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March 22, 2011

**VIA HAND DELIVERY**

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Pennsylvania Public Utility Commission  
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400 North Street, 2<sup>nd</sup> Floor (filing room)  
PO Box 3265  
Harrisburg, PA 17105-3265

RE: Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan, Docket No. M-2009-2093216;  
**COMMENTS OF THE SUSTAINABLE ENERGY FUND OF CENTRAL EASTERN PENNSYLVANIA**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are an original and ten (10) copies of the Comments of the Sustainable Energy Fund of Central Eastern Pennsylvania. Copies have been served on the parties pursuant to the Certificate of Service.

If you have any questions regarding this filing, please do not hesitate to contact me.

Very truly yours,

Craig R. Burgraff  
*Counsel for Sustainable Energy Fund of Central Eastern Pennsylvania*

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Enclosure  
cc: Per Certificate of Service

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :  
Corporation for Approval of Changes to :  
its Act 129 Energy Efficiency and : Docket No. M-2009-2093216  
Conservation Plan :

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**COMMENTS OF THE  
SUSTAINABLE ENERGY FUND OF CENTRAL  
EASTERN PENNSYLVANIA**

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The Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”), by and through its attorneys in this matter, Hawke McKeon & Sniscak LLP, files the following Comments in the above-captioned proceeding.<sup>1</sup>

**I. INTRODUCTION**

On July 1, 2009, PPL Electric Utilities Corporation (“PPL”) filed the Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan (“July 2009 Plan”). SEF intervened and was an active participant in the proceeding. Administrative Law Judge (“ALJ”) Susan D. Colwell, through a September 14, 2009 Order, provided a history of the proceeding, delineated the transcripts, statements and exhibits admitted into the record, and certified the record to the Public Utility Commission (“Commission”) for its consideration

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<sup>1</sup> SEF’s Comments are filed one day out of time based upon the Commission’s January 28, 2010 Order in this proceeding. SEF, to the extent necessary, respectfully requests that the Commission exercise its discretion and consider these Comments. Good cause exists for such consideration since such consideration will provide no disruption to the proceeding and will not prejudice any party to the proceeding. In this regard, SEF believes that an appropriate one day extension for Reply Comments is appropriate.

and disposition. By Order of October 26, 2009, the Commission approved in part and rejected in part PPL's July 2009 Plan and directed PPL to file a revised plan within sixty days.<sup>2</sup>

On December 17, 2009, PPL filed a revised EE&C Plan ("December 2009 Plan"). Following its review of Comments and Reply Comments filed regarding the December 2009 Plan, the Commission approved the December 2009 Plan by Order entered February 17, 2010.<sup>3</sup>

By Secretarial Letter issued on June 24, 2010, the Commission provided updated guidance to Electric Distribution Companies ("EDCs") regarding the Act 129 annual reporting requirement. Specifically, for the EE&C Plan year ending May 31, 2010, the Commission required the EDCs to submit their annual report and any proposed EE&C plan revisions by September 15, 2010. By Secretarial Letter issued September 1, 2010, the Commission provided further guidance to the EDCs regarding the format of revised EE&C plans, including a requirement that all changes to text and tables be reflected in a black-lined version of the EE&C Plan.

On September 15, 2010, PPL filed its Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan, along with an Executive Summary and a black-lined copy of PPL Electric Utilities Energy Efficiency and Conservation Plan ("September 10 Plan") made to show changes from the December 2009 Plan. In its September 2010 Plan, PPL proposed to make two modifications to the EE&C Plan. These modifications were a change to its Compact Fluorescent Lighting ("CFL") Program and a change to the classification of direct and common costs.

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<sup>2</sup> *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (October 26, 2009) ("October 2009 Order").

<sup>3</sup> *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2095216 (February 17, 2010) ("February 2010 Order").

Shortly thereafter, in preparation of PPL's October 20, 2010, Act 129 EE&C Stakeholder Meeting, on October 18, 2010, PPL circulated a presentation that included PPL's explanation that the only two changes requiring Commission approval were the two items referenced above. However, it also listed more than twenty other changes to program implementation details in the modified EE&C Plan that it believed did not require Commission approval and that were not included in the submitted September 2010 Plan.

The Commission assigned the matter to the Office of Administrative Law Judge for further proceedings. Following a hearing and Recommended Decision by the assigned ALJs, the Commission took two actions in its January 28, 2011 Order. First, the Commission approved the requested modifications to the EE&C Plan concerning the CFL Program and the change in allocation of direct program costs and common costs. Second, the Commission rejected PPL's view that Commission approval for EE&C Plan modifications is only required where the proposed modifications shift program funding within a customer class, where the proposed modifications shift program funds between customer classes, and where proposed modifications discontinue a program. Absent these results, PPL essentially believed that other modifications could be made unilaterally with no Commission approval. The Commission determined that, as delineated in Ordering Paragraph No. 17 of the October 2009 Order, PPL is required to seek approval for any mid-course changes it intends to make. The Commission noted that it cannot adequately review and approve a comprehensive plan if the proposed changes described by the EDC reflect only a subset of the changes that an EDC intends to implement. Moreover, it cannot ignore its statutory requirements under Act 129, and the due process rights of the Parties, to address proposed changes to a Commission-approved plan. Consequently, all proposed changes

must be fully reflected in EE&C plans so they can be reviewed by the Commission and affected parties.<sup>4</sup>

The Commission directed PPL to file, for the Commission's approval, a revised black-line version of its EE&C Plan that reflects all proposed changes to its Plan within thirty days of the order.<sup>5</sup> On February 28, 2011, PPL filed its current Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan ("Petition") and black-lined PPL Electric Utilities Corporation Energy Efficiency and Conservation Plan ("February 28 Plan").

## II. COMMENTS

PPL in its February 28 Plan proposes twenty-one revisions to its EE&C Plan that it characterizes as fine-tuning of program rebate levels, energy efficiency measure description and eligibility requirements.<sup>6</sup> SEF believes that several of the modifications are counter-productive to the goals of Act 129 and the Plan, and should be altered.

1. Under its Renewable Energy Program, PPL proposes to include a per project rebate cap for renewable energy photovoltaic ("PV") and ground source heat pumps.<sup>7</sup> For a residential PV array, PPL maintains the \$2/watt incentive but caps the incentives at \$5,000 per residential customer and \$500,000 per institutional customer.<sup>8</sup> PPL's justification for the proposed caps is that the caps will allow more projects to receive incentives within the available funding by preventing a few, very large projects from consuming all of the program's funding.<sup>9</sup> This justification is meritless and results in a disincentive to residential PV projects.

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<sup>4</sup> *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (January 28, 2011) ("January 2011 Order").

<sup>5</sup> January 28 Order at 18-19.

<sup>6</sup> Petition at 8.

<sup>7</sup> *Id.*

<sup>8</sup> February 28 Plan at 98.

<sup>9</sup> PPL Statement No. 5 at 18.

First, it is specious to suggest that concerns over available funding is any support for the PV caps since, effective March 2010, the PV portion of the program is fully subscribed.<sup>10</sup> Second, the cap will only act as a disincentive in the future for residential PV arrays since the \$5,000 cap is inadequate given the median size of residential PV installations. While a \$500,000 cap per institutional customer covers a very large commercial system, the \$5,000 residential cap only covers a 2,500 watt system. This size system is nowhere close to what residential customers are installing. According to the Pennsylvania Department of Environmental Protection's PA Sunshine Solar Program website, the median size of a residential PV system in Pennsylvania, as of February 2011, is 7.29 kilowatts. Thus, PPL's cap is unreasonable since it is much too small to promote residential PV arrays. Either the cap should be expanded to the range of \$12,000 to \$15,000, or the cap should be removed entirely.

2. As noted, the PV portion of the Renewable Energy Program was fully subscribed effective March 2010. As opposed to simply closing that portion of the program, PPL should reallocate budgeted dollars to it. Clearly, this portion of the program has been highly successful in a short period of time. It makes more sense to foster the continuation of a successful part of the Plan by reallocating resources to it rather than simply closing it down.

3. In the Energy Assessment & Weatherization Program in the residential sector, PPL proposes to increase the incentive rebate for a comprehensive audit from \$100 to \$150 for participants who have air conditioners or electric heat. The \$250 rebate is unchanged for participants who have air conditioning and electric heat.<sup>11</sup> SEF believes that the energy audit rebate amount should not be increased without also implementing and increasing an incentive for those who do not have electric heat or air conditioning. These customers can use a lot of

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<sup>10</sup> *Id.* at 19; February 28 Plan at 98.

<sup>11</sup> Petition at 9; PPL Statement No. 5 at 19.

electricity and are a significant percentage of PPL's customers. In addition, these customers recently experienced a distribution rate increase which increases costs under TRC tests. Thus, SEF submits that these customers should be eligible for the \$150 incentive for a comprehensive energy audit to provide them with opportunities to reduce their energy costs and increase their energy efficiency. At the least, these customers should receive a \$50 incentive for a walk-through audit.

4. PPL proposes to extend its RTS Fuel Switching program to include fuel oil and propane while excluding all renewable resources. As opposed to providing a \$550 incentive to RTS customers installing a high efficiency gas furnace, PPL proposes to expand that rebate for those customers installing high efficiency oil and propane furnaces as well.<sup>12</sup>

The rebate should be expanded to renewable resources as well. A basic tenet of all fuel switching programs should be fuel neutrality. The structure of PPL's program clearly economically advantages only fossil fuels. To cure this unintended consequence, SEF recommends that PPL be required to provide BTU equivalent rebates for all competing renewable technologies listed in Tier 1 of the Alternative Energy Portfolio Standards Act for this customer group.

SEF supports several of the modifications proposed by PPL. These modifications are (a) adding eligibility for 5+1+1 thermostats; (b) increasing the minimum efficiency requirements for DX units; (c) changing the exit lighting requirement from 5 watts to 5 watts or less; (d) simplification of T8 lighting eligibility on retrofits; (e) deletion of hardwiring requirements for occupancy sensors; (f) changes to the CFL program to eliminate duplication of rebates; and (g) deleting the water heater setback measure.

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<sup>12</sup> Petition at 9; February 28 Plan at 63.

PPL in its February 28 Plan also proposes changes to program schedule milestones or changes to projected peak load reduction for the Load Curtailment Program. PPL proposes the following modifications to the Load Curtailment Program and Direct Load Control Program:

- Increase the projected peak load reductions in the Load Curtailment Program from 100 MW to 150 MW, based on bids from Conservation Service Providers.
- Defer launching the Direct Load Control Program from January 2010 to late 2010/early 2011.
- Defer launching the Load Curtailment Program from January 2010 to late 2010/early 2011.

PPL states that additional peak load reductions from the Load Curtailment Program are the only viable option to meet Act 129 requirements on a timely basis and within the cost cap established by Act 129.<sup>13</sup>

Similar to all EDCs, PPL has a business interest that directly competes with the ultimate interests of the EE&C Plan, a plan that is being implemented with ratepayer money. Namely, the programs selected by PPL for peak load reduction show a preference to meet demand reduction requirements while at the same time having a minimal impact on distribution revenues. Expansion and continuation of PPL's peak load programs serve little interest except those of PPL in avoidance of penalties. As PPL noted, absent the increased peak load reduction from the Load Curtailment Program, PPL will not likely be able to comply with its peak load reduction targets because of projected shortfalls in other programs and would be subject to monetary penalties of \$1 to \$20 million, which ratepayers are not responsible for.<sup>14</sup>

The original EE&C Plan estimated savings in years 2, 3 and 4 of the program. PPL has modified the EE&C Plan by deferring the launching of the Direct Load Control Program and the

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<sup>13</sup> Petition at 12.

<sup>14</sup> PPL Statement No. 5 at 29.

Load Curtailment Program from January 2010 to late 2010/early 2011. In PPL's view, since peak load reductions are not required before June 2012, there is no benefit to pay incentives before the summer of 2012.<sup>15</sup> Thus, the modifications only seek reductions in 2012.

This is problematic for ratepayers given the benefit – cost ratio of, for example, the Direct Load Control program. That ratio is 0.23 for the residential sector, 0.20 for the Low-Income sector, 0.23 for the Small Commercial and Industrial Sector and 0.23 for the Governmental/Non-Profit sector.<sup>16</sup> This means that there will be no results until the summer of 2012, and ratepayers will spend \$5 to attain \$1 of demand reduction savings. The result is not significantly greater for the Load Curtailment Program for the Large Commercial and Industrial Sector program, whose benefit cost ratio is 0.68.<sup>17</sup> Ratepayers then spend \$10 for each \$6 of benefit.

While PPL notes that shortfalls from the Time of Use program have hindered the demand reduction goals, and that other program efforts to meet peak load reductions are cost prohibitive,<sup>18</sup> SEF recommends that the Commission investigate the EE&C program to determine if a better path exists to obtain demand reductions which will offer savings prior to year 4 of the Plan and without ratepayers paying large amounts to allow PPL to avoid penalties.

SEF offers the following general comments relative to the Petition and February 28 Plan.

The Commission instructed PPL to exclude any education and marketing costs associated with its Time of Use program offered as a default service option in its EE&C Plan.<sup>19</sup> PPL continues to allocate approximately \$4.5 million for marketing its Time of Use program in its

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<sup>15</sup> *Id.* at 28.

<sup>16</sup> February 28 Plan at 107,138,171 and 209.

<sup>17</sup> February 28 Plan at 189.

<sup>18</sup> PPL Statement No. 5 at 29-31.

<sup>19</sup> *Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation*, Docket No. R-2009-2122718, Slip. op. at 43 (March 9, 2010).

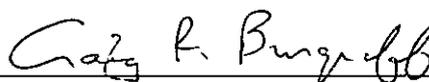
February 28 Plan. PPL allocates \$3,223,000 for marketing its residential Time of Use program alone.<sup>20</sup> These costs should be excluded from the EE&C Plan.<sup>21</sup>

In its Petition, PPL states that it intends to file a subsequent petition to modify its EE&C Plan in the near future. It states that the modifications will include approval of a CSP to support its various commercial, industrial, government, non-profit and institutional customer sectors.<sup>22</sup> Based on representations made by PPL's Peter Cleff and PPL contractors Ellen Lutz and KEMA at the Sustainable Energy Fund's Energy Service Provider Conference held in January 2011, it is SEF's belief that the proposed CSP and program changes have already been implemented.

### III. CONCLUSION

The Sustainable Energy Fund respectfully requests that the Commission consider and adopt the foregoing Comments and take any other actions that are deemed appropriate.

Respectfully submitted,



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DATED: March 22, 2011

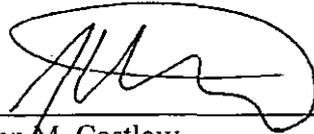
<sup>20</sup> February 28 Plan at 112, 141, 174 and 212.

<sup>21</sup> PPL now projects less than 25,000 participants in its Time of Use program. PPL Statement No. 5 at 29. Yet, the February 28 Plan assumes approximately 130,000 participants in year 4 of the Plan.

<sup>22</sup> Petition at 5.

**VERIFICATION**

I, John M. Costlow, on behalf of the Sustainable Energy Fund of Central Eastern Pennsylvania, verify that the facts contained in the Comments are true and correct to the best of my knowledge, information and belief. This Verification is made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.



John M. Costlow  
Director of Technical Services  
The Sustainable Energy Fund of Central  
Eastern Pennsylvania

Dated: March 22, 2011

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing document in accordance with the requirements of 52 Pa. Code § 1.54, et seq. (relating to service by a participant).

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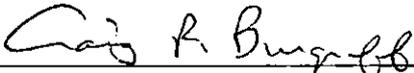
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