BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

Act 129 Energy Efficiency and Conservation Program Phase Two	))	Docket No. M-2012-2289411

COMMENTS OF CITIZEN POWER, INC.

Citizen Power provides these comments to the Pennsylvania Public Utility Commission in response to the Secretarial Letter dated March 1, 2012 in Docket No. M-2012-2289411.

I. Length of second EE&C Program

Citizen Power believes that a five year program, in the aggregate, is the preferred program length because the longer timeline allows for efficiencies in developing and adopting EE&C programs. In addition, from the standpoint of residential consumers, a longer timeframe provides a consistent marketing message allowing more time for customers to become familiar with the EE&C options available. However, we do believe that if a longer program length is adopted, the EDCs should have greater flexibility to modify their portfolios in order to take advantage of over-performing measures or to adjust measures in order to make them more responsive to market conditions.

II. Aligning EDC Targets and Funding Using Dollar per MWh of Expected Reductions

In Citizen Power's opinion, the 2% budget cap limits the ability of residential consumers to obtain the benefits of energy efficiency, which is significantly cheaper than other available resources. However, given the reality that funding for EE&C is limited, we favor adjusting the reduction targets for each EDC to match the funding available instead of varying the funding to achieve uniform reduction target percentages. By fully funding all of the EDC's plans to the 2% statutory cap, the maximum amount of efficiency possible will be achieved in the Commonwealth. In addition, by not limiting funding to an amount pegged to the EDC with the least amount of funding available per MWh of reduction, the existing programs under Phase One in some EDCs that have been successful may not be subject to an abrupt and inefficient reduction in funding.

III. Inclusion of a Reduction Target Carve-Out for the Government, Educational and Non-Profit Sector

Citizen Power believes that the carve-out for the government, educational and non-profit sectors should remain as a percentage of the overall program savings unless adequate information is available regarding the sector's potential in each EDC's service territory based upon the upcoming Statewide Evaluator's Market Potential Study and other relevant data. In addition, we believe that the current 10% should be continued.

We are concerned that if this sector were to be included within the plan offerings to commercial and industrial customers, this sector would become, on average, more difficult for the EDCs to reach because of the unique challenges in serving this sector. We believe that this may result in lower participation rates than seen in Phase One. Because this sector serves the functioning of society, any decrease in participation by this sector reduces the residual benefits that accrue to all of us.

IV. Inclusion of a Low-Income Sector Carve-Out

Citizen Power also believes that it is essential to keep the low-income sector carve-out. Low-income populations are often more difficult to reach. In many cases, specialized marketing efforts are necessary to reach this sector. In addition, the efficiency needs of the low-income population can be different. Without separate programs, many low-income customers may not participate in the EDC's programs.

We believe that option three, which designates a percentage of energy savings be achieved from the low-income sector, is preferable because it guarantees that low-income populations achieve specific benefits from EE&C programs. Allocating EE&C funding based upon the percentage of energy low-income consumers use may not provide enough funding to address the needs of the low-income population because low-income consumers typically use less electricity.

We also believe that the proposal to expand the definition of low-income households to being at or below 250% of the Federal Poverty Income Guidelines expresses a valid concern for the affordability of energy efficiency for households in the 151-250% range of the poverty guidelines. These households, similar to those at or under 150% of the poverty guidelines, may not have the disposable income to improve the energy efficiency of their homes. However, we are concerned that by expanding the definition of low-income, there may not be enough funding targeted at the population at or under 150% of the poverty guidelines. Therefore, we recommend that the EDCs investigate how effective their standard residential programs are at targeting the

151%-250% population in order to assess whether that population needs to be included in the low-income population.

V. **Transition Issues**

Citizen Power believes that EDCs that achieve more than a 3% reduction in their Phase One program should receive credit towards achieve their Phase Two benchmarks. However, we do not believe that the budget should be reduced to account for the portion of the second target that the EDC achieved in Phase One. This would reduce the amount of efficiency achieved, which is a very low cost resource. Instead, we would propose that the ideal solution would be for the EDC to be allowed to share in the excess savings above the benchmark in Phase Two based upon a percentage of net benefit.

Respectfully Submitted,

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