



**Keystone Energy Efficiency Alliance**  
33 Greening Life Lane  
Shermans Dale, PA 17090  
717-582-7484

**KEEA Sponsors/  
Steering  
Committee**

**December 19, 2008**

ACI

*Helen Perrine*

BP Consulting

*Bill Parlapiano*

Communications

Consulting

*Maureen Mulligan*

Conservation

Consultants, Inc.

*Ann Gerace*

Conservation

Services Group

*Stephen Cowell*

EAM Associates

*Frank Migneco*

Energy Coordinating  
Agency

*Liz Robinson*

G. S. Fultz &

Associates

*Gloria Fultz*

Honeywell Utility

Solutions

*John Augustino*

MaGrann Associates

*Ben Adams*

Performance Systems

Development

*Kathy Greely*

Warren Energy

Engineering

*Kevin Warren*

Keystone Energy Efficiency Alliance (KEEA) is a statewide network of 65 organizations and conservation service providers focused on assisting individuals and businesses reduce their energy usage and bills. KEEA believes the deepest and most persistent energy savings results from comprehensive improvements to homes and businesses using energy audits provided by certified building analysts.

KEEA is submitting Reply Comments on M-2008-2069887, the staff document released on November 26, 2008 for comment. Comments were submitted by KEEA on December 8, 2008 regarding energy efficiency and conservation (EE&C) as required under Act 129 of 2008 at Sections 2806.1(a)(1).

Thank you for the opportunity to provide further comments.

**Sincerely,**

*Maureen Mulligan*

Maureen Mulligan

On behalf of

Keystone Energy Efficiency Alliance



## 1. Definition of Conservation Service Providers (CSPs):

KEEA recognizes that different programs may require different implementation models, and by extension varying levels of CSP engagement. KEEA supports a definition of CSP that does not exclude market based service providers from participating in the delivery of programs to end use customers. Pennsylvania is already experiencing an expansion in the market based infrastructure for residential and commercial energy audits and whole-building energy improvements by contractors and trades trained in this approach. These service providers cover the full spectrum of size and scope, and all represent a significant opportunity for “green collar” jobs in the Commonwealth as a result of Act 129.

After the discussion at the Working Group Meeting of December 10, 2008, KEEA felt it was important that a further clarification of the definition of CSP was required. KEEA offers the following interpretation and recommended minimum standards:

A Conservation Service Provider (CSP) is an entity, either nonprofit or for profit, which provides any or all of the following services: design, administration or implementation of energy conservation, energy efficiency or demand management programs; training, consumer education, marketing, outreach, data collection and planning related to energy efficiency and demand response programs and services.

Because of the number and range in size of these service providers, KEEA suggests that the “PUC registration” process be consistently applied across all CSPs statewide. Qualifications for approving conservation services providers should rely on nationally recognized standards whenever possible. Not only does this help ensure a level playing field but also an expectation for consistent quality work across the state.

### **Recommended minimum standards for CSPs include:**

1. Registered entity with an office in Pennsylvania
2. Technical qualifications will vary depending on the program. CSP requirements for several programs that KEEA strongly suggests be included are:
  - Home Performance with ENERGY STAR - BPI certified building analysts on staff
  - ENERGY STAR Homes – certified HERS Raters on staff
  - Commercial building customized audits - Professional Engineer or Certified Energy Manager on staff
3. Adequate insurance coverage to include:
  - Workers compensation
  - Automobile
  - Liability coverage of at least \$1,000,000

Other coverage required for specific types of work

4. Meet all other state license requirements related to specific types of work, e.g. heater mechanics
5. All legal, IRS and state tax obligations are current. This can be met through self declaration.
6. Attestation that the CSP has no direct or indirect ownership, partnership or other affiliated interest with an electric distribution company.

## **2. Reduction in Peak Demand**

Apparently there is some discussion among the utilities as to whether they should be required to reduce peak demand or just develop the capacity to reduce peak demand at some time in the future. We believe the Act clearly states that “by May 31, 2013, the weather-normalized demand of the retail customers of each electric distribution company shall be reduced by a minimum of 4.5% of annual system peak demand in the 100 hours of highest demand.”

The language used in the Act “states as one of three points in the Introduction to the Act “It is in the public interest to adopt energy efficiency and conservation measures and to implement energy procurement requirements designed to ensure that electricity obtained reduces the possibility of electric price instability, promotes economic growth and ensures affordable and available electric service to all residents.” According to Webster’s Dictionary, the term “implement” means to “carry out” or “accomplish” and our view is the Act requires actual reductions, not simply putting in place the ability to reduce peak demand. If the Act intended a state of readiness, the authors could have easily conveyed that intent. KEEA suggests that the intention of the Act was to realize these price savings for Pennsylvania, something that would not happen unless the peak demand was actually reduced during each of the 100 highest demand hours. The capacity to reduce peak will save nothing.

Reducing the 100 hours of peak demand will have a significant impact on reducing the price of electricity, not just during peak periods, but during the entire year. In a July 2007 study prepared for the Mid-Atlantic Distributed Resources Initiative by The Brattle Group, a 3% reduction in peak demand during the 100 highest hours of demand was calculated to reduce energy market prices by \$8 to \$25 per megawatt-hour, for a \$57 million to \$182 million savings in annual electricity prices in the Mid-Atlantic region. The report, *Quantifying Demand Response Benefits In PJM.*, is available at <http://www.energetics.com/madri/pdfs/BrattleGroupReport.pdf>

As it is impossible to predict the actual peak in any given year, it will be essential for utilities to deploy programs which result in the actual reduction of peak demand by an amount equal to 4.5% of the base year demand levels during the 100 highest hours of peak demand. The Commission must be consistent. If the

savings approach is used for the consumption reduction goals, the same should apply to the demand reduction goal, i.e. the utilities should demonstrate that their demand reduction efforts resulted in an actual reduction in demand during the 100 top hours that is equal in megawatts to 4.5% of the base year peak demands.

### **3. Coordination with Existing Programs**

This is an issue that deserves further consideration. Pennsylvania does have several existing conservation programs with which utilities may wish to coordinate as part of their plans for Act 129. These include GESA, the Weatherization Assistance Program (WAP) and LIURP. This could be a way to increase energy savings cost effectively as it would not require creating a delivery system or administrative apparatus for program delivery.

However, it will be very important to separate the utilities' contribution from the preexisting program.

### **4. Interactive Evaluation of Energy Savings**

To clarify a statement made at the December 10, 2008 Working Group meeting, Home Performance with Energy Star does typically rely upon interactive evaluation of energy savings – that is, calculations that take into account the interactive impacts of multiple measures within the home. In order to avoid misrepresenting the savings potential of a whole-house approach. Nationally recognized savings modeling protocols are used widely within the residential home performance sector, including in both Energy Star Homes pilots currently active in Pennsylvania.

EPA's "Energy Star Homes" Program relies on the Home Energy Rating System (HERS) and its accredited software programs. Most importantly, the approach embodied in these programs relies upon field verified results (including both visual inspection and testing) in order to calculate projected savings. Traditional "deemed savings" approaches ignore the wide range in savings that can result from the installation effectiveness of whole-house improvements such as insulation and air-sealing. KEEA believes that the "performance based" approach integral to the Energy Star suite of programs has an important and cost effective role to play in projecting the outcome of measures, especially when coupled with overall program impact evaluation.

*Submitted by: Maureen Mulligan -12/19/2008*