

February 16, 2016

VIA Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: Petition of PPL Electric Utilities Corporation for Approval of its Act 129
Phase 111 Energy Efficiency and Conservation Plan;
Docket No: M-2015-2515642**

Dear Secretary Chiavetta:

Enclosed please find the Statement of Nest Labs, Inc. in Support of the Joint Petition for Settlement.

Please contact our office if you have any questions concerning this filing.

Sincerely,

TUCKER ARENSBERG, PC

By: 
Kevin L. Hall, Esquire

KLH/sed

Enclosure

cc: Administrative Law Judge Susan D. Colwell (*via E-mail*)
Certificate of Service (*Via Email*)

HBGDB:155942-1 030988-173438

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation
for Approval of its Act 129 Phase III Energy
Efficiency and Conservation Plan

Docket No. M-2015-2515642

**STATEMENT OF NEST LABS, INC.
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

Nest Labs, Inc., (Nest) one of the signatory parties to the Joint Petition for Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

I. INTRODUCTION

On November 14, 2008, Act 129 of 2008 (Act 129) became effective. Act 129 contains a requirement for the Pennsylvania Public Utility Commission (Commission) to implement an Energy Efficiency and Conservation Program for Electric Distribution Companies (EDCs) with more than 100,000 customers. *See* 66 Pa.C.S. § 2806.1 *et seq.*

On June 19, 2015, the Commission entered an Implementation Order regarding the *Energy Efficiency and Conservation Program* at Docket No. M-2014-2424864. With this Implementation Order, the Commission tentatively adopted additional incremental reductions in electric consumption and peak demand for the period of June 1, 2016 through May 31, 2021. The Implementation Order set forth an expedited litigation schedule so the Commission can approve or reject energy efficiency and conservation (EE&C) Phase III plans within 120 days of the filing date of the plans.

On November 30, 2015, PPL Electric Utilities Corporation (PPL Electric or Petitioner) filed with the Pennsylvania Public Utility Commission(Commission) its Petition for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan, asking that the Commission approve the Energy Efficiency and Conservation Plan (EE&C Plan), which is designed to reduce energy consumption and demand in its service territory in accordance with the requirements of Act 129, 66 Pa.C.S.A.§2806.1, and the Implementation Order.

The Implementation Order required publication of notice of the filing, which was accomplished on December 12, 2015, 45 Pa.B. 7078, and set a 20-day deadline for answers with comments and recommendations. The petition was assigned to Administrative Law Judge Susan D. Colwell by Notice dated December 8, 2015. An initial pre-hearing Order was issued on December 18, 2015. An Initial Prehearing Conference was held on January 7, 2016, at which time the parties agreed to a scheduling order, with a hearing to be held on January 29, 2016.

Consistent with the scheduling Order of Judge Colwell, direct testimony of the parties was filed in this matter on January 12, 2016. The parties participated in settlement discussions leading to a Joint Petition for Settlement. On January 28, 2016, counsel for PPL informed Judge Colwell that a global settlement had been reached.

A hearing was held on January 29, 2016, for purposes of admitting testimony and exhibits into the record. The parties were given leave until February 16, 2016, within which time to submit a Joint Stipulation for Admission of Evidence and Copies of Statements and Exhibits as well as the Joint Petition for Approval of Settlement. The record was to be certified by Judge Colwell for Commission review on or about February 19, 2016.

The Settlement provides for the approval of the Petitioner's Phase III EE&C Plan with certain clarifications and modifications to specific energy efficiency programs. As discussed below, Nest submits that the Settlement is in the public interest and should be adopted.

II. TERMS OF SETTLEMENT

Section III of the Joint Petition sets out the specific settlement provisions. Many of these provisions address issues presented in testimony and negotiated by the parties concerning aspects of the Company's Act 129 Phase III Plans affecting issues raised by Nest Labs. The resolution of these issues, through this settlement, furthers the goals of Act 129 and Commission Orders regarding energy efficiency and conservation services and measures to be taken in the PPL Electric service territory and is in the public interest.

PPL and Nest Labs came to resolution on a number of issues that Nest prioritized in its Direct Testimony as well as in settlement discussions. PPL and the other intervening parties supported many of these issues as part of the Final Settlement.

The first of these positions is found in the Low Income Programs Section of the Settlement Agreement. It incorporates the distribution of smart thermostats to the customers enrolled in PPL's Low Income WRAP Program.

D. LOW-INCOME PROGRAMS

48. As part of its Low-Income WRAP, PPL Electric shall offer smart thermostats to low-income customers at no cost to those customers. The smart thermostats will be an eligible

measure for homes with central electric heat and subject to landlord approval, available program funds, and the overall program acquisition cost of Low-Income WRAP.

PPL and the other parties also supported additional issues that Nest Labs promoted in the Settlement's Section E, focusing on Smart and Programmable Thermostats. Sections 55 to 58 provide support for Nest's other positions with regard to a rebate for Smart Thermostats, incorporating Smart Thermostats into PPL's Residential New Construction Program, and to initiate demand response and low-income pilot programs that include Smart Thermostats. The following provisions in the Settlement Agreement spell out such issues:

E. SMART AND PROGRAMMABLE THERMOSTATS

55. PPL Electric confirms that it will offer a rebate for smart thermostats in the range of \$50 to \$250 under the Energy Efficient Home Program.

56. PPL Electric confirms that smart thermostats are an eligible measure under the New Homes Component of the Energy Efficient Home Program. Smart thermostats are an eligible measure to achieve the HERs rating home, and smart thermostats with adaptive recovery technology are an eligible measure for an EnergyStar rated home.

57. During Program Year 8, PPL Electric will work with its Residential CSP or other contractors to evaluate a pilot for residential demand response using smart thermostats. The Company will review the recommendations of the evaluation with stakeholders in early Program Year 9. If the evaluation recommends implementing a pilot program for residential demand response using smart thermostats, the Company will submit, within a reasonable time, a description of the pilot program to the Commission and stakeholders prior to implementation in accordance with Section 9.1.5 of the Phase III EE&C Plan. If the pilot requires a change to the

EE&C Plan, the Company will review the change with stakeholders and submit the change to the Commission with the next petition to modify the EE&C Plan. If the evaluation recommends not implementing a pilot program for residential demand response using smart thermostats, the evaluation will provide the reasons for this recommendation to stakeholders.

58. PPL Electric will revise its EE&C Plan to add a pilot designed to provide programmable thermostats designed to control baseboard electric heaters of residential or low-income customers. PPL Electric will use commercially reasonable efforts to obtain 20 participants for the pilot, but the parties acknowledge that the program is voluntary and that PPL Electric cannot guarantee the actual number of participants. The Company will strive to start the pilot by June 2017, but the completion date is contingent on the design of the program, delivery channels for the thermostats, and participation by customers. The Company will publish the results of the pilot to stakeholders. This programmable thermostat pilot is not the same as the residential demand response pilot described in Paragraph 57 above.

The Company and Nest Labs have come to a mutually agreeable position on these issues as indicated in the above referenced paragraphs of the Joint Petition, and therefore for the reasons stated above, supports the Joint Petition.

III. CONCLUSION

Nest submits that the terms and conditions of the proposed Settlement of this EE&C proceeding represent a fair and reasonable resolution of the issues and claims arising in this proceeding. If approved, the proposed Settlement will benefit the Commission and all Parties by foregoing the additional costs of litigation. For all of the foregoing reasons, Nest Labs, Inc.

submits that the proposed Settlement is in the public interest and the interest of the customers of PPL Electric Utilities Corporation, and should be approved.

Respectfully submitted,



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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities
Corporation For Approval of its Act 129
Phase III Energy Efficiency and
Conservation Plan**

DOCKET NO. M-2015-2515642

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the following parties to this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by participant).

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