

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Verification of)
the Energy Efficiency and Peak Demand)
Reductions Achieved by the Electric)
Distribution Utilities Pursuant to Section)
4928.66, Revised Code)

Case No. 12-665-EL-UNC

**COMMENTS
BY THE
SIERRA CLUB AND CITIZEN POWER**

I. Introduction

The Sierra Club and Citizen Power respectfully submit these Comments in response to the *Response of the Independent Evaluator* filed in the above captioned docket on August 29, 2012 by Staff on behalf of Evergreen Economics¹ (“Evergreen Report” or “Report”). Although we agree with some of the recommendations made by the Independent Evaluator, the Evergreen Report did not fully meet the objectives set out by the Public Utilities Commission of Ohio (“PUCO”) in the 3/17/12 Entry in Case No. 09-512-GE-UNC.

II. The Report Should be Supplemented with Cost-Effectiveness Information, a Comprehensive Independent Estimate of Program Savings and Transmission and Distribution Information.

¹ The Independent Evaluator report was developed by Evergreen Economics, Itron, Inc., Michaels Engineering, and Phil Willems/PWP, collectively referred to as “Evergreen”.

Specifically, the identified scope of the individual evaluator in Section 6 of that Entry included a determination of program and portfolio cost-effectiveness. The Evergreen Report is deficient in providing necessary information regarding the cost-effectiveness of the utility DSM programs or projects undertaken by mercantile customers. Sierra Club and Citizen Power recommend that the Commission direct Evergreen Economics to supplement the Evergreen Report with cost information and a comprehensive evaluation of the TRC scores.

On page *i* of Volume 1 of the Evergreen Report, Evergreen identifies the stated goals of the Independent Evaluator:

As part of this process, the PUCO identified two primary objectives for the Independent Evaluator:

1. Develop independent savings estimates of program savings, cost effectiveness, and non-energy benefits for utility Demand Side Management (DSM) programs, transmission and distribution (T&D) measures, and projects undertaken by mercantile customer; and
2. Provide assurance that claimed measures are properly installed and utilized through due diligence audits and inspections for a sample of projects.

Additional objectives include the following:

3. Improve the design and implementation of existing and future DSM programs through limited and focused process evaluations and targeted research efforts;
4. Support the PUCO in developing a best-of-class evaluation infrastructure for utility efficiency programs; and
5. Develop and initiate long-term evaluation plans to understand issues such as persistence of savings, measure retention and market effects relating to market transformation.

However, many of the objectives identified in point one above are not addressed in the Evergreen Report. First, there is no comprehensive independent estimate of program savings. As

identified by Evergreen, the origins of the *ex ante* savings are not clear in the Portfolio Status Updates and the evaluation reports. On page 12 of the Report, Evergreen recommends that beginning in 2012 that “a comprehensive listing of all *ex ante* savings values and full report citations be compiled for future reference.” Sierra Club and Citizen Power believe that a proper analysis of the true savings of the 2009 and 2010 programs is unlikely without an understanding of the basis for the stated *ex ante* savings values. Therefore, we recommend that Table 3: Sources for *Ex Ante* Savings Values on Page 11 of the Evergreen Report be expanded to identify the specific source of the value where not identified, the methodology used to determine the value, and an analysis of whether the *ex ante* savings number is correct.

Secondly, the Evergreen Report does not include a comprehensive analysis of the cost-effectiveness of the programs or portfolios. On page 3-6 of the PUCO RFP for Independent Evaluator it states that “[d]ocumenting energy and demand savings from and cost-effectiveness of the portfolios are the highest priority evaluation objectives (Objectives 1 and 2).”² It is clear that any report that does not include a review of the cost-effectiveness of the measures is deficient. The stated purpose of this report is to ensure the PUCO complies with the reporting requirements by providing the General Assembly with an annual program performance report. Without reporting on the costs and benefits, there cannot be an understanding of the performance of the programs and portfolios. Sierra Club and Citizen Power recommend that the Commission direct Evergreen to supplement its report by including a full analysis of TRC scores on a program and portfolio basis. If Evergreen does not believe that the cost information is reliable enough to determine the true TRC results, they should obtain additional information from the utilities.

² Attached to 3/17/12 Entry in Case No. 09-512-GE-UNC.

Finally, the Independent Evaluator is directed to look at transmission and distribution (“T&D) measures. An important question in Ohio is the determination of the correct baseline for T&D projects. Unfortunately, the Evergreen Report does not address this subject. The Sierra Club and Citizen Power recommend that it be supplemented to include these T&D issues.

III. Conclusion

The Sierra Club and Citizen Power appreciate the opportunity to review and submit comments regarding the Report of the Ohio Independent Evaluator. The Sierra Club and Citizen Power respectfully request that the Commission consider and adopt the above recommendations.

Respectfully submitted,

/s/ Christopher J. Allwein

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing *Comments by the Sierra Club and Citizen Power* has been filed electronically with the Public Utilities Commission of Ohio and has been served upon the following parties via electronic mail on November 2, 2012.

/s/ Christopher J. Allwein
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Summary: Comments electronically filed by Mr. Christopher J Allwein on behalf of The Sierra Club and Citizen Power