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May 21, 2015

**VIA eFILING**

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

Re: **Technical Reference Manual 2016 Update - Docket No. M-2015-2469311**

Dear Secretary Chiavetta:

Pursuant to the Commission's March 26, 2015 Tentative Order in the above-referenced docket, enclosed please find **Reply Comments of PECO Energy Company on the Proposed Update to the Technical Reference Manual**.

As instructed, the Reply Comments have been mailed electronically, in Word format, to Megan Good ([megagood@pa.gov](mailto:megagood@pa.gov)) and Kriss Brown ([kribrown@pa.gov](mailto:kribrown@pa.gov))

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

Very truly yours,



Michael S. Swerling

Enclosure

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**Implementation of the Alternative Energy** :  
**Portfolio Standards Act of 2004: Standards** :  
**for the Participation of Demand Side** :       Docket No. M-2015-2469311  
**Management Resources – Technical** :  
**Reference Manual 2016 Update** :

**REPLY COMMENTS OF PECO ENERGY COMPANY ON THE  
PROPOSED UPDATE TO THE TECHNICAL REFERENCE MANUAL**

Pursuant to the March 26, 2015 Tentative Order entered by the Pennsylvania Public Utility Commission (the “Commission”) in the above-referenced docket, PECO Energy Company (“PECO” or the “Company”) hereby replies to comments submitted by other parties on the Commission’s proposed 2016 update to its Technical Reference Manual (“TRM”).

**I.       SPECIFIC REPLY COMMENTS**

**A.       Baseline Assumptions In The TRM Should Be Consistent With Those Used  
To Develop Phase III Targets**

Comments submitted jointly by Citizens for Pennsylvania’s Future, Sierra Club, Environmental Defense Fund, Clean Air Council, Natural Resources Defense Council and the Keystone Energy Efficiency Alliance recommend revisions to several baseline energy usage assumptions in the proposed TRM which, if implemented, would change the savings attributable to many energy efficiency and conservation (“EE&C”) measures.

PECO believes that the baseline assumptions in the TRM should remain consistent with those utilized in the statewide evaluator’s (“SWE’s”) baseline studies and market potential studies which formed the basis for the Commission’s proposed Phase III targets at Docket No. M-2014-2424864. If the baseline assumptions in the TRM differ substantially from those used to establish Phase III targets, electric distribution companies (“EDCs”) may be faced with targets that are not reasonably achievable and risk incurring significant penalties for non-compliance. If

errors are identified in TRM baseline assumptions, however, the Company fully supports updating the TRM to correct those errors.

**B. The Commission Should Consider An Expedited Process To Establish An Interim Measure Protocol For Behavioral Programs**

In its comments, Opower recommends that the Commission and SWE review recent findings on the persistence and composition of behavioral energy savings, update the existing protocol for behavioral programs for use in Phase III and consider the inclusion of behavioral programs in the TRM.

PECO believes that behavioral programs are an important part of a comprehensive portfolio. The Company's Phase II EE&C plan includes the Smart Usage Profile program, an Opower Home Energy Report ("HER") program, and PECO expects that HER-type programs will also be included in the Company's Phase III portfolio. As Phase III EE&C plans are developed, it will be important to have up-to-date information on the energy savings, cost effectiveness, effective use life ("EUL") and acquisition cost of HER programs.

To date, Pennsylvania has relied upon a Custom Measure Protocol ("CMP") that was developed in Phase I to determine how to measure and account for savings from HER programs. However, much has been learned about the impact of HER programs on consumer behavior since the CMP was developed. Opower's comments reference an updated methodology to account for behavioral savings from a HER program which is described in the Cadmus Group paper appended to Opower's comments. The methodology is based on analysis of independently evaluated HER programs and provides a framework for how to measure incremental energy savings, account for persistence of energy savings over time and determine an appropriate EUL.

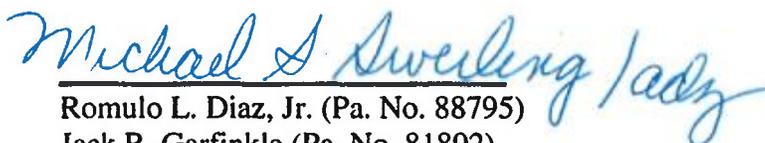
PECO believes the behavioral program savings information presented by Opower warrants consideration by the Commission and stakeholders. The Company recommends that an

expedited process be initiated to establish a state-wide interim measure protocol for HER programs that is consistent with the methodology proposed in the Cadmus Group paper. The protocol should be established by August 15, 2015 to allow EDCs sufficient time to incorporate the protocol into their EE&C plan design process.

## II. CONCLUSION

PECO appreciates the opportunity to provide these Reply Comments and looks forward to continuing to work with the Commission and other stakeholders to improve the effectiveness of the Technical Reference Manual.

Respectfully Submitted,



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