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October 6, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
Harrisburg, PA 17105-3265

Re: PPL's Act 129 EE&C Phase III Plan; Docket No. M-2015-2515642;
**SEF'S COMMENTS TO PPL ELECTRIC'S PETITION FOR
APPROVAL OF A MINOR CHANGE TO ITS ACT 129 PHASE III
EE&C PLAN**

Dear Secretary Chiavetta:

Please find enclosed for filing the Sustainable Energy Fund of Central Eastern Pennsylvania's ("SEF") comments in the above-referenced matter. All parties to the proceeding are being served with a copy of SEF's comments per the attached certificate of service.

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

Best regards,

Micah R. Bucy
*Counsel for The Sustainable Energy Fund of
Central Eastern Pennsylvania*

MRB/jld
Enclosure(s)
cc: Per Certificate of Service

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

The Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”), by and through its attorneys in this matter, Hawke McKeon & Sniscak, LLP, hereby submits the following Comments in response to 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 that was filed with the Pennsylvania Public Utility Commission (“Commission”) on September 21, 2016.

I. INTRODUCTION

On November 30, 2015 PPL Electric Utilities Corporation (“PPL”) filed its initial Phase III EE&C Plan pursuant to Act 129 of 2008¹ and other related Commission Orders under the above-captioned docket, M-2015-2515642. SEF was an active participant in the Commission approval process by filing Comments, submitting testimony, and by signing as a party to the Global Settlement between PPL Electric and the various interested parties. On March 27, 2016,

¹ Act 129 of 2008, P.L. 1592, 66 Pa.C.S. §2806.1 and 2806.2.

the Commission approved PPL's initial Phase III Plan subject to the revisions agreed upon in the Global Settlement.

On September 21, 2016, PPL Electric filed with the Commission its Petition for Approval of a Minor Change to Its Act 129 Phase III Energy Efficiency and Conservation Plan Under the Commission's Expedited Review Process ("Petition"). In its Petition, PPL makes two requests: 1) that its Petition be evaluated under an expedited review process pursuant to the June 10, 2011 *Minor Plan Change Order* found at Docket No. M-2008-2069887 and 2) to modify the cost-effectiveness eligibility requirement so as to grant PPL greater flexibility to set the minimum Total Resource Cost ("TRC") for Small Commercial & Industrial ("Small C&I"), Large Commercial & Industrial ("Large C&I"), and Government, Non-Profit, and Education ("GNE") Customers with respect to the Custom Programs and the Combined Heat and Power ("CHP") program measures in its Phase III Plan to ensure that the "entire EE&C Plan will be cost-effective." *PPL's Petition at 2—3.*

II. COMMENTS

SEF does not oppose PPL's request to evaluate the proposed changes in its Petition under the Minor Plan Change Order. However, without the addition of further clarifying language to the proposed changes in PPL's Petition, SEF does oppose the Petition because it believes that the proposed changes grant PPL too much discretion in setting the TRC eligibility requirements for Custom Programs and CHP within the Small and Large C&I customer-base.

A. Evaluation Under the Minor Plan Change Order

SEF believes that the changes proposed in PPL Electric's Petition are appropriately evaluated under the *Minor Plan Change Order* as its proposal relates only to the eligibility requirements for Small and Large C&I customers to participate in the Custom Nonresidential

and CHP programs, and SEF does not, at this time, believe the proposal will increase the overall costs to those customer classes.

B. Revisions to TRC Eligibility Requirements

As currently proposed, SEF opposes the Petition because it would permit PPL Electric to require an unrealistic TRC criterion for Small and Large C&I Customers in the Custom Nonresidential and CHP offerings of its Phase III Plan. Although SEF opposes the current iteration of PPL's proposal, SEF is cognizant of the fact that PPL requires some flexibility in managing specific measures in its Phase III Plan and therefore does not oppose granting PPL some flexibility. As such, if language were added to the proposed revision that created a range of acceptable TRC levels from which PPL could set, subject to a ninety (90) day notice requirement, as a threshold criterion for Small and Large C&I customers to participate in the Custom Nonresidential or CHP program measures, then SEF would no longer oppose PPL's Petition.

1. A Specified Range Should be Included in the Revisions

Although SEF recognizes that PPL Electric requires some flexibility in setting eligibility requirements for the various measures offered in its Phase III Plan, that flexibility cannot be unrestrained. As currently written, PPL proposes to grant itself unrestrained flexibility.

Under the current Commission-approved Phase III Plan, there is a threshold TRC level that must be achieved in order for a Small C&I or Large C&I Customer to be eligible to participate in the Custom Nonresidential and CHP program measures, a TRC of 1.1 and 1.25 respectively. *See, PPL Phase III Plan at 95, 122.* PPL's Petition proposes to strike that TRC threshold requirement and replace it with the following:

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.

See, Petition at 3, Appendix A. Under PPL's approved Phase III Plan, there is a specified TRC eligibility criterion for participation in the Custom Nonresidential and CHP program measures. But under PPL's proposal, the specified minimum TRC would be stricken and replaced with vague language granting PPL a license to increase the minimum TRC eligibility criterion to an unrealistic and unobtainable level ("PPL may implement a minimum TRC requirement for projects if necessary to ensure the program or portfolio TRC is greater than 1.0." *Id.*). For example, under PPL's proposal there is nothing prohibiting the minimum TRC eligibility level to be set to 3.0, 4.0, 5.0 or more and then justified on the basis that such a high minimum TRC is needed to "ensure the program or portfolio TRC is greater than 1.0." *Id.* The result of granting PPL such great flexibility and discretion could result in decreased participation among the Small and Large C&I customer base due to higher and more stringent eligibility requirements imposed by PPL as compared to the requirements in the current Phase III Plan.

Additionally, the lack of a concrete minimum TRC eligibility level in PPL's proposed revisions is also problematic because there is no guidance for would-be participants to assess the potential eligibility of a custom program it may seek to implement.

In an effort to balance the acknowledged need of PPL to have some flexibility in setting eligibility requirements under PPL Electric's Phase III Plan and the vague language that has been proposed in the Petition, SEF recommends that language be added to create a range of acceptable

minimum TRC eligibility levels which would grant PPL the flexibility to adjust the threshold eligibility requirement for Small and Large C&I customers to participate in the Custom Nonresidential and CHP program measures of its Phase III Plan. Stated differently, PPL would have the flexibility and discretion to adjust the TRC criterion as low as (x), but no higher than (y). And after reviewing PPL's Phase III Plan, SEF suggests that the range have an acceptable minimum TRC criterion set at a TRC level equal to or greater than 1.0, and that the maximum TRC criterion not be permitted to exceed a TRC level of 1.7 for custom measures. For CHP, SEF suggests that the minimum TRC criterion to be equal to or greater than 1.0, and that the maximum TRC criterion not be permitted to exceed 1.4.

2. *A 90-Day Notice Period Should be Included in the Revisions*

In addition to the establishment of an acceptable range of a minimum TRC level criterion, SEF also recommends that PPL amend the proposed thirty (30) day notice to a ninety (90) day notice prior to any adjustment to the minimum TRC level criterion. The Custom Nonresidential and CHP program measures that Small and Large C&I customers explore and implement can take many months to research, develop, and ultimately implement. Because of the amount of time and resources invested in developing custom programs for Small and Large C&I customers, a thirty day notice period in the adjustment of the minimum TRC level criterion will operate as a disincentive to participating in the Custom Nonresidential and CHP program measure. Those customer bases, for instance, are not going to invest the significant time and resources in developing a custom program that has a 1.2 TRC level as initially required by PPL, when it is possible that thirty-one (31) days prior to implementation the customer is informed that the TRC level must now have a minimum TRC level of 1.4.

Due to the significant expenditure of time and resources needed to implement a Custom Nonresidential of CHP program measure for Small and Large C&I customers, SEF believes that a ninety (90) day notice that the minimum TRC level criterion is being adjusted is more appropriate here.

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: October 6, 2016

CERTIFICATE OF SERVICE

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

VIA EMAIL AND FIRST-CLASS MAIL

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