

CITIZEN POWER

Public Policy Research Education and Advocacy

April 27, 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Docket No. M-2014-2424864

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Citizen Power, Inc. are its Comments in the above-captioned proceeding.

Sincerely,

/s/ Theodore S. Robinson
Theodore Robinson
Counsel for Citizen Power

Enclosures

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

Act 129 Energy Efficiency and Conservation Program Phase III)

Docket No. M-2014-2424864)

COMMENTS OF CITIZEN POWER, INC.

Citizen Power provides these comments to the Pennsylvania Public Utility Commission (Commission) in response to the Tentative Order dated October 23, 2014 in Docket No. M-2014-2424864.

I. Length of Phase III

Citizen Power supports the proposed five year EE&C program length because it provides enough time for the implementation of more comprehensive measures, spreads fixed costs over a longer timeline, and provides greater market certainty. However, Citizen Power agrees with the comments of the Office of Consumer Advocate (OCA) in response to the Phase III Secretarial Letter that a robust stakeholder process in each EDC territory is important in case program adjustments are needed.

II. Proposed Additional Reductions in Peak Demand

Citizen Power supports the proposed move away from the 100 hours of greatest demand methodology to the more cost-effective method of calling curtailment events for days that the

peak hour of PJM's day-ahead forecast for an EDC is greater than a certain percentage of an EDC's PJM summer peak demand forecast. We also agree that based on the analysis in the DR Potential Study that initially setting the trigger at 96% of an EDC's PJM summer peak demand forecast will, on average, capture the highest percentage of target load. However, we believe that there is the potential to increase the number of events called by allowing EDCs to utilize a dynamic dispatch criterion percentage that decreases when the projected number of events for a given year falls under a specific number.

Under the proposed 96% methodology, there will be an average of 4.1 events called in a typical year. However, this is just an average. In some years the maximum number of 6 events will be reached, while in others there may not be any days that hit the 96% threshold. As a summer progresses with no events being called, the projected number of events will decrease until it become extremely unlikely that all six events will be called. At this point we believe that the trigger should be reduced from 96% in order to increase the probability that additional events are called. As a fictitious example, if in a given year there has only been one event called in the territory of a particular EDC on September 1st, which for that EDC would correspond to a projected 1.4 total events for the year, the trigger could be adjusted to 93%, which would correspond to a projected 3.0 total events for the year. The actual mechanism used should be designed so that the threshold should only be reduced if the chance of exceeding six events in the remaining time is mathematically very small (for example, a 3% chance of the program being suspended due to the maximum number of days being called). We respectfully request that EDCs should be allowed to propose a dynamic threshold that decreases in response to years that have relatively fewer events called.

III. Annual or Incremental Consumption Reductions

Citizen Power supports the proposal that each EDC designs their EE&C plan to achieve at least 15 percent of their consumption reduction target in each program year. However, in order to address OCA's concerns regarding giving EDCs flexibility to achieve their goals and the Joint Commentators belief that more comprehensive measures may not produce immediate savings, we believe that the Commission should allow for deviations from the 15 percent target if an EDC can demonstrate that a proposed EE&C Plan's deviation from the 15 percent target clearly provides net benefits to consumers.

IV. Comprehensive Programs

Citizen Power supports the proposed requirement for the inclusion of at least one comprehensive program for residential and one comprehensive program for non-residential customer classes in each EDC's EE&C Plan. Although we understand the Commission's hesitancy to define what a comprehensive program is under the Act 129 framework because of cost concerns, we believe that the benefits of a whole-house program, as described by the OCA in their comments in response to the Phase III Secretarial Letter, are not achievable through less comprehensive programs. Citizen Power recommends that the Commission require EE&C Plans contain a comprehensive whole house program.

V. Low-Income Carve-Out

Citizen Power supports the proposed 5.5% low-income carve out along with the 2% direct-installed low-income measures target. In addition, we respectfully request that the

Commission reconvene the Universal Service Coordination Working Group as proposed by the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania in order to coordinate the Act 129 low-income programs with LIURP, WAP and the LIHEAP Crisis Interface Program.

VI. Carve-Out for Governmental, Educational, and Nonprofit Entities

Citizen Power believes that a 3.5% energy efficiency carve-out for governmental, educational, and nonprofit entities does not reflect the large differences in potential savings between the EDCs. Citizen Power recommends that the carve-out be set at 3.5% plus half of the potential savings available above 3.5%. For example, PECO has potential savings of 9.2% of the total portfolio. Their target would be $3.5\% + 50\% (9.2\% - 3.5\%) = 3.5\% + 50\% (5.7\%) = 6.35\%$. This modification would increase carve-out only in service territories that can reasonably meet a higher target.

VII. Accumulating Savings in Excess of Reduction Requirements

Citizen Power supports the recommendation that excess savings from Phase I cannot carryover to Phase III. The ability to carryover savings provides a necessary incentive to make sure programs are not ended once compliance with the targets is achieved. However, allowing savings to be banked indefinitely conceivably creates a situation where a benchmark could be reached through banked savings alone. We believe that Commission's recommendation maintains the incentive to continue programs through to the next phase while disallowing the absurd results that would occur by allowing the stockpiling of savings indefinitely.

VIII. Technical Reference Manual

Citizen Power respectfully disagrees with the Commission's recommendation that the 2016 TRM be used for the entirety of Phase III. We believe that annual updates are required to keep up with market and technology changes.

IX. Bidding Energy Efficiency and Peak Demand Resources into the PJM Capacity Market

Citizen Power believes that consumers would significantly benefit from the inclusion of Act 129 savings into the PJM Capacity Market. However, given the current uncertainty in the operation of the market, we agree that EDCs should not currently be required to bid resources into the PJM Capacity Market. Once the methodology for bidding energy efficiency and DR resources into the market is clarified, we believe that the Commission should convene a working group to determine how to best coordinate EDCs EE&C Plans with the requirements of the PJM Base Residual Auctions, including the timing issues, in order to maximize the benefits of the EE&C Plans to consumers.

Respectfully Submitted,

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Dated: April 27, 2015