



What are the major factors/principles that should be taken into consideration when setting the cap levels?

- Financially Efficient
 - Utilize efficiency, clean combined heat and power and renewable offsets.
 - Minimize administrative burden and support a speedy implementation.
- Business Certainty
 - Certainty of cap, time frame and expansion to other sectors.
 - Certainty that value of reductions is not diminished i.e. leakage.
 - Certainty of baseline.



What are the major factors/principles that should be taken into consideration when setting the cap levels?

- Flexibility:
 - Timing flexibility
 - Reduction methodology flexibility



Where does this lead you in terms of recommending where the actual cap should be set?

- Modeling results and their impacts need to be completed to determine levels as well as timing.
- The cost effectiveness of different cap levels should be evaluated. Efficiency, conservation and clean CHP should be targeted focus.
- DSM provides both business value and environmental benefits.



Where does this lead you in terms of recommending where the actual cap should be set?

- Best economic results for the cap chosen:
 - Set a cap that matches the economical potential of efficiency and allow necessary time to get it done.
- If the economic potential is not sufficient, consider other reduction opportunities.



How should a cap change over time, and what other cap-related mechanics do you think are important?

- Cap should be gradually phased in to provide adequate time for transition and technology innovation.
- Updating allocation based cap with an efficiency funding requisite.
- Utilize existing demand side management programs but with additional funds through allocations WITHIN the Cap (allowance set asides and a climate change fund that is paid into by RGGI affected companies).
- Evaluate modeling and conservation impact/ potential before determining if additional efforts are required.



How should a cap change over time, and what other cap-related mechanics do you think are important?

- UTC Potential:

- Reduced consumption by 5% over past two years.
- Another 5% if ROI improves.
- Incentives to improve ROI will enhance program performance:
 - Our operations to seek out incentives if financially attractive and minimal hurdles.