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September 21, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
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Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Enclosed for filing is the Petition of PPL Electric Utilities Corporation for Approval of a Minor Change to Its Act 129 Phase III Energy Efficiency and Conservation Plan Under the Commission's Expedited Review Process in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DTR/skr
Enclosures

cc: Certificate of Service
Office of Administrative Law Judge

**CERTIFICATE OF SERVICE
(Docket No. M-2015-2515642)**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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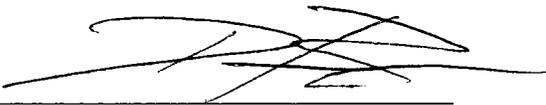
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PETITION OF PPL ELECTRIC UTILITIES CORPORATION
FOR APPROVAL OF A MINOR CHANGE TO ITS
ACT 129 PHASE III ENERGY EFFICIENCY AND CONSERVATION PLAN UNDER
THE COMMISSION'S EXPEDITED REVIEW PROCESS**

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I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), by and through its attorneys, hereby petitions the Pennsylvania Public Utility Commission (“Commission”), pursuant to Section 5.41 of the Commission’s Rules of Administrative Practice and Procedure, 52 Pa. Code § 5.41, for permission to modify its Phase III Energy Efficiency and Conservation Plan (“EE&C Plan”) approved by the Commission. *See Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Order Entered Mar. 17, 2016) (“*March 2016 Order*”); *Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Tentative Order Entered June 9, 2016) (“*June 2016 Order*”); Secretarial Letter, Docket No. M-2015-2515642 (June 27, 2016) (“*June 2016 Secretarial Letter*”) (stating that PPL Electric’s compliance EE&C Plan had become final without further action by the Commission).

Pursuant to the Commission’s expedited review process¹ for approving EE&C plan changes proposed by electric distribution companies (“EDCs”), PPL Electric requests Commission approval of one minor change to its Phase III EE&C Plan. The Commission’s 2011 *Minor Plan Change Order* established an expedited review process for approving minor EE&C Plan modifications. In its *Phase III Implementation Order*,² the Commission determined that it would continue to use the minor EE&C plan change approval process described in the *Minor Plan Change Order* in Phase III. *Phase III Implementation Order*, at pp. 115-18.

¹ *See Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (Order Entered June 10, 2011) (“*Minor Plan Change Order*”).

² *See Energy Efficiency and Conservation Program*, Docket No. M-2014-2424864 (Order Entered June 19, 2015) (“*Phase III Implementation Order*”).

PPL Electric respectfully requests that this Petition and the proposed EE&C Plan modification be reviewed under the procedural schedule established in the *Minor Plan Change Order* for “minor” EE&C Plan changes – comments are to be filed within 15 days of the Petition’s filing, and all parties will have 10 days thereafter to file reply comments. The proposed change concerns a change to a measure’s eligibility requirement in the Custom Program and will not increase the overall costs to any customer class. In fact, implementing the requested change will have no effect on any budget, savings, or Total Resource Cost (“TRC”) Test figures set forth in the EE&C Plan. Thus, PPL Electric respectfully requests that the Commission approve this Petition pursuant to the expedited review process outlined in its *Minor Plan Change Order*.

In support of this Petition, PPL Electric states as follows:

II. BACKGROUND

1. On November 30, 2015, PPL Electric filed its initial Phase III EE&C Plan with the Commission pursuant to Act 129 and various related Commission orders. PPL Electric’s Phase III EE&C Plan included a broad portfolio of energy efficiency and energy education programs and initiatives. PPL Electric’s portfolio of programs was designed to provide customer benefits and to meet the energy conservation and demand reduction goals set forth in Act 129 and related Commission orders. The initial Phase III EE&C Plan included a range of energy efficiency programs that included every customer sector in PPL Electric’s service territory. These programs are the key components of a comprehensive electric energy efficiency initiative designed to achieve the Company’s required energy conservation and demand reduction goals.

2. The Commission approved PPL Electric’s initial Phase III EE&C Plan, with modifications, on March 17, 2016. *See March 2016 Order*, at pp. 57-61. Pursuant to the *March 2016 Order*, PPL Electric submitted a compliance filing on April 22, 2016. The Company

subsequently filed an Errata to its compliance filing on May 24, 2016. The Commission approved PPL Electric's compliance filing, as amended, on June 27, 2016. *See June 2016 Secretarial Letter.*

III. PROPOSED MINOR CHANGE TO THE EE&C PLAN

3. PPL Electric proposes one minor change to its EE&C Plan. The Company seeks to modify the cost-effectiveness eligibility requirement for Custom Program projects. Currently, the Phase III EE&C Plan requires all Custom Program projects to undergo a cost-effectiveness screening process to qualify for an incentive payment. Combined Heat and Power ("CHP") projects must have a TRC benefit-cost ratio in excess of 1.25, and all other Custom Program projects must have a TRC benefit-cost ratio in excess of 1.10.

4. PPL Electric proposes to modify the cost-effectiveness eligibility requirement to grant additional flexibility regarding the minimum TRC requirement so that the Company can provide incentives to customers while ensuring that the Custom Program and the entire EE&C Plan will be cost-effective. Specifically, as seen in the redline pages of the EE&C Plan attached as **Appendix A**, the Company would replace the Custom Program's eligibility requirement with the following:

PPL Electric may implement a minimum TRC requirement for projects if necessary to ensure the program or portfolio TRC is greater than 1.0. PPL Electric will notify customers, trade allies, and stakeholders at least 30 days before the effective date of this TRC requirement or a subsequent change in the TRC requirement. Any TRC requirement would be in effect for new applications submitted after the effective date. PPL Electric will contact any customer whose Phase 3 application was previously rejected because of the TRC requirement in the original EE&C Plan (> 1.25 for CHP; > 1.1 for other types of projects) to give each customer an opportunity to continue its Custom Program application.

This proposed modification neither will increase the overall cost to any customer class, nor change any budget, savings, or TRC figures set forth in the Phase III EE&C Plan.

5. The proposed minor change is reasonable and should be approved for several reasons. First, the proposed change would be more consistent with the other Act 129 EDCs' Phase III EE&C Plans. No other EDC subject to Act 129 has a cost-effectiveness screening requirement for "custom" projects. Although the Company is not seeking to eliminate the screening requirement entirely, the proposed change would provide additional flexibility to PPL Electric when evaluating a project's eligibility for an incentive.

6. Second, the Company could adjust the cost-effectiveness threshold, on a prospective basis, to ensure that the Custom Program and the overall EE&C Plan portfolio will be cost-effective as Phase III progresses. As a result, PPL Electric will be better equipped to respond to fluctuations in customer participation and the types of projects submitted by customers.

7. Third, the proposed change would further encourage customers to evaluate potential CHP projects. On March 9, 2016, the Commission entered an order requesting comments on a proposed policy statement about CHP projects, in which the Commission noted the benefits and untapped market of CHP. *See Proposed Policy Statement on Combined Heat and Power*, Docket No. M-2016-2530484 (Order Entered Mar. 9, 2016). PPL Electric already has been approached by multiple customers about incentives for CHP projects in Phase III. However, some of these projects did not meet the stringent 1.25 TRC benefit-cost ratio threshold currently set forth in the EE&C Plan. Due to the Commission's proposed CHP policy statement, the Company believes that it should encourage CHP projects, so long as the Custom Program and the overall EE&C Plan portfolio remain cost-effective. The proposed minor change would

enable more CHP projects to be considered for incentives under the Custom Program and will not adversely affect the Company's ability to keep its Custom Program and overall EE&C Plan portfolio cost-effective.

8. Furthermore, as set forth in the *Minor Plan Change Order*, the Company requests that this matter be ruled on by Commission Staff and not referred to the Office of Administrative Law Judge for hearings. See *Minor Plan Change Order*, at p. 19. This Petition concerns only one minor EE&C Plan change that will have no impact on projected budgets, savings, or TRC figures set forth in the Phase III EE&C Plan. Therefore, the proposed minor change can be adequately vetted through the comment process.

IV. NOTICE

9. Pursuant to the *Minor Plan Change Order*, PPL Electric is serving copies of this filing on the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, and all other parties of record in PPL Electric's Phase III EE&C Plan proceeding (Docket No. M-2015-2515642). See *Minor Plan Change Order*, at pp. 18-19 (requiring service of a petition on "all parties"). PPL Electric will also post a redlined version of the EE&C Plan on its Act 129 website (<http://www.pplelectric.com/e-power/stakeholders/index.htm>).

V. **CONCLUSION**

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission approve the proposed minor change to the EE&C Plan, as set forth in this Petition. Further, PPL Electric requests that the Commission resolve issues on the basis of comments and replies to comments on the proposed modification.

Respectfully submitted,



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APPENDIX A

REDLINE EE&C PLAN PAGES

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PPL Electric Utilities Corporation
Energy Efficiency and Conservation Plan

Act 129 Phase III

Docket No. M-2015-2515642

~~Compliance Filing~~

~~April 22, 2016~~ Revised September 21, 2016

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Custom Program – Small C&I

Program Description

Through the Small C&I Custom Program, PPL Electric provides financial incentives to customers who install measures that are not offered in PPL Electric’s other programs, including measures that are not addressed in the TRM. These measures may include new or replacement energy efficient equipment, retro-commissioning, repairs, equipment optimization, new construction projects, operational and process improvements, CHP projects, and behavioral changes that result in cost-effective energy efficiency savings. ~~To qualify for financial incentives, eligible customers are required to provide documentation that their proposed efficiency upgrades pass the program cost-effectiveness threshold and technical criteria.~~ The program also includes a continuous energy improvement component, under which the Nonresidential CSP works closely with customers to identify ways to reduce their electricity usage through improved operations and maintenance and behavioral changes.

The Nonresidential CSP will support all sector-level program functions, including operating a customer call center, marketing, developing and maintaining an effective trade ally network, processing customer incentives, and tracking activities. PPL Electric’s energy efficiency staff will provide overall strategic direction and program management. The EM&V CSP will provide evaluation services.

Objectives

The objectives of the Small C&I Custom Program are to:

- Encourage PPL Electric Small C&I sector customers to take a comprehensive, whole-facility approach to energy efficiency by installing high-efficiency custom measures or processes; ¹
- Encourage qualifying equipment repairs, optimization, and operational or process changes that reduce electricity consumption;
- Increase customer awareness of the features and benefits of energy efficient equipment.
- Increase the market penetration of high-efficiency equipment;
- Support emerging technologies and non-typical efficiency solutions in cost-effective applications;
- Encourage advanced energy efficiency strategies required for certification by national market transformation programs such as Leadership in Energy and Environmental Design (“LEED”), Architecture 2030, or ENERGY STAR Buildings;
- Obtain participation necessary to achieve approximately 183,000 MW/year gross verified savings; and
- Achieve high customer and trade ally satisfaction.

Target Market

The Custom Program will be available to customers in a nonresidential rate class and any building or business type. Customers occupying rental property must have the owner’s approval to participate.

Eligible Measures and Incentive Strategy

PPL Electric provides incentives following successful implementation of a cost-effective project. The Company offers performance incentives based on the avoided or reduced kWh/year resulting from the project. Incentives may be capped at 50% to 100% of the total project costs (excluding internal labor) and are subject to an annual cap for each project and for each participating customer. The per-customer-site cap is defined as one building with one or more meters. Multiple sites and a parent company cap will apply to a campus setting or multiple buildings (on the same property or in different locations) with a common owner.

Program measures, eligibility requirements, and incentives may change to reflect progress, changes in the TRM, changes in market conditions, or other factors. Table 53 identifies PPL Electric’s proposed list of program measures, minimum eligibility qualifications, and incentive level ranges. PPL Electric shall strive to keep the Custom Program’s rebates and per-site caps as consistent as possible while recognizing the need to adjust incentives and caps to control the pace of the Company’s programs within their savings and cost budgets.

Table 53. Small C&I Custom Program Eligible Measures and Incentives

Measure	Eligibility Qualifications	Incentive Range
Custom Nonresidential	Projects must meet a TRC test greater than 1.1. Per project cap will range from \$250,000 to \$500,000 per customer site per year or \$1 million per parent company per year for customers with multiple sites. Incentive cannot exceed 50% - 100% of the total project cost (excluding internal labor)	\$0.05 - \$0.14 per annual kWh saved
CHP	Projects must meet a TRC test greater than 1.25. Per project cap will range from \$250,000 to \$500,000 per customer site per year or \$1 million per parent company per year for customers with multiple sites. Incentive cannot exceed 50% of the total project cost (excluding internal labor).	\$0.02 - \$0.10 per annual kWh saved

PPL may implement a minimum TRC requirement for projects if necessary to ensure the program or portfolio TRC is greater than 1.0. PPL will notify customers, trade allies, and stakeholders at least 30 days before the effective date of this TRC requirement or a subsequent change in the TRC requirement. Any TRC requirement would be in effect for new applications submitted after the effective date. PPL will contact any customer whose Phase 3 application was previously rejected because of the TRC requirement in the original EE&C Plan (> 1.25 for CHP; > 1.1 for other types of projects) to give each customer an opportunity to continue its Custom Program application.

PPL Electric has budgeted approximately \$3 million for pilots and new technology in the Custom Program (for all customer sectors). As new technology and pilots are identified, PPL Electric will provide details and budgets to stakeholders and Pa PUC staff prior to implementation.

All measures may not be available at all times. In some cases, PPL Electric may suspend a measure depending on popularity, pace of the program (savings and costs), free-ridership, evaluation requirements, complexity of the information required from customers, administrative requirements for

Eligible Measures and Incentive Strategy

PPL Electric provides incentives following successful implementation of a cost-effective project. The Company offers performance incentives based on the avoided or reduced kWh/year resulting from the project. Incentives may be capped at 50% to 100% of the total project costs (excluding internal labor) and are subject to an annual cap for each project and for each participating customer. The per-customer-site cap is defined as one building with one or more meters. A parent company cap will apply to a campus setting or multiple buildings (on the same property or in different locations) with a common owner.

Program measures, eligibility requirements, and incentives may change to reflect progress, changes in the TRM, changes in market conditions, or other factors. Examples of custom projects include chiller replacements, air compressor improvements, equipment control projects, and experimental technologies. Table 69 identifies PPL Electric’s proposed list of program measures, minimum eligibility qualifications, and incentive level ranges. PPL Electric shall strive to keep the Custom Program’s rebates and per-site caps as consistent as possible while recognizing the need to adjust incentives and caps to control the pace of the Company’s programs within their savings and cost budgets.

Table 69. Large C&I Custom Program Eligible Measures and Incentives

Measure	Eligibility Qualifications	Incentive Range
Custom Nonresidential	Projects must meet a TRC test greater than 1.1. Per project cap will range from \$250,000 to \$500,000 per customer site per year or \$1 million per parent company per year for customers with multiple sites. Incentive cannot exceed 50% - 100% of the total project cost (excluding internal labor)	\$0.05 - \$0.14 per annual kWh saved
CHP	Projects must meet a TRC test greater than 1.25. Per project cap will range from \$250,000 to \$500,000 per customer site per year or \$1 million per parent company per year for customers with multiple sites. Incentive cannot exceed 50% of the total project cost (excluding internal labor)	\$0.02 - \$0.10 per annual kWh saved

PPL may implement a minimum TRC requirement for projects if necessary to ensure the program or portfolio TRC is greater than 1.0. PPL will notify customers, trade allies, and stakeholders at least 30 days before the effective date of this TRC requirement or a subsequent change in the TRC requirement. Any TRC requirement would be in effect for new applications submitted after the effective date. PPL will contact any customer whose Phase 3 application was previously rejected because of the TRC requirement in the original EE&C Plan (> 1.25 for CHP; > 1.1 for other types of projects) to give each customer an opportunity to continue its Custom Program application.

All measures may not be available at all times. In some cases, PPL Electric may suspend a measure depending on popularity, pace of the program (savings and costs), free-ridership, evaluation requirements, complexity of the information required from customers, administrative requirements for

Custom Program - GNE

Program Description

Through the GNE Custom Program, PPL Electric provides financial incentives to customers who install measures that are not offered in PPL Electric's other commercial programs, including measures that are not addressed in the TRM. These measures may include new or replacement energy efficient equipment, retro-commissioning, repairs, equipment optimization, new construction projects, operational and process improvements, CHP projects, and behavioral changes that result in cost-effective energy efficiency savings. ~~To qualify for financial incentives, eligible customers are required to provide documentation that their proposed efficiency upgrades pass the program cost-effectiveness threshold and technical criteria.~~ The program also includes a continuous energy improvement component, under which the Nonresidential CSP works closely with customers (e.g., school districts) to identify ways to reduce their electricity usage through improved operations and maintenance and behavioral changes.

The Nonresidential CSP will support all sector-level program functions, including operating a customer call center, marketing, developing and maintaining an effective trade ally network, processing incentives to customers, and tracking activities. PPL Electric's energy efficiency staff will provide overall strategic direction and program management. The EM&V CSP will provide evaluation services.

Objectives

The objectives of the GNE Custom Program are to:

- Encourage PPL Electric GNE customers to take a comprehensive whole-facility approach to energy efficiency by installing high-efficiency custom measures or processes;
- Encourage qualifying equipment repairs, optimization, and operational or process changes that reduce electricity consumption;
- Increase customer awareness of the features and benefits of energy efficient equipment;
- Increase the market penetration of high-efficiency equipment;
- Support emerging technologies and non-typical efficiency solutions in cost-effective applications;
- Encourage advanced energy efficiency strategies required for certification by national market transformation programs such as LEED, Architecture 2030, or ENERGY STAR Buildings;
- Obtain participation necessary to achieve approximately 49,000 MWh/year verified gross savings; and
- Achieve high customer and trade ally satisfaction.

Target Market

The Custom Program will be available to customers in a nonresidential rate class and any building or business type. Customers occupying rental property must have the owner's approval to participate.

Eligible Measures and Incentive Strategy

PPL Electric provides incentives following successful implementation of a cost-effective project. The Company offers performance-based incentives based on avoided or reduced kWh/year resulting from the project. Incentives may be capped at 50% to 100% of the total project costs (excluding internal labor) and are subject to an annual cap for each project and for each participating customer. The per-customer-site cap is defined as one building with one or more meters. A parent company cap will apply to a campus setting or multiple buildings (on the same property or in different locations) with a common owner.

Program measures, eligibility requirements, and incentives may change to reflect progress, changes in the TRM, changes in market conditions, or other factors. Examples of custom projects include chiller replacements, air compressor improvements, equipment control projects, and experimental technologies. Table 83 identifies PPL Electric’s proposed list of program measures, minimum eligibility qualifications, and incentive level ranges.

PPL Electric shall strive to keep the Custom Program’s rebates and per-site caps as consistent as possible while recognizing the need to adjust incentives and caps to control the pace of the Company’s programs within their savings and cost budgets.

Table 83. GNE Custom Program Eligible Measures and Incentives

Measure	Eligibility Qualifications	Incentive Range
Custom GNE	Projects must meet a TRC test greater than 1.1. Per project cap will range from \$250,000 to \$500,000 per customer site per year or \$1 million per parent company per year for customers with multiple sites. Incentive cannot exceed 50% - 100% of the total project cost (excluding internal labor).	\$0.05 - \$0.14 per annual kWh saved
CHP	Projects must meet a TRC test greater than 1.25. Per project cap will range from \$250,000 to \$500,000 per customer site per year or \$1 million per parent company per year for customers with multiple sites. Incentive cannot exceed 50% of the total project cost (excluding internal labor).	\$0.0285 - \$0.1000 per annual kWh saved

PPL may implement a minimum TRC requirement for projects if necessary to ensure the program or portfolio TRC is greater than 1.0. PPL will notify customers, trade allies, and stakeholders at least 30 days before the effective date of this TRC requirement or a subsequent change in the TRC requirement. Any TRC requirement would be in effect for new applications submitted after the effective date. PPL will contact any customer whose Phase 3 application was previously rejected because of the TRC requirement in the original EE&C Plan (> 1.25 for CHP; > 1.1 for other types of projects) to give each customer an opportunity to continue its Custom Program application.

All measures may not be available at all times. In some cases, PPL Electric may suspend a measure depending on popularity, pace of the program (savings and costs), free-ridership, evaluation

VERIFICATION
(Docket No. M-2015-2515642)

I, Peter D. Cleff, being the Manager-Energy Efficiency Programs and Evaluation at PPL Electric Utilities Corporation, hereby state that the facts set forth are true and correct to the best of my knowledge, information and belief and that I expect that PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: September 21, 2016



Peter D. Cleff