



COPY

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Comments Of
Citizens for Pennsylvania's Future
(PennFuture)**

Regarding

**Policies to Mitigate Potential Electricity Price Increases
Tentative Order
Docket No. M-00061957**

**Submitted by:
Courtney Lane
Policy Analyst
PennFuture Center for Energy, Enterprise and the Environment
March 5, 2007**

PA PUC
SECRETARY'S BUREAU

2007 MAR -5 PM 1:30

RECEIVED

Citizens for Pennsylvania's Future Center for Energy, Enterprise and the Environment
212 West Gay Street, West Chester, PA 19380-2942, (610) 696-8051 FAX: (610) 696-8021
Citizens for Pennsylvania's Future
610 N. Third Street, Harrisburg, PA 17101-1113, (717) 214-7920 Toll free in Pennsylvania: (800) 321-7775
FAX: (717) 214-7927 info@pennfuture.org
Citizens for Pennsylvania's Future
1518 Walnut Street, Suite 1100, Philadelphia, PA 19102-3406, (215) 545-9691 FAX: (215) 545-9637
Citizens for Pennsylvania's Future Environmental Communications Center of Western Pennsylvania
Regional Enterprise Tower, 425 Sixth Avenue, Suite 2770, Pittsburgh, PA 15219-1853* (412) 258-6680
FAX: (412) 258-6685

Introduction:

PennFuture is a statewide public interest membership organization, working to enhance Pennsylvania's environment and economy, with offices in Harrisburg, West Chester, Philadelphia and Pittsburgh. We appreciate the opportunity to provide comments on the Commission's Tentative Order: Docket No. M-00061957- Policies to Mitigate Potential Electricity Price Increases adopted on February 8, 2007.

PennFuture presented both written and oral testimony during the initial En Banc hearing in June 2006. At that time PennFuture recommended actions ranging from consumer education; increased funding for alternative energy and energy conservation; advanced metering infrastructure; and increased funding for low-income customers. While the tentative order moves in the right direction, more needs to be done.

Consumer Education:

While it is vital to have EDCs file education plans that specifically tailor to their service territory, the development of a state-wide campaign is equally important. The Commission's recommendation to propose a five year, \$5 million dollar education campaign falls short of a viable effort. PennFuture urges doubling the consumer education budget to \$10 million over five years. Spending less than that amount guarantees failure and amounts to wasting whatever is spent. The Commission must not be "penny-wise and pound-foolish".

States in the northeast with public benefit funded energy efficiency programs are spending \$2 million per year on consumer education. We would argue that Pennsylvania should spend more not less in conjunction with EDC efforts, given the current lack of energy conservation programs in the state. In the absence of funding for energy conservation programs, consumer education campaigns can help customers reduce energy without investing in new technology. Simple changes such as turning off lights, turning down air-conditioners, and closing windows and doors can help cut electric usage by approximately 5%. Additionally, providing customers with information on the energy savings from investments in ENERGY STAR appliances and compact fluorescent lighting can reduce usage further. The Commission's proposed outreach mechanisms, including television, radio, billboards, and paid sponsorships, are expensive and will require more funding than has been proposed.

Within the tentative order the Commission seeks comments on the level of coordination between the EDC and the state-wide campaign to be developed by the Council for Utility Choice (CUC). While there are merits to having a few outreach initiatives specific to EDC service territories, PennFuture recommends a strong level of collaboration between the CUC and EDCs. Consistent messaging and branding is critical to changing customer behavior. State-wide and regional campaigns including "Flex Your Power" in California, "Cool Choice" in New England and New Jersey, and "Change a Light" at the national level have all been successful in part due to their consistent messaging and branding. Therefore, we recommend that the Commission direct the EDCs and CUC to meet within 60 days of the entry of the final order to begin to develop campaigns that they can promote uniformly.

Funding Cost-Recovery:

The Commission requested comments on its proposal to have funding for the EDC education campaigns be collected through a surcharge. The Commission also indicates that small business customers be included in this charge. We feel this is an appropriate way to fund programs and small business should be included. However, we do not feel that consumer education will be enough to convince small businesses to invest in energy conservation.

Some small businesses may not have the upfront capital to invest in energy efficient measures such as efficient lighting, HVAC units, motors, and appliances.

The PUC should mandate renewed funding for all sustainable development funds and/or direct funding to the Pennsylvania Energy Development Authority (PEDA) to provide grants specifically directed to small businesses to help offset the costs of energy efficient investments. Modest investments in energy efficient technologies could save the average small business as much as 36% on their energy bills annually. Reductions in demand also benefit customers that do not participate in conservation programs by decreasing market prices.

Energy Conservation and Reduction of Peak Demand:

While we understand the Commission's desire to keep comments addressing energy conservation and peak demand reduction to the working group, we want to reiterate the importance of coordinating the consumer education campaign with mandated programs including: implementing advanced metering infrastructure (AMI) to promote voluntary real-time pricing; rebate programs for energy efficient appliances, lighting, heating and cooling systems; ENERGY STAR Homes; and high performance schools.

The Commission also must implement recommendations that come out of the working group and mandate a funding mechanism to realize the potential energy savings. The Commission should require EDCs to include energy efficiency and demand side programs in its electricity transition plan that could be funded by a combination of electric distribution rates, sustainable development funds, and the Pennsylvania Energy Development Authority that would have the goal offsetting load growth. The best way to prepare for the end of rate caps is to lower demand and help give consumers both the knowledge and the financial means to reduce their electric bills. Marginal decreases in demand, especially peak demand, through load shifting can substantially reduce prices. For example, almost 20% of the cost to serve a residential customer annually is incurred by insuring supply during the 100 hours of highest demand. PJM has calculated that a 1% reduction in peak demand can lead to a 10% reduction in peak price. Unless the Commission reduces peak demand during the 100 hottest hours, it will fail to prepare Pennsylvania for the end of rate caps.

Low-income Customers:

While the Commission states it does not want to address LIURP funding in this tentative order, we urge them to increase funding across all EDCs during the triennial review of the universal service programs. We recommend that funding for LIURP be increased 10% per year between now and 2010.