mechanical systems.

b. **Community Outreach Channel**
This HEEP channel consists of direct outreach through partnerships with local schools and other community partners. Energy saving kits and educational materials are provided to cohorts of participants, including 5th grade school students, explaining how they can improve EE at home. Teachers or other instructors work directly with the program team to use the teaching aids and distribute the direct-install kits to their students. Students take the kits home and install the measures (with supervision, as appropriate) while completing the accompanying educational materials. This channel will retain a focus on 5th grade students while pursuing additional partnerships to enable expanded education and distribution of low-cost EE technologies.

d. **Consumer Products Channel**
The Consumer Products channel within HEEP offers rebates and point-of-purchase discounts for the purchase of efficient products, which may include but will not be limited to smart thermostats, power strips, and home appliances. To promote awareness of energy saving opportunities at the point of purchase and help customers offset a

portion of the incremental cost associated with higher efficiency appliances and products, the channel utilizes upstream, midstream, and downstream inducements.

e. **Positive Energy – New Home Construction Channel**
The HEEP PE-NHC channel is designed to work with builders and contractors to include energy efficient practices and measures when constructing new homes within the OG&E service area.

3. A description and quantification of the target market of each Demand Program, differentiated by customer sectors

All OG&E residential customers, except customers that are eligible for WRAP, are the ***target market*** for HEEP, however, all homes will be eligible for HEEP. OG&E will focus its marketing efforts on older homes in the OG&E service area. Older homes (primarily built before 2005), typically have lower levels of insulation, higher infiltration and single pane windows. In addition, home builders will be targeted for participation in this program. Finally, the HEEP Community Outreach channel is marketed primarily to primarily 5th grade teachers and their students.

4. A base line describing the state of the market that each Demand Program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards

A variety of resources, including the Arkansas Technical Reference Manual ("TRM"), the Texas TRM, other state and utility TRMs and technical workpapers, the ENERGY STAR product website, and studies authored by the Department of Energy ("DOE") were used to develop baselines for the state of the market that the HEEP program intends to address with each measure. The estimated useful life for each measure was based on the Arkansas TRM or California's Database for Energy Efficient Resources. Each of the resources are typically updated with the latest information regarding building codes and appliance/equipment energy standards. All General Service Lighting ("GSL") LED measures have been removed from the OG&E Demand Program Plan due to the federal minimum efficiency standards and high market saturation of GSL LEDs, as described further in the Direct Testimony of Witness Metzger.

5. A description of the barriers to investment in energy efficiency and demand response in the absence of each Demand Program and the ways each program will reduce or eliminate these barriers

This program is intended to assist in overcoming the major barriers most commonly encountered when implementing energy efficiency for the residential community. These barriers include:

a. *Limited customer understanding* - This program will inform participants of the opportunities and benefits of pursuing energy efficiency projects specific to their homes and individual needs. By engaging with customers at every step of the process, OG&E and the program's market partners will be able to ensure customer satisfaction and education throughout their participation.

b. *Upfront cost of EE measures* - OG&E will provide measure-based inducements to lower the upfront investment required from customers. The program will also provide a subset of EE measures at no out-of-pocket cost to the customer.
c. *Limited contractor knowledge or experience in EE* - OG&E will identify, engage, train, qualify, and continuously support select service providers, as a subset of the broader Trade Ally (TA) Network, in order to promote awareness and availability of energy-saving opportunities and inducements through OG&E programs. These efforts will promote skilled and program-compliant delivery of projects, increase overall EE knowledge within the contractor community, and drive additional business opportunities for participating contractors.
d. *Increased work for customers and contractors due to complicated participation processes:* The implementation team will provide a simple and accessible application submission and processing solution to improve the efficiency and visibility of the project inducement processing.
e. *Limited customer knowledge* – this program will inform participants of the opportunities and benefits of pursuing EE projects specific to their homes and will enable them to undertake low-to-no-cost, and low-effort first steps in their EE journey. Specifically through the Community Outreach channel, by engaging with students and their families, OG&E ensures a long-term engagement with the residential customers.
f. *Limited builder and contractor knowledge of program benefits*: The program is designed to engage local builders and contractors and provide continual training and educational materials on the benefits of EE, including program inducements, applicable tax credits, and resources to support them in educating potential customers on the benefits of purchasing EE homes. The program will also showcase high-performing builders and contractors in order to foster demand among customers of high-efficiency new homes and to encourage builders to pursue market-leading practices, beyond minimum-qualifying standards.

6. A description of research and public input that contributed to the development of the content of each Demand Program

To identify programs and measures for inclusion in OG&E's Oklahoma Demand Portfolio, OG&E's consultant TRC Companies (TRC) completed a thorough review of relevant data sources provided by OG&E and/or obtained from public sources including the following:

a. Customer usage and sales data
b. Applicable reports and studies, including annual reports, evaluations and potential studies
c. Public data mining including:
    i. Residential Energy Consumption Survey ("RECS")
    ii. Energy Information Administration ("EIA")
    iii. US Census Bureau

TRC used these data to develop a curated Program Plan, including a refined list of energy-saving measures and tailored program channels to promote market uptake of each measure to customers with diverse preferences, at different stages in their energy efficiency journeys. The data sources referenced above formed the context and basis for measure selection and channel refinement.

7. A report of the cost-effectiveness of each Demand Program and the Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy and demand savings, coincident demand factors, energy allocation factors for seasonal and for peak, off-peak, and shoulder periods, non-electric resource benefits, non-resource benefits, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs

This information is contained in the confidential TRC *ModelMaster* Program Design Model, which will be provided once a protective order is issued in this Case.

8. A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations

For avoided capacity, (1) OG&E assumes a simple cycle gas turbine as a proxy unit, with the best available technology to provide an efficient heat rate, installed at an existing station location and (2) The annualized capacity cost employs Real Economic Carrying Charge to determine Fixed Charge rate on generation unit and is escalated in continuing years due to inflation. The avoided energy is the forecasted load weighted average hourly market price for the following time periods: Summer on-peak, Summer off-peak, Winter on-peak, Winter off-peak and shoulder. Reserve margin is embedded in the avoided capacity cost calculation but transmission or distribution avoided costs are not included.

The retail cost projection used in the cost-effectiveness calculations is estimated at $0.10 per kWh. The discount rates used for the TRC, UCT, and the RIM tests are OG&E's weighted average cost of capital 7.31%, for the PCT test, a Bank of Oklahoma consumer rate of 4.30% published on March 2, 2021 is used for the discount rate and the SCT uses a 2.11% discount rate based on the 20-year T-bill rate published March 1, 2021 at treasury.gov. The line losses used in the cost-effectiveness tests are 7.83% and 7.25% for demand and energy respectively and are from OG&E's most recent line loss study which used 2018 as the test year.

9. A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned

Any changes that are anticipated during the life of the program will be made after OG&E considers feedback from stakeholders, including Trade Allies and other market partners working in the program, home builders, customers, and program manager input.

10. A plan for evaluation, measurement, and verification of performance and results of the demand portfolio and each program, including a plan for the use deemed savings, if applicable, or the use of statistical, if applicable, or the use of metering, where appropriate; provided that cost associated with the EM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget

OG&E will verify the accuracy and complete installation of measures to ensure projects meet program standards. A sample of participant homes submitted by OG&E trade allies will receive QA/QC inspections from OG&E or third party QA/QC contractors to ensure installation is complete and inputs to energy and demand savings calculations are properly recorded.

OG&E will contract with a third party, independent entity to perform evaluation, measurement, and verification activities. Measurement and verification of the Residential Solutions channel will rely on multiple approaches. Engineering review, billing analysis, and on-site inspection may all be used. The evaluator will use data collected for a sample of program participants to provide statistically valid estimates of net annual energy (kWh) and peak demand (kW) savings estimates at the program level.

The Positive Energy-New Home Construction channel will rely on building simulation modeling for a statistically valid sample of participating new homes. The modeling approach will involve collecting and inputting data for each User Defined Reference Home into a RESNET approved software to estimate annual energy consumption and load profile. The RESNET approved software will also be used to model a standard efficiency home built to code. Each sample home will then be compared to the standard, code compliant home to determine annual energy savings (kWh) and peak demand reduction (kW). To collect data for the building simulation modeling, the evaluator will request project documentation for each home as well as existing energy models. On-site verification visits may be used to verify measure installation and home characteristics.

For measures that are incented using the Consumer Products channel, the evaluator will review all invoices and project documentation provided to OG&E by retailer and/or manufacturer partners. Invoices will be compared to program tracking data to ensure the number of measures discounted is correctly reported. The evaluator may also perform in-store visits for a sample of participating retailers to ensure that program measures are properly discounted. In-store surveying of purchasing customers or general population surveying may be used to assess customer purchasing decisions and awareness of program discounts. Sales data from participating retailers will also be reviewed and statistical models may be built to estimate the impact of program discounts on sales quantities for program measures. For measures that are incented using the downstream channel (rebates, instant discounts with completed applications), the evaluator will select a sample of participating customers. The sample customers will be surveyed to verify the purchase and installation of program measures. The survey will also be used to assess customer purchasing decisions, program satisfaction, and related customer feedback. A subset of the survey sample may also be selected for on-site verification of measure installation.

In addition to the activities described above for determining program impacts on energy consumption and peak demand, the evaluator will conduct surveys with program participants, Trade Allies, and participating market partners to assess program processes and customer feedback. Interviews with program staff will also be conducted to provide input regarding program operations and any potential areas for program improvement.

The Community Outreach channel will consist of a database review and analysis of participant surveys. The evaluation contractor will review data collected by the implementation team to verify installed quantities, home characteristics, and baseline conditions. These data will be used to quantify savings associated with the incentivized measures.

11. A plan for evaluation of the market effects of each Demand Program or applicable group of programs

OG&E performs surveys to identify a customer's experience interacting with OG&E and their likelihood to refer OG&E to others. The surveys are sent to many customers who participate in OG&E's Demand Programs. The results of these surveys are used to evaluate the market effects of each OG&E program and identify ways to improve the portfolio of programs.

Additionally, OG&E uses the net promoter score test to identify each program's impact on customer loyalty. The net promoter score looks at the number of customers who promote OG&E by identifying those customers who rate OG&E a 9 or 10 on a scale of 0-10 and compare that number to the number of customers who rate OG&E a 6 or below on a scale of 0-10. The net promoter score is designed to be a higher level of ranking above the traditional customer satisfaction test because it measures the number of customers that promote OG&E programs to others versus those that will speak negatively of OG&E programs to others.

12. A plan for evaluation of administration and implementation of each Demand Program or applicable group of programs

OG&E's program management will be responsible for the day-to-day operations and coordination of HEEP and its contractors. Additionally, OG&E has a formal process to review the administration and the efficiency of each program. The process includes a monthly review of the program's performance, attainment of participation goals, and maintenance of budget. When there are administration concerns, desired changes, or implementation needs, the program manager follows the formal process and requests assistance from the management team.

13. A plan for ending a Demand Program, if applicable

In each agreement with its contractors, OG&E has a 90-day term notice of termination provision to give the supplier adequate time to finish providing services for all of the participants who have been recruited to the program. Additionally, the impact of customer recruitment messages designed to increase participation in a program may last for several months. As a result, OG&E would need approximately three (3) months to end HEEP. The exception is the Positive Energy-New Home Construction channel; due to the nature of homebuilding and the lead time from beginning construction to completion of a home, OG&E will need approximately twelve (12) months to properly end the Positive Energy-New Home Construction channel.

14. A process for amending a Demand Program

No amendments will be made to the program without informing the Oklahoma Corporation Commission. OG&E will follow the rules as stated in OAC 165:35-41-5(e) regarding amendments.

15. An annual budget for each Demand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

16. A report on how the demand portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector

This information is contained in the Direct Testimony of James Alexander.

17. A report on how the Demand Portfolio meets savings goals that may be in place at the time of filing

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

18. An estimate of expected savings in peak demand, energy use, and capacity, with location information about the source of savings if savings are not expected to be evenly distributed throughout the utility system

OG&E expects the savings provided by its Demand Program portfolio to be evenly distributed throughout the utility system.

19. Detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment and calculation of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable

OG&E proposes to recover program costs, lost net revenue and performance based incentives through the Energy Efficiency Program Rider ("EEP"). James Alexander's testimony in this case includes calculations of these costs.

20. Identification of the demand portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number

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Weatherization Residential Assistance Program ("WRAP")

1. A description of the intent of the Demand Portfolio as a whole

OG&E's 2025 Demand Portfolio is structured according to the requirements set forth in OAC 165:35-41-4(b). The Demand Portfolio includes comprehensive long-term energy efficiency programs, demand response programs, and an education program targeted to all customer classes. The portfolio is designed to provide energy savings and demand reduction for OG&E customers, minimize long-term cost of utility service, delay the need for new generation, and enable customers to better manage their energy use.

2. A description of the intent of each Demand Program

WRAP has been designed to achieve energy savings by helping to improve the comfort and reduce energy costs for OG&E's residential customers.

The key aspects consist of the following elements:

a. Customer Verification: Customers interested in the program will initially reach out to be confirmed as a pre-screened eligible customer within the service territory. After confirmation the customer will schedule an assessment of the home and undergo the pre-qualification assessment including health and safety, economic and technical requirements.
b. A comprehensive assessment of the customer's home: Qualified program assessors will conduct a comprehensive audit of the home and develop a recommended action plan of weatherization upgrades for the homeowner.
c. Installation of a set of weatherization measures: Qualified contractors and the customer review the recommended action plan for the customer's home, decide on the upgrades to be installed, and complete the installation.

3. A description and quantification of the target market of each Demand Program, differentiated by customer sectors

Residential customers may qualify for WRAP if they own, rent, or lease their single-family home, duplex, or mobile home and who have incomes at or below $60,000, or if they own multifamily units of which 66% are occupied by "hard-to-reach customers" as defined by OAC 165:35-41-3. These qualifications may be revised if deemed advisable to facilitate coordination with other income-qualified home energy rebate programs available in the market or otherwise address market need; any revisions will remain compliance with the EE program rules.

For qualifying multifamily homes, the landlord and tenant must sign a "Landlord/Owner of Rental Property Agreement" to participate in the program.

In addition to income qualifications, the following additional qualifications are also required:

a. Pre and post carbon monoxide ("CO") readings must meet the health and safety regulation specified by the Department of Energy ("DOE"). The carbon monoxide

testing is performed pre and post weatherization where there is a combustion appliance zone ("CAZ"). Unvented combustion wall/space heater as primary source of heat does not qualify (however, if appliance can be replaced, then weatherization can be performed).

b. A pre and post blower door test will be performed on each qualified home, recording Cubic Feet per Minute ("CFM") readings. A duct blaster test will be performed on homes with central air, (unless prohibited by factors beyond contractor control).

OG&E will identify potential WRAP participants by the following methods:

a. Using OG&E's LIAP data
b. OG&E will partner with social agencies to allow them to submit names of pre-qualified customers to OG&E.
c. OG&E will target market all residential customer classes including, but not limited to, those with disabilities, veteran status, those who qualify for social security or other limited income security, and high energy usage residential customers. OG&E will continue to pre-qualify customers utilizing OG&E's call center.
d. OG&E will provide basic energy conservation education to each customer participating in WRAP. This includes promoting behavioral changes, and education on how to control energy usage. A fact sheet will be provided that offers a simple, easy-to-understand list of safety and low-cost or no-cost energy saving practices which a customer may implement to further reduce energy consumption. Each customer will also be counseled by the contractor performing the improvements to inform the customer of the work completed, the purpose and value of the improvements, and other energy conservation tips.

4. A base line describing the state of the market that each Demand Program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards

A variety of resources, including the Arkansas Technical Reference Manual ("TRM"), the Texas TRM, other state and utility TRMs and technical workpapers, the ENERGY STAR product website, and studies authored by the Department of Energy ("DOE") were used to develop baselines for the state of the market that the HEEP program intends to address with each measure. The estimated useful life for each measure was based on the Arkansas TRM or California's Database for Energy Efficient Resources. Each of the resources are typically updated with the latest information regarding building codes and appliance/equipment energy standards. All General Service Lighting ("GSL") LED measures have been removed from the OG&E Demand Program Plan due to the federal minimum efficiency standards and high market saturation of GSL LEDs, as described further in the Direct Testimony of Witness Metzger.

5. A description of the barriers to investment in energy efficiency and demand response in the absence of each Demand Program and the ways each Demand Program will reduce or eliminate these barriers

a. *Limited customer understanding of EE opportunities and associated benefits* - This program will inform participants of the opportunities and benefits of pursuing energy efficiency projects specific to their home and individual needs. By engaging with customers at every step of the process, OG&E will promote customer satisfaction and education throughout participation.
b. *Perceived high initial cost to EE and lack of available financing* – Qualifying WRAP participants are often on fixed incomes with limited access to credit. OG&E will provide enhanced measure-based inducements (relative to those available to market-rate customers) to minimize or eliminate the upfront investment required from customers, which may involve layering additional rebates or financing opportunities available through the state or other program implementers. The channel will also provide the direct installation of a subset of EE measures at no out-of-pocket cost to the customer.
c. *Limited contractor knowledge or experience in EE* - OG&E will identify, engage, train, qualify, and continuously support select service providers, as a subset of the broader Trade Ally (TA) Network in order to promote awareness and availability of EE opportunities and inducements through OG&E programs. These efforts will promote skilled and program-compliant delivery of projects, increase overall EE knowledge within the contractor community, and drive additional business opportunities for participating contractors.
d. *Increased work for customers and contractors due to complicated participation processes* - The implementation team will provide a simple and accessible application submission and processing solution to improve the efficiency and visibility of project inducement processing.
e. *Split incentive between landlords and tenants:* In cases where a participant does not own their home, they have no equity stake in upgrades made to the property, while the property owner sees no direct energy benefits from paying for the upgrades. By engaging directly with property owners, WRAP addresses this barrier to provide certain EE upgrades at no cost.

6. A description of research and public input that contributed to the development of the content of each Demand Program

To identify programs and measures for inclusion in OG&E's Oklahoma Demand Portfolio, OG&E's consultant TRC Companies (TRC) completed a thorough review of relevant data sources provided by OG&E and/or obtained from public sources including the following:

a. Customer usage and sales data
b. Applicable reports and studies, including annual reports, evaluations and potential studies
c. Public data mining including:
    i. Residential Energy Consumption Survey ("RECS")
    ii. Energy Information Administration ("EIA")
    iii. US Census Bureau

TRC used these data to develop a curated Program Plan, including a refined list of energy-saving measures and tailored program channels to promote market uptake of each measure to customers with diverse preferences, at different stages in their energy efficiency journeys. The data sources referenced above formed the context and basis for measure selection and channel refinement.

7. A report of the cost-effectiveness of each Demand Program and the Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy and demand savings, coincident demand factors, energy allocation factors for seasonal and for peak, off-peak, and shoulder periods, non-electric resource benefits, non-resource benefits, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs

This information is contained in the confidential TRC *ModelMaster* Program Design Model, which will be provided once a protective order is issued in this Case.

8. A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations

For avoided capacity, (1) OG&E assumes a simple cycle gas turbine as a proxy unit, with the best available technology to provide an efficient heat rate, installed at an existing station location and (2) The annualized capacity cost employs Real Economic Carrying Charge to determine Fixed Charge rate on generation unit and is escalated in continuing years due to inflation. The avoided energy is the forecasted load weighted average hourly market price for the following time periods: Summer on-peak, Summer off-peak, Winter on-peak, Winter off-peak and shoulder. Reserve margin is embedded in the avoided capacity cost calculation but transmission or distribution avoided costs are not included.

The retail cost projection used in the cost-effectiveness calculations is estimated at $0.10 per kWh. The discount rates used for the TRC, UCT, and the RIM tests are OG&E's weighted average cost of capital 7.31%, for the PCT test, a Bank of Oklahoma consumer rate of 4.30% published on March 2, 2021 is used for the discount rate and the SCT uses a 2.11% discount rate based on the 20-year T-bill rate published March 1, 2021 at treasury.gov. The line losses used in the cost-effectiveness tests are 7.83% and 7.25% for demand and energy respectively and are from OG&E's most recent line loss study which used 2018 as the test year.

9. A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned

During previous implementation of the WRAP program, OG&E found that some of the program guidelines were too restrictive and created barriers to reaching our financially challenged customers. OG&E has also learned that many homes require minor structural improvements or

upgrades before weatherization can be performed. An R&D pilot was conducted under the 2022 Demand Portfolio to help these underserved and hard-to-reach customers by offering minor repairs. Based on the findings of the pilot, OG&E modified WRAP to address those issues. Any further proposed changes that may arise during the life of the program will be made after OG&E considers feedback from stakeholders, including Trade Allies and other market partners working in the program, home builders, customers, and program manager input.

10. A plan for evaluation, measurement, and verification of performance and results of the demand portfolio and each program, including a plan for the use deemed savings, if applicable, or the use of statistical, if applicable, or the use of metering, where appropriate; provided that costs associated with the IM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget

OG&E will verify the accuracy and complete installation of measures to ensure projects meet program standards. A sample of participant homes will receive QA/QC inspections from OG&E or third party QA/QC contractors to ensure installation is complete and inputs to energy and demand savings calculations are properly recorded.

OG&E will contract with a third party, independent entity to perform evaluation, measurement, and verification activities. Measurement and verification of WRAP will rely on multiple approaches. Engineering review, billing analysis, and on-site inspection may all be used. The evaluator will use data collected for a sample of program participants to provide statistically valid estimates of net annual energy (kWh) and peak demand (kW) savings estimates at the program level.

In addition to the activities described above for determining program impacts on energy consumption and peak demand, the evaluator will conduct surveys with program participants and Trade Allies to assess program processes, customer decision-making, and customer feedback. Interviews with program staff will also be conducted to provide input regarding program operations and any potential areas for program improvement.

11. A plan for evaluation of the market effects of each Demand Program or applicable group of programs

OG&E performs surveys to identify a customer's experience interacting with OG&E and their likelihood to refer OG&E to others. The surveys are sent to many customers who participate in OG&E's demand side management programs. The results of these surveys are used to evaluate the market effects of each OG&E program and identify ways to improve the portfolio of programs.

Additionally, OG&E uses the net promoter score test to identify each program's impact on customer loyalty. The net promoter score looks at the number of customers who promote OG&E by identifying those customers who rate OG&E a 9 or 10 on a scale of 0-10 and compare that number to the number of customers who rate OG&E a 6 or below on a scale of 0-10. The net promoter score is designed to be a higher level of ranking above the traditional customer satisfaction test because it measures the number of customers that promote OG&E programs to others versus those that will speak negatively of OG&E programs to others.

12. A plan for evaluation of administration and implementation of each Demand Program or applicable group of programs

OG&E is the program administrator for WRAP. OG&E's program management will be responsible for the day to day operations, coordination of the program and contractor(s), and performing a sample of post inspections on completed homes. Based on OG&E's experience with WRAP, OG&E believes it can continue to effectively monitor and improve this program.

13. A plan for ending a Demand Program, if applicable

In each agreement with its contractors, OG&E has a 90-day term notice of termination provision to give the supplier adequate time to finish providing services for all of the participants who have been recruited to the program. Additionally, the impact of customer recruitment messages designed to increase participation in a program may last for several months. As a result, OG&E would need approximately three (3) months to end WRAP.

14. A process for amending a Demand Program

No amendments will be made to the program without informing the Oklahoma Corporation Commission. OG&E will follow the rules as stated in OAC 165:35-41-5(e) regarding amendments.

15. An annual budget for each Demand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

16. A report on how the demand portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector

This information is contained in the Direct Testimony of James Alexander.

17. A report on how the Demand Portfolio meets savings goals that may be in place at the time of filing

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

18. An estimate of expected savings in peak demand, energy use, and capacity, with location information about the source of savings if savings are not expected to be evenly distributed throughout the utility system

OG&E expects the savings provided by its Demand Program portfolio to be evenly distributed throughout the utility system.

19. Detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment and calculation of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable

OG&E proposes to recover program costs, lost net revenue and performance based incentives through the Energy Efficiency Program Rider ("EEP"). James Alexander's testimony in this case includes calculations of these costs.

20. Identification of the demand portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number

Jessica A. King, Manager, Customer Programs and Energy Efficiency and Support
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SmartHours

1. A description of the intent of the Demand Portfolio as a whole

OG&E's 2025 Demand Portfolio is structured according to the requirements set forth in OAC 165:35-41-4(b). The Demand Portfolio includes comprehensive long-term energy efficiency programs, demand response programs, and an education program targeted to all customer classes. The portfolio is designed to provide energy savings and demand reduction for OG&E customers, minimize long-term cost of utility service, delay the need for new generation, and enable customers to better manage their energy use.

2. A description of the intent of each Demand Program

SmartHours promotes peak load management and enables participants to better manage their electricity usage and costs by providing residential and small commercial customers with inducements to reduce their consumption during times of high wholesale energy prices and/or system emergencies. Inducements are provided in the form of dynamic pricing for electricity, combined with in-home technology (i.e., smart thermostats and other controllable devices), targeted insights, and additional promotional activities to support customers' informed choices and capabilities to curtail usage and/or shift their consumption to lower-cost times. The SmartHours program includes two primary channels, providing participation options for customers with different degrees of interest and capability to manage their usage:

a. **SmartHours Daily**
   This channel includes a multi-level dynamic pricing rate with critical price event (CPE) days offered to both residential and small commercial customers. The rate encourages customers to reduce energy use during times of high stress on the electrical grid by increasing prices during defined hours designated as "on-peak." The on-peak window covers a five-hour period on weekdays.
b. **SmartHours Fixed**
   This channel includes two distinct and fixed time-based rate structures, which encourage customers to reduce their consumption during on-peak periods through higher on-peak prices and provides inducements in the form of lower off-peak prices.

3. A description and quantification of the target market of each Demand Program, differentiated by customer sectors

The target market for SmartHours includes all OG&E residential and small business customers with interest and capability to manage their energy consumption to: 1) understand the differentiated costs associated with energy consumption at different time periods throughout the day and year, 2) adopt technology and behavior to manage those costs, and 3) respond to price signals by reducing demand during peak times. It is estimated that customers with these interests and capabilities constitute approximately 20% of the population of residential and small business customer population.

4. A base line describing the state of the market that each Demand Program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards

The baseline that SmartHours is intended to address is the demand profile of a residential or small commercial customer that lacks incentive to shift energy consumption away from peak periods.

5. A description of the barriers to investment in energy efficiency and demand response in the absence of each Demand Program and the ways each program will reduce or eliminate these barriers

This program is intended to assist in overcoming the major barriers most commonly encountered when implementing load management programs in the residential and small business market. These barriers include:

a. *Lack of customer exposure to price signals that reflect utilities' differentiated costs to serve customers at various times throughout the day and year* – This channel will provide customers with the foundational education to understand the distinctions between energy consumption (kWh) and demand (kW), on-peak and off-peak times, and other foundational concepts, as well as direct communication of energy price levels that reflect OG&E's costs to serve these customers at high- vs low-demand times. This information will enable and motivate customers to make choices to consume energy that are in greater alignment with the costs of supplying that energy, resulting in market efficiencies and reduced system costs for all customers.

b. *Limited ability or high degree of effort required for customers to manage their energy consumption* – This channel – delivered in coordination with the EE portfolio – will provide customers with information regarding equipment and technology that can enhance their capabilities to respond to DR signals and to automate those responses, as well as financial inducements to adopt these measures or better leverage technologies that they have already adopted.

6. A description of research and public input that contributed to the development of the content of each Demand Program

To identify programs and measures for inclusion in OG&E's Oklahoma Demand Portfolio, OG&E's consultant TRC Companies (TRC) completed a thorough review of relevant data sources provided by OG&E and/or obtained from public sources including the following:

a. Customer usage and sales data
b. Applicable reports and studies, including annual reports, evaluations and potential studies
c. Public data mining including:
    i. Residential Energy Consumption Survey ("RECS")
    ii. Energy Information Administration ("EIA")
    iii. US Census Bureau

TRC used these data to develop a curated Program Plan, including a refined list of load management measures and tailored program channels to reach customers with diverse preferences, at different stages in their energy management journeys. The data sources referenced above formed the context and basis for measure selection and channel refinement.

7. A report of the cost-effectiveness of each Demand Program and the Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy and demand savings, coincident demand factors, energy allocation factors for seasonal and for peak, off-peak, and shoulder periods, non-electric resource benefits, non-resource benefits, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs

This information is contained in the confidential TRC *ModelMaster* Program Design Model, which will be provided once a protective order is issued in this Case.

8. A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations

For avoided capacity, (1) OG&E assumes a simple cycle gas turbine as a proxy unit, with the best available technology to provide an efficient heat rate, installed at an existing station location and (2) The annualized capacity cost employs Real Economic Carrying Charge to determine Fixed Charge rate on generation unit and is escalated in continuing years due to inflation. The avoided energy is the forecasted load weighted average hourly market price for the following time periods: Summer on-peak, Summer off-peak, Winter on-peak, Winter off-peak and shoulder. Reserve margin is embedded in the avoided capacity cost calculation but transmission or distribution avoided costs are not included.

The retail cost projection used in the cost-effectiveness calculations is estimated at $0.10 per kWh. The discount rates used for the TRC, UCT, and the RIM tests are OG&E's weighted average cost of capital 7.31%, for the PCT test, a Bank of Oklahoma consumer rate of 4.30% published on March 2, 2021 is used for the discount rate and the SCT uses a 2.11% discount rate based on the 20-year T-bill rate published March 1, 2021 at treasury.gov. The line losses used in the cost-effectiveness tests are 7.83% and 7.25% for demand and energy respectively and are from OG&E's most recent line loss study which used 2018 as the test year.

9. A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned

It is anticipated that results of the research and development activity proposed under this Demand Portfolio will offer insights to support the evolution of SmartHours. Any changes that are proposed during the life of the program will be made after OG&E considers feedback from stakeholders, including market partners working in the program, customers, and program manager input.

10. A plan for evaluation, measurement, and verification of performance and results of the demand portfolio and each program, including a plan for the use deemed savings, if applicable, or the use of statistical, if applicable, or the use of metering, where appropriate; provided that cost associated with the EM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget

OG&E will use a simple baseline approach to estimate impacts for the program after each critical day or CPE event. The baseline methodology will leverage one of the many industry standard baselines for mass market demand response programs including various comparison days and adjustments.

OG&E will contract with a third-party, independent entity to perform EM&V activities. EM&V of the SmartHours program will rely primarily on regression-based approaches leveraging AMI data, customer program tracking data, DR events and times, weather data, and system load data. The evaluator will estimate impacts for each individual combination of rate and sector. In addition, the evaluator will conduct regression analyses using an appropriate methodology and specification to estimate ex-post load reductions for each price day (including CPE days) on average, and for each individual CPE event. The evaluator will also produce an ex-ante weather normal impact for each price day that can be used to develop an ex-ante forecast over time. The evaluator will assess the performance of the regression models for accuracy and bias using an appropriate methodology that includes in and out of sample testing, plus estimates of mean absolute percent error (MAPE), mean percent error (MPE), and comparisons of root mean squared errors for candidate models. The regression-based approaches will target analysis of program level impacts with ±10% relative precision at the 90% confidence level.

In addition to the activities described above for determining program impacts on peak demand, the evaluator will conduct surveys with program participants and implementation staff to assess program processes, customer decision making, and customer feedback. Responses will be analyzed to identify potential areas for program improvement.

11. A plan for evaluation of the market effects of each Demand Program or applicable group of programs

OG&E performs surveys to identify a customer's experience interacting with OG&E and their likelihood to refer OG&E to others. The surveys are sent to many customers who participate in OG&E's Demand Programs. The results of these surveys are used to evaluate the market effects of each OG&E program and identify ways to improve the portfolio of programs.

Additionally, OG&E uses the net promoter score test to identify each program's impact on customer loyalty. The net promoter score looks at the number of customers who promote OG&E by identifying those customers who rate OG&E a 9 or 10 on a scale of 0-10 and compare that number to the number of customers who rate OG&E a 6 or below on a scale of 0-10. The net promoter score is designed to be a higher level of ranking above the traditional customer satisfaction test because it measures the number of customers that promote OG&E programs to others versus those that will speak negatively of OG&E programs to others.

12. A plan for evaluation of administration and implementation of each Demand Program or applicable group of programs

OG&E is the program administrator for SmartHours. OG&E's program management will be responsible for the day to day operations, coordination of the program and contractor(s), and overseeing EM&V activity. Based on OG&E's experience with SmartHours, OG&E believes it can continue to effectively monitor and improve this program.

13. A plan for ending a Demand Program, if applicable

SmartHours is unique in that its foundation rests on retail rates, and customer enrollment and impacts are driven through the programmatic infrastructure supported by the Demand Portfolio. Accordingly, SmartHours would not be brought to an end entirely if the Demand Program ended. However, in OG&E's agreement with its contractors, OG&E has a 90-day term notice of termination provision to give the supplier adequate time to finish providing services for all of the participants who have been recruited to the program. Additionally, the impact of customer recruitment messages designed to increase participation in a program may last for several months. As a result, OG&E would need approximately three (3) months to end SmartHours as a Demand Program. However, the retail rates forming the foundation of SmartHours would persist until modified in a rate case before the Commission.

14. A process for amending a Demand Program

No amendments will be made to the program without informing the Oklahoma Corporation Commission. OG&E will follow the rules as stated in OAC 165:35-41-5(e) regarding amendments.

15. An annual budget for each Demand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

16. A report on how the demand portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector

This information is contained in the Direct Testimony of James Alexander.

17. A report on how the Demand Portfolio meets savings goals that may be in place at the time of filing

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

18. An estimate of expected savings in peak demand, energy use, and capacity, with location information about the source of savings if savings are not expected to be evenly distributed throughout the utility system

OG&E expects the savings provided by its Demand Program portfolio to be evenly distributed throughout the utility system.

19. Detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment and calculation of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable

OG&E proposes to recover program costs, lost net revenue and performance based incentives through the Energy Efficiency Program Rider ("EEP"). James Alexander's testimony in this case includes calculations of these costs.

20. Identification of the demand portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number

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Commercial Energy Efficiency Program ("CEEP")

1. A description of the intent of the Demand Portfolio as a whole

OG&E's 2025 Demand Portfolio is structured according to the requirements set forth in OAC 165:35-41-4(b). The Demand Portfolio includes comprehensive long-term energy efficiency programs, demand response programs, and an education program targeted to all customer classes. The portfolio is designed to provide energy savings and demand reduction for OG&E customers, minimize long-term cost of utility service, delay the need for new generation, and enable customers to better manage their energy use.

2. A description of the intent of each Demand Program

CEEP is designed to address the needs of OG&E's commercial and industrial (C&I) customer base. Specifically, the program provides an umbrella of targeted participation channels and pathways that address a variety of participation barriers:

a. **Commercial and Industrial Solutions ("CIS") Channel**

The CIS channel provides technical resources and direct assistance to participants in order to quantify the savings and financial metrics of EE measures and process improvements. The channel offers a wide range of eligible measures and various pathways to participate, each with inducements to help customers achieve their energy savings goals and overcome barriers to investing in EE for their businesses. This channel also seeks to develop and educate a capable network of TAs to deliver EE technologies and services to OG&E's C&I customers.

Prescriptive Path*:* OG&E provides C&I customers with an extensive option set of pre-defined energy-saving measures, for which they can earn inducements on a per-unit basis. These prescriptive measures are promoted to C&I customers through marketing, direct outreach, and via qualified TAs who sell or install eligible measures.

Custom Path: OG&E provides technical assistance to customers in identifying efficiency opportunities that may be outside of the prescriptive measure list, determining corresponding energy savings, and analyzing associated costs and savings. Projects incentivized through the custom path require pre-approval to verify measure costs and savings, with inducements provided upon completion on a $/kWh saved-basis, with rates varying by end use category (e.g., lighting, HVAC, refrigeration, etc.). Bonus opportunities may be available at specified times throughout the program cycle, as announced by OG&E, to allow customers to earn enhanced inducements for EE projects with high potential for energy savings. These opportunities may take the form of a reverse auction style, where OG&E would request competitive bids for large energy-saving projects with limited-time enhanced inducement rates tailored to each facility's needs and benefits.

Continuous Energy Improvement (CEI) Path: The CEI path is targeted at specific, large C&I customers who experience unique barriers to EE such as conflicting organizational goals, outdated procurement specifications, limited technical resources, and rigid

energy budgeting. The CEI path involves deep engagement between program energy coaches and participants to support the identification and implementation of opportunities for low- to no-cost savings, with an ultimate goal of leveraging the customer awareness and cost-savings gained from CEI to achieve deeper savings through the complementary CEI pathways.

Retro-Commissioning (RCx) Path: The RCx path supports customers in achieving low-cost energy savings as a gateway to pursue capital upgrades. Through the RCx path, facilities that meet minimum size and/or energy consumption requirements work with qualified engineering service providers to holistically examine specific mechanical and production systems and identify opportunities for low-cost improvements, such as compressed air leak repairs or scheduling adjustments to building energy management systems. The energy-savings potential of these improvements is then calculated and submitted to the implementation team for pre-approval before the measures are implemented and inducements paid upon completion. RCx studies may result in recommendations for capital system improvements, which may be addressed through the prescriptive and custom pathways. The RCx path will enable participation through both the full RCx track or an express "find-and-fix" track which enables select, qualified TAs to identify and implement low-cost measures below an established savings threshold in a single site visit (i.e., without pre-approval).

The Schools and Government Efficiency (SAGE) channel implemented in prior Demand Portfolios will retain its impacts under the CIS channel in the 2025 Demand Portfolio, in the form of a dedicated outreach strategy to deliver no-cost assessments and energy coaching for targeted C&I customer segments, which will include but not be limited to school and government customers. This adjustment is intended to eliminate silos within the portfolio, allow C&I customers to more seamlessly couple low- to no-cost operational savings with capital improvements, and enable flexibility over the program cycle to deliver targeted support to additional under-served or hard-to-reach C&I customer segments.

b. **Small Business Solutions ("SBS") Channel**

The CEEP SBS channel is targeted to OG&E small business customers that have an annual peak demand of 250 kW or less. channel may offer facility energy assessments, direct installation of EE measures, enhanced inducements (relative to the CIS prescriptive pathway) for a suite of EE upgrades, and kits of low-cost EE technologies that are coupled with educational materials. The channel provides additional educational opportunities for small business owners to become more informed on the positive effect EE investment decisions and DR program participation can have on their operations.

c. **Midstream Channel**

The midstream channel offers point-of-sale rebates for pre-qualified products to OG&E business customers through participating local and national distributors and retailers. Midstream partners can offer a wide range of rebates across multiple

product lines, to both contractors and end users. Partners will provide project information to the program administrator to verify customer eligibility and receive inducements via discounted product prices.

3. A description and quantification of the target market of each Demand Program, differentiated by customer sectors

The CIS channel primarily targets customers with demand over 250 kW. Within CIS, the RCx channel is targeted toward those facilities with relatively high energy use intensity, and the CEI path is targeted toward large C&I customers who experience unique barriers to EE such as conflicting organizational goals, outdated procurement specifications, limited technical resources, and rigid energy budgeting. Small business customers are not precluded from participating in CIS but often find the SBS and Midstream channels to be more appropriate for their needs. SBS is designed to minimize market barriers to energy efficiency implementation for small business owners consuming under 250 kW, or multiple meters under 250 kW.

4. A base line describing the state of the market that each Demand Program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards

A variety of resources, including the Arkansas Technical Reference Manual ("TRM"), the Texas TRM, other state and utility TRMs and technical workpapers, the ENERGY STAR product website, and studies authored by the Department of Energy ("DOE") were used to develop baselines for the state of the market that the CEEP program intends to address with each measure. The estimated useful life for each measure was based on the Arkansas TRM or California's Database for Energy Efficient Resources. Each of the resources are typically updated with the latest information regarding building codes and appliance/equipment energy standards.

5. A description of the barriers to investment in energy efficiency and demand response in the absence of each program and the ways each Demand Program will reduce or eliminate these barriers.

This program is intended to assist in overcoming the major barriers most commonly encountered when implementing energy efficiency with C&I customers. These barriers include:

a. *Limited available capital for improvements or competing capital expenditure priorities* – This channel provides resources and training to support contractors and customers in understanding and quantifying financial benefits resulting from energy and non-energy impacts of EE projects. It will also promote awareness and facilitate coordination with third-party financing/funding opportunities for C&I EE projects, including state and federal loan and grant programs.
b. *Lack of engineering and technical skills to manage complex EE projects* – This channel will recruit, qualify, and oversee a network of TAs and specialized service providers to support C&I customers in completing advanced EE projects. The implementation team will also retain technical staff to provide direct support to customers and contractors and review complex projects.

6. A description of research and public input that contributed to the development of the content of each Demand Program

To identify programs and measures for inclusion in OG&E's Oklahoma Demand Portfolio, OG&E's consultant TRC Companies (TRC) completed a thorough review of relevant data sources provided by OG&E and/or obtained from public sources including the following:

a. Customer usage and sales data
b. Applicable reports and studies, including annual reports, evaluations and potential studies
c. Public data mining including:
    i. Commercial Building Energy Consumption Survey ("CBECS")
    ii. Energy Information Administration ("EIA")
    iii. US Census Bureau

TRC used these data to develop a curated Program Plan, including a refined list of energy-saving measures and tailored program channels to promote market uptake of each measure to customers with diverse preferences, at different stages in their energy efficiency journeys. The data sources referenced above formed the context and basis for measure selection and channel refinement.

7. A report of the cost-effectiveness of each Demand Program and the Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy and demand savings, coincident demand factors, energy allocation factors for seasonal and for peak, off-peak, and shoulder periods, non-electric resource benefits, non-resource benefits, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs

This information is contained in the confidential TRC *ModelMaster* Program Design Model, which will be provided once a protective order is issued in this Case.

8. A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations

For avoided capacity, (1) OG&E assumes a simple cycle gas turbine as a proxy unit, with the best available technology to provide an efficient heat rate, installed at an existing station location and (2) The annualized capacity cost employs Real Economic Carrying Charge to determine Fixed Charge rate on generation unit and is escalated in continuing years due to inflation. The avoided energy is the forecasted load weighted average hourly market price for the following time periods: Summer on-peak, Summer off-peak, Winter on-peak, Winter off-peak and shoulder. Reserve margin is embedded in the avoided capacity cost calculation but transmission or distribution avoided costs are not included.

The retail cost projection used in the cost-effectiveness calculations is estimated at $0.10 per kWh. The discount rates used for the TRC, UCT, and the RIM tests are OG&E's weighted average cost of capital 7.31%, for the PCT test, a Bank of Oklahoma consumer rate of 4.30% published on March 2, 2021 is used for the discount rate and the SCT uses a 2.11% discount rate based on the 20-year T-bill rate published March 1, 2021 at treasury.gov. The line losses used in the cost-effectiveness tests are 7.83% and 7.25% for demand and energy respectively and are from OG&E's most recent line loss study which used 2018 as the test year.

9. A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned

Any changes that are anticipated during the life of the program will be made after OG&E considers feedback from stakeholders, including Trade Allies and other market partners working in the program, customers, and program manager input.

10. A plan for evaluation, measurement, and verification of performance and results of the demand portfolio and each program, including a plan for the use deemed savings, if applicable, or the use of statistical, if applicable, or the use of metering, where appropriate; provided that costs associated with the EM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget

OG&E will verify the accuracy and complete installation of measures to ensure projects meet program standards. A sample of participant facilities will receive QA/QC inspections from OG&E staff or third party QA/QC contractors to ensure installation is complete and inputs to energy and demand savings calculations are properly recorded.

OG&E will contract with a third party, independent entity to perform evaluation, measurement, and verification activities. Measurement and verification of the CIS channel will rely on engineering review and on-site verification for a sample of completed projects. The sample will be designed to allow for an analysis of program level gross impacts with ±10% relative precision at the 90% confidence level. For projects that are sampled, the evaluator will conduct an engineering review of all project documentation and savings estimates.

The evaluator will check for the appropriate use of deemed savings values, engineering algorithms, building simulation modeling, and/or billing analysis. Projects that receive inducement through the performance program track will likely involve reviewing deemed savings and engineering algorithms. Projects receiving inducement through the custom program track may require more project specific analysis such as building simulation or billing analysis, depending on the energy efficiency measures installed.

On-site M&V visits will also be used to verify measure installation, measure counts, facility characteristics, and any specific inputs to savings calculations. During the on-site visits data will be collected through interviews with facility staff; review of any pertinent documents, records, or equipment schedules; visual inspection of measures and measure attributes; and, where appropriate, direct measurement of energy usage or operating characteristics relevant to the project

energy savings calculations. Data collected on-site will be used to verify or update assumptions used for reported project savings.

For the SBS channel, on-site M&V visits will also be conducted for the sampled projects The on-site visits will be used to verify measure installation, measure counts, facility characteristics, and any specific inputs to deemed or partially deemed savings calculations. During the on-site visits, data will be collected through interviews with facility staff; review of any pertinent documents, records, or equipment schedules; visual inspection of measures and measure attributes; and, where appropriate, direct measurement of energy usage or operating characteristics relevant to the project energy savings calculations. Data collected on-site will be used to verify or update assumptions used for reported project savings.

In addition to the activities described above for determining program impacts on energy consumption and peak demand, the evaluator will conduct surveys with program participants and trade allies to assess program processes, customer decision-making, and customer feedback. Interviews with program staff will also be conducted to provide input regarding program operations and any potential areas for program improvement.

11. A plan for evaluation of the market effects of each Demand Program or applicable group of programs

OG&E performs surveys to identify a customer's experience interacting with OG&E and their likelihood to refer OG&E to others. The surveys are sent to many customers who participate in OG&E's demand side management programs. The results of these surveys are used to evaluate the market effects of each OG&E program and identify ways to improve the portfolio of programs.

Additionally, OG&E uses the net promoter score test to identify each program's impact on customer loyalty. The net promoter score looks at the number of customers who promote OG&E by identifying those customers who rate OG&E a 9 or 10 on a scale of 0-10 and compare that number to the number of customers who rate OG&E a 6 or below on a scale of 0-10. The net promoter score is designed to be a higher level of ranking above the traditional customer satisfaction test because it measures the number of customers that promote OG&E programs to others versus those that will speak negatively of OG&E programs to others.

12. A plan for evaluation of administration and implementation of each Demand Program or applicable group of programs

OG&E will have dedicated program management that will be responsible for the day-to-day operations and coordination of the program and its contractors. Additionally, OG&E has a formal process to review the administration and the efficiency of each program. The process includes a monthly review of the program's performance, attainment of participation goals, and maintenance of budget. When there are administration concerns, desired changes, or implementation needs, the program manager follows the formal process and requests assistance from the Management team.

13. A plan for ending a Demand Program, if applicable

In each agreement with its contractors, OG&E has a 90-day term notice of termination provision to give the supplier adequate time to finish providing services for all of the participants who have been recruited to the program. Additionally, the impact of customer recruitment messages designed to increase participation in a program may last for several months. As a result, OG&E will need approximately three (3) months to end the CEEP program.

14. A process for amending a Demand Program

No amendments will be made to the program without informing the Oklahoma Corporation Commission. OG&E will follow the rules as stated in OAC 165:35-41-5(e) regarding amendments.

15. An annual budget for each Demand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

16. A report on how the demand portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector

This information is contained in the Direct Testimony of James Alexander.

17. A report on how the Demand Portfolio meets savings goals that may be in place at the time of filing

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

18. An estimate of expected savings in peak demand, energy use, and capacity, with location information about the source of savings if savings are not expected to be evenly distributed throughout the utility system

OG&E expects the savings provided by its Demand Program portfolio to be evenly distributed throughout the utility system.

19. Detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment and calculation of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable

OG&E proposes to recover program costs, lost net revenue and performance based incentives through the Energy Efficiency Program Rider ("EEP"). James Alexander's testimony in this case includes calculations of these costs.

20. Identification of the demand portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number

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Business Demand Response ("BDR")

1. A description of the intent of the Demand Portfolio as a whole

OG&E's 2025 Demand Portfolio is structured according to the requirements set forth in OAC 165:35-41-4(b). The Demand Portfolio includes comprehensive long-term energy efficiency programs, demand response programs, and an education program targeted to all customer classes. The portfolio is designed to provide energy savings and demand reduction for OG&E customers, minimize long-term cost of utility service, delay the need for new generation, and enable customers to better manage their energy use.

2. A description of the intent of each Demand Program

The BDR Program is designed to achieve demand and energy savings by providing medium and large C&I customers the resources necessary to identify and take advantage of DR opportunities. The BDR program implementer will support customers in identifying opportunities to curtail their energy usage when called upon by OG&E and developing customized energy reduction plans. Through BDR, participants will commit to curtailing load during specified event periods and will receive inducements for their demonstrated load reduction during times of high wholesale energy prices and/or system emergencies.

3. A description and quantification of the target market of each Demand Program, differentiated by customer sectors

The target market for BDR includes commercial and industrial (C&I) customers with the capability to curtail load when called upon. While there is no required minimum demand threshold, the program will target customers with greater than 200 kW of demand and the capability to curtail a minimum of 25 kW when called upon. Specific customer segments anticipated to have higher propensity to participate include industrial customers with flexibility in their process schedules and/or back-up generators, cold storage facilities, and large institutional facilities with the capability to raise HVAC setpoints or otherwise reduce load during curtailment events.

4. A base line describing the state of the market that each Demand Program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards

The baseline that BDR is intended to address is the demand profile of a C&I customer that lacks incentive to shift energy consumption away from peak periods.

5. A description of the barriers to investment in energy efficiency and demand response in the absence of each program and the ways each Demand Program will reduce or eliminate these barriers.

The program is designed to minimize market barriers to DR for medium and large C&I customers with capability to curtail load on relatively short notice. These include:

a. *Insufficient economic signals to encourage medium and large C&I customers to curtail usage during system peak or other high-cost times*: The program will overcome this barrier by providing customers with financial inducements to supplement their retail rate structure and motivate customer curtailment during events designated by OG&E.
b. *Limited understanding among customers of curtailable load and efficient processes for achieving curtailment via technology enablement*: This program will provide one-on-one coaching to customers to support their development of load curtailment plans and improve event performance, as needed.

6. A description of research and public input that contributed to the development of the content of each Demand Program

To identify programs and measures for inclusion in OG&E's Oklahoma Demand Portfolio, OG&E's consultant TRC Companies (TRC) completed a thorough review of relevant data sources provided by OG&E and/or obtained from public sources including the following:

a. Customer usage and sales data
b. Applicable reports and studies, including annual reports, evaluations and potential studies
c. Public data mining including:
    i. Commercial Building Energy Consumption Survey ("CBECS")
    ii. Energy Information Administration ("EIA")
    iii. US Census Bureau

TRC used these data to develop a curated Program Plan, including a program delivery approach to reach customers with diverse usage profiles and business operations. The data sources referenced above formed the context and basis for program design.

7. A report of the cost-effectiveness of each Demand Program and the Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy and demand savings, coincident demand factors, energy allocation factors for seasonal and for peak, off-peak, and shoulder periods, non-electric resource benefits, non-resource benefits, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs

This information is contained in the confidential TRC *ModelMaster* Program Design Model, which will be provided once a protective order is issued in this Case.

8. A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations

For avoided capacity, (1) OG&E assumes a simple cycle gas turbine as a proxy unit, with the best available technology to provide an efficient heat rate, installed at an existing station location and (2) The annualized capacity cost employs Real Economic Carrying Charge to determine Fixed Charge rate on generation unit and is escalated in continuing years due to

inflation. The avoided energy is the forecasted load weighted average hourly market price for the following time periods: Summer on-peak, Summer off-peak, Winter on-peak, Winter off-peak and shoulder. Reserve margin is embedded in the avoided capacity cost calculation, but transmission or distribution avoided costs are not included.

The retail cost projection used in the cost-effectiveness calculations is estimated at $0.10 per kWh. The discount rates used for the TRC, UCT, and the RIM tests are OG&E's weighted average cost of capital 7.31%, for the PCT test, a Bank of Oklahoma consumer rate of 4.30% published on March 2, 2021 is used for the discount rate and the SCT uses a 2.11% discount rate based on the 20-year T-bill rate published March 1, 2021 at treasury.gov. The line losses used in the cost-effectiveness tests are 7.83% and 7.25% for demand and energy respectively and are from OG&E's most recent line loss study which used 2018 as the test year.

9. A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned

Any changes that are anticipated during the life of the program will be made after OG&E considers feedback from stakeholders, including Trade Allies and other market partners working in the program, customers, and program manager input.

10. A plan for evaluation, measurement, and verification of performance and results of the demand portfolio and each program, including a plan for the use deemed savings, if applicable, or the use of statistical, if applicable, or the use of metering, where appropriate; provided that costs associated with the EM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget

OG&E will use a calculated baseline load (CBL) methodology to determine each participant's kW savings associated with a DR curtailment event. A CBL approach applies an algorithm to develop a site-specific baseline for each day by using historic metered usage data. This model is calibrated to best match recent operational and/or weather patterns. Then, the model is used to calculate facility demand usage for each hour of the event day absent a curtailment event. The CBL is then compared to the actual measured average hourly demand (kW) during the committed curtailment event. The difference between the calculated hourly baseline and the actual measured hourly usage during the event equals the hourly impact kW achieved during the event for each customer.

OG&E will contract with a third-party, independent entity to perform EM&V activities. EM&V of the BDR Program will rely primarily on regression-based approaches utilizing customer billing data, program tracking data, DR events and times, weather data, and system load data. The evaluator will conduct regression analysis at the aggregate or individual participant level to estimate the ex-post (actual) load reductions associated with DR events. The evaluator will also produce an ex-ante weather normal impact for an average event day that can be used to develop an ex-ante forecast over time. The evaluator will assess the performance of the regression models for accuracy and bias using an appropriate methodology that includes in and out of sample testing, plus estimates of mean absolute percent error (MAPE), mean percent error (MPE), and

comparisons of root mean squared errors (RMSE) for candidate models. The regression-based approaches will target analysis of program level impacts with ±10% relative precision at the 90% confidence level.

In addition to the activities described above for determining program impacts on peak demand, the evaluator will conduct surveys with program participants and implementation staff to assess program processes, customer decision making, and customer feedback. Responses will be analyzed to identify potential areas for program improvement.

11. A plan for evaluation of the market effects of each Demand Program or applicable group of programs

OG&E performs surveys to identify a customer's experience interacting with OG&E and their likelihood to refer OG&E to others. The surveys are sent to many customers who participate in OG&E's demand side management programs. The results of these surveys are used to evaluate the market effects of each OG&E program and identify ways to improve the portfolio of programs.

Additionally, OG&E uses the net promoter score test to identify each program's impact on customer loyalty. The net promoter score looks at the number of customers who promote OG&E by identifying those customers who rate OG&E a 9 or 10 on a scale of 0-10 and compare that number to the number of customers who rate OG&E a 6 or below on a scale of 0-10. The net promoter score is designed to be a higher level of ranking above the traditional customer satisfaction test because it measures the number of customers that promote OG&E programs to others versus those that will speak negatively of OG&E programs to others.

12. A plan for evaluation of administration and implementation of each Demand Program or applicable group of programs

OG&E will have dedicated program management that will be responsible for the day-to-day operations and coordination of the program and its contractors. Additionally, OG&E has a formal process to review the administration and the efficiency of each program. The process includes a monthly review of the program's performance, attainment of participation goals, and maintenance of budget. When there are administration concerns, desired changes, or implementation needs, the program manager follows the formal process and requests assistance from the Management team.

13. A plan for ending a Demand Program, if applicable

In each agreement with its contractors, OG&E has a 90-day term notice of termination provision to give the supplier adequate time to finish providing services for all of the participants who have been recruited to the program. Additionally, the impact of customer recruitment messages designed to increase participation in a program may last for several months. As a result, OG&E will need approximately three (3) months to end the BDR program.

14. A process for amending a Demand Program

No amendments will be made to the program without informing the Oklahoma Corporation Commission. OG&E will follow the rules as stated in OAC 165:35-41-5(e) regarding amendments.

15. An annual budget for each Demand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs

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16. A report on how the demand portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector

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18. An estimate of expected savings in peak demand, energy use, and capacity, with location information about the source of savings if savings are not expected to be evenly distributed throughout the utility system

OG&E expects the savings provided by its Demand Program portfolio to be evenly distributed throughout the utility system.

19. Detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment and calculation of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable

OG&E proposes to recover program costs, lost net revenue and performance based incentives through the Energy Efficiency Program Rider ("EEP"). James Alexander's testimony in this case includes calculations of these costs.

20. Identification of the demand portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number

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Education Program

1. A description of the intent of the Demand Portfolio as a whole

OG&E's 2025 Demand Portfolio is structured according to the requirements set forth in OAC 165:35-41-4(b). The Demand Portfolio includes comprehensive long-term energy efficiency programs and an education program targeted to all customer classes. The portfolio is designed to provide energy savings and demand reduction for OG&E customers, minimize long-term cost of utility service, delay the need for new generation, and enable customers to better manage their energy use.

2. A description of the intent of each Demand Program

The Education Program is designed to help both residential and C&I customers make informed decisions about their energy use and participate in programs that will help them manage their energy costs, by overcoming the primary, prevalent barrier of a lack of awareness and understanding of the benefits of EE and DR and the opportunities available for customers to be compensated for grid services that they are capable of providing.

3. A description and quantification of the target market of each Demand Program, differentiated by customer sectors

All residential, commercial and industrial customers are the target market for this program.

4. A base line describing the state of the market that each Demand Program is intended to address, taking into account applicable building energy codes and appliance and equipment energy standards

N/A.

5. A description of the barriers to investment in energy efficiency and demand response in the absence of each Demand Program and the ways each Demand Program will reduce or eliminate these barriers

The primary residential implementation barrier is lack of information. Much of the customer population is unable to obtain adequate information about their energy usage and the simplest and most cost-effective ways to reduce it without sacrificing comfort or convenience. Other customers may have access to the information but allow other factors to drive decision-making in equipment and services purchasing.

To overcome this barrier, OG&E will take a multi-faceted approach designed to accomplish the programs' goal of contributing to the creation of a culture of energy efficiency awareness, knowledge and consciousness.

a. Encourage residential customers to attend an OG&E training on how to reduce your electricity costs through awareness, reduced consumption, time of use rates, and energy efficiency programs offered by OG&E.
b. Inform customers through a large scale educational campaign through various media of the numerous simple ways in which they can reduce their energy use.
c. Provide educational opportunities for commercial and industrial customers to learn about energy efficient upgrades and demand response opportunities and inducement programs to change behavior.

6. A description of research and public input that contributed to the development of the content of each Demand Program

Customer input collected by program implementation staff on an ongoing basis, as well as independent research guides development of the education program. The ongoing customer engagement and research shows that customers have an energy knowledge barrier. They lack the knowledge to make energy efficient improvements and load management decisions that support the grid. Research shows they would make those improvements if educated. The initiatives undertaken through the Education Program are designed to inform and educate the customers so they can make knowledgeable decisions about their energy use.

7. A report of the cost-effectiveness of each Demand Program and the Demand Portfolio, including program and measure-level supporting data which shall include, but not be limited to, cost-effectiveness screening assumptions of gross and net energy and demand savings, coincident demand factors, energy allocation factors for seasonal and for peak, off-peak, and shoulder periods, non-electric resource benefits, non-resource benefits, participation and/or measure unit numbers, inducement levels, measure cost, and other non-inducement program costs

N/A

8. A detailed description of the derivation of the energy, generation, and transmission and distribution avoided costs, retail cost projections, reserve margins, discount rates, and average and peak line loss assumptions used in the cost-effectiveness calculations

N/A

9. A description of how each Demand Program is expected to change over its course to reflect expected changes in market penetration, technology, and other market information, as well as lessons learned

N/A

10. A plan for evaluation, measurement, and verification of performance and results of the demand portfolio and each program, including a plan for the use deemed savings, if applicable, or the use of statistical, if applicable, or the use of metering, where appropriate;

provided that costs associated with the EM&V plan shall not exceed five percent (5%) of the total three-year Demand Portfolio budget

N/A

11. A plan for evaluation of the market effects of each Demand Program or applicable group of programs

N/A

12. A plan for evaluation of administration and implementation of each Demand Program or applicable group of programs

OG&E will have one dedicated program manager that will be responsible for the day-to-day operations and coordination of the Education Program. Additionally, OG&E has a formal process to review the administration and the efficiency of each program. The process includes a monthly review of the program's performance, attainment of participation goals, and maintenance of budget.

13. A plan for ending a Demand Program, if applicable

Due to the scheduling of the programs in advance, OG&E would provide any potential audience a minimum of 30 days' notice of a program cancellation and would offer to find an alternative program for the meeting. OG&E would provide a 30-day notice by mass media advertising of its intent to cancel the commercial energy survey program.

14. A process for amending a Demand Program

No amendments will be made to the program without informing the Oklahoma Corporation Commission. OG&E will follow the rules as stated in OAC 165:35-41-5(e) regarding amendments.

15. An annual budget for each Demand Program, providing detail for program costs, and differentiating evaluation, measurement, and verification costs from other program costs

This information is contained in Direct Exhibit IM-1 to Witness Metzger's testimony.

16. A report on how the demand portfolio is expected to affect rates, sales, average bills and total revenue requirement for each customer sector

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18. An estimate of expected savings in peak demand, energy use, and capacity, with location information about the source of savings if savings are not expected to be evenly distributed throughout the utility system

OG&E expects the savings provided by its Demand Program portfolio to be evenly distributed throughout the utility system.

19. Detailed explanation of the utility's request for recovery of prudently incurred program costs, recoupment and calculation of lost net revenue, and additional incentives the utility proposes it requires to make the programs workable

OG&E proposes to recover program costs, lost net revenue and performance based incentives through the Energy Efficiency Program Rider ("EEP"). James Alexander's testimony in this case includes calculations of these costs.

20. Identification of the demand portfolio administrator, including name, job title, business postal address, business electronic mail address, and business telephone number

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