



May 25, 2011

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

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2011 MAY 25 AM 9:48

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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: Petition of Duquesne Light Company for Approval
Of its Energy Efficiency and Conservation and Demand
Response Plan
Docket No. M-2009-2093217**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are an original and three (3) copies of the Petition to Intervene of Comverge, Inc. ("Comverge") in the above-captioned proceeding. Also enclosed is the Affidavit of Comverge's General Counsel, Matthew H. Smith and a Certificate of Service.

Please do not hesitate to contact me if you have any questions related to this filing.

Sincerely,

Kenneth L. Mickens, Esquire
Attorney for Comverge, Inc.

KLM/bls
Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :
for Approval of its Energy Efficiency : **Docket No.**
and Demand Response Plan : **M-2009-2093217**

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**PETITION TO INTERVENE
OF
COMVERGE, INC.**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Comverge, Inc. (“Comverge”), by and through its attorney, Kenneth L. Mickens, hereby files this Petition to Intervene in the above-captioned proceeding pursuant to 52 Pa. Code Section 5.71, *et. seq.* In support of its intervention, Comverge avers as follows:

I. BACKGROUND

1. On May 9, 2011, Duquesne Light Company (“Duquesne” or “Company”) filed a Petition for Approval of its Energy Efficiency and Conservation and Demand Response Plan under Act 129¹ (“Petition”) at the above-cited docket number. The Petition proposes to make changes to the

¹ Actually, the Petition requests a modification to the Company’s current EE&C Plan,

current Plan, including a proposal to withdraw funding from demand response (“DR”) programs for residential and small/medium commercial and industrial (“C&I”) customers. Specifically, funds from the residential Duquesne program (totaling \$\$2,928,070) would be re-allocated to residential energy efficiency programs, although these funds would be set aside unused until the Company identifies specific, appropriate uses.

Duquesne Petition, p. 6.

II. COMVERGE’S INTEREST IN THE PROCEEDING

2. Comverge is a demand response provider providing direct load control (“DLC”) devices and services through PECO and PPL Act 129 programs. In addition, Comverge provides demand response aggregation of megawatts in the PJM open market.² Comverge is available to provide similar services in the Duquesne service territory. Consequently, Comverge has a direct interest in the Commission’s policies regarding Act 129.

3. Comverge’s corporate address is as follows:

5390 Triangle Parkway
Suite 300
Norcross, GA 30092

4. The name, address and telephone number of Comverge’s

attorney are:

which was approved by the Commission in an Order entered January 28, 2011.

² Comverge, through its wholly owned subsidiary Enerwise Global Technologies, is a

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III. COMVERGE'S CONCERNS

5. In regard to the proposed defunding of the residential and small C&I DR programs, Comverge asks that the Commission reject the Company's Petition. Comverge opposes Duquesne's proposal because virtually identical residential and small C&I programs have proven to be cost effective in other EDC Act 129 programs.

6. Specifically, Comverge asserts that Duquesne has failed to conduct a reasonable TRC test of the residential program. In this regard, Duquesne represents that the benefits of the residential and small C&I DLC programs have declined precipitously stating that "[t]he TRC now has dropped to 0.05 for the programs." Duquesne Petition, p. 5. However, Comverge maintains that this result is derived from the Company's erroneous TRC calculation. In fact, based upon the limited information provided in Duquesne's filing, such a dramatic change in TRC outcomes is only possible if the Company treats benefits as very short term.

7. Duquesne states that the programs have "transformed into a

registered Curtailment Service Provider in the PJM market.

very expensive one-year program of \$3.9 million with a small demand reduction of only 5 MWs.” Duquesne Petition, p. 5. However, the costs for these DR programs are largely concentrated on substantial, up-front investments in technology and infrastructure. In contrast, the durability and reliability of these installations is enduring so that benefits are spread over many years. Thus, the 5MW one year result claimed by Duquesne can, in fact, be captured in each succeeding year over a period of 10 years or more. This situation is analogous to renewable energy sources in which almost all of the capital investment occurs initially, while virtually costless energy production occurs over many years. Comverge urges the Commission to require a TRC analysis that compares costs to actual, long-term benefits. Comverge asserts that such an analysis will produce a radically different TRC result than that presented by Duquesne in its Petition. This position is supported by the TRC results from very similar programs currently being implemented in other Act 129 programs. These different programs both proved out at a positive TRC.³

8. A close examination of the large C&I program indicates that the

³ For example, Table 48 of PPL’s Plan calculates residential DR benefits over a four (4) year period, arriving at a TRC result of about 1.
http://www.pplelectric.com/NR/rdonlyres/077AB356-CB6B-4723-8F5D-5AEA6B3AC8C2/0/PPLACT129_PPL_EEC_Plan_Amend_25JULY09_CLEAN.PDF .
PECO’s TRC analysis residential DR produces a similar result,
<http://www.puc.state.pa.us/pdocs/1046888.pdf> .

TRC result claimed by Duquesne is overstated. Duquesne proposes to move funds currently targeted for small/medium C&I to the large C&I DR program. Duquesne Petition, p. 6. However, such a move would allocate additional funding to a program that operates through direct incentives for performance. An analysis of the costs and benefits over time reveals that the one-time incentive proposed in the Petition could only produce the planned result in a succeeding year through the allocation of another set of incentives at a similar cost. In contrast, the costs of the residential and small/medium C&I DR programs cited above, for the most part occur only once, but benefits continue over a number of years. Similarly, an analysis of the Company's residential energy efficiency programs that use only one year of benefits would sharply and unreasonably devalue those measures.

9. Comverge asserts that Duquesne's analysis fails to recognize that a snapshot over one year obscures both the ongoing benefits from the residential and small/medium DR program compared to one-time benefits from the large C&I program. Comverge suggests that this should be a significant concern for the Commission if Act 129 goals will continue in force at current levels.. However, if the Act 129 mandates are increased, Duquesne will need to spend significant funds for the large C&I program in each of the years after 2013 in order to continue achieving the goals. In

contrast, the comparable cost of achieving results through residential DLC will be small because the infrastructure currently planned for residential programs will be in place and effective for a number of years. Thus, the Company's proposal as to the residential and small/medium C&I programs would lead to an undesirable result.

10. Comverge is also concerned about Duquesne's failure to fully explain the implications of eliminating the residential DR program. In this regard, the Company has already notified all potentially eligible residential customers of the availability of this program and has enrolled hundreds of customers. The Company will need to spend money to unwind the program. This will result in significant customer confusion. Instead, since the TRC for the residential program should actually be significantly higher, Comverge suggests that the residential DR program be considered for continued development.

11. Comverge is also concerned that Duquesne will not be able to achieve the desired results from an, as yet, unnamed residential program. As Comverge has previously demonstrated, the residential DR program has already begun and money has been spent. Consequently, implementation of measures can occur quickly. In contrast, it is not possible to accurately predict whether a replacement program is feasible, cost effective or can be

implemented in time to reach mandated goals.

IV. CONCLUSION

12. Duquesne's Petition is based on an erroneous calculation of the TRC for the programs in question. These programs will provide long term benefits, with costs that are largely incurred in the initial phases. The benefits of a proposed replacement residential program have not been identified because Duquesne has not yet determined what will be done. Moreover, the benefits identified for the large C&I program are only available in future years at substantial expense. In short, the currently planned programs should be re-examined based upon long term benefits as well as costs. Accordingly, Comverge's intervention is necessary to ensure the development of a complete record on the reasonableness of Duquesne's Petition. Comverge recommends that the Commission reject Duquesne's Petition and order that the residential and small/medium C&I programs be implemented in accordance with the current Plan.

WHEREFORE, Comverge, Inc. requests that the Pennsylvania Public Utility Commission grant its Petition to Intervene in the above-captioned proceeding and grant it full party status therein.

Respectfully submitted,



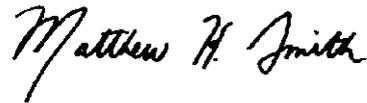
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Attorney for Comverge, Inc.

DATED: May 25, 2011

AFFIDAVIT

I, Matthew H. Smith, certify that I am the General Counsel of Comverge, Inc. and that, in said capacity, I am authorized to and do make this Affidavit for it, that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and that I expect Comverge, Inc. to be able to prove the same. I understand that false statements made herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsifications to authorities.



Matthew H. Smith
General Counsel
Comverge, Inc.

Dated: May 24, 2011

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a party).

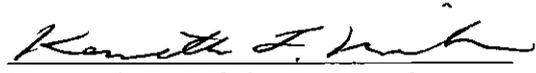
VIA E-MAIL & FIRST CLASS MAIL

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