BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY	:	
FOR APPROVAL OF ITS ACT 129 ENERGY	:	
EFFICIENCY AND CONSERVATION PLAN	:	Docket No. M-2009-2093215
AND EXPETITED APPROVAL OF ITS	:	
COMPACT FLUORESCENT LAMP PROGRAM	:	

Main Brief of
The Reinvestment Fund

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I. Introduction

Pennsylvania has a long history of being a major generator of electricity. Because of our coal reserves and our political acceptance of electric generating plants, Pennsylvania's electric utilities, throughout their history, have generated more electricity than the Commonwealth has consumed. During the 1970s, 80s and 90s, as other states were enacting demand side management programs to cut the growth in electricity consumption, Pennsylvania felt little pressure to change its supply-side ways.

Act 129 of 2008, signed into law by the Governor Edward Rendell on October 15, 2008 and codified at 66 Pa.C.S.A. §§2806.1 and 2806.2, represents a major shift in energy policy for the Commonwealth of Pennsylvania. For the very first time, Pennsylvania's electric distribution companies ("EDCs") have been directed to implement major energy efficiency and conservation programs to make significant reductions in the electricity consumption of their customers and the peak demand on the system. Act 129 established goals for reductions both in consumption and in peak demand and serious penalties were fashioned for EDCs that fail to meet the goals.

The task of implementing Act 129 will be fundamentally different than the supply-side decisions and actions Pennsylvania's EDCs have been performing for a century. To a very large extent, it will be the customers who will determine whether the reductions in consumption and peak demand are realized. Customers will need to understand, embrace and implement the energy efficiency, conservation and demand reduction measures promoted by PECO's EEC Plan. These customers will also have to reach into their pockets to the tune of more than $500 million over the next four years to pay for these measures. Achieving that level of buy-in from customers will be a very different challenge from building a new power plant.

The Reinvestment Fund believes that the work so far by all parties developing and reviewing PECO's EEC Plan has been very productive and positive, but a plan is just a plan. The Pennsylvania Public Utility Commission's (the "Commission") future Order approving PECO's EEC Plan will not be the end of the work but only the beginning. The true task of Act 129 will be turning this Plan into real programs. That is why TRF has focused more on the implementation phase of PECO's EEC Plan that on the contents of the plan itself.

II. Procedural History

Since Act 129 was signed into law, the Commission has worked diligently to implement this important legislation. The Commission has developed and entered a series of Orders on a variety of topics, including revisions to the Technical Reference Manual (*see* Docket No. M-00051865), the Total Resource Cost Test methodology (see Docket No. M-2009-2108601); the sales forecasts to be used by each EDC for quantifying their consumption savings goals (*see* the Order entered March 30, 2009 in Docket No. M-2008-2069887); the peak load data for each EDC for quantifying their peak demand reduction goals (*see* the Order entered March 30, 2009 in Docket No. M-2008-2069887); the work establishing the requirements for and the registration of Conservation Service Providers (*see* Docket No. M-2008-2074154); the selection of an Act 129 statewide evaluator; and major Implementation Order of January 15, 2009 setting forth the filing requirements of the EDC energy efficiency and conservation plans (*see* Implementation Order, entered January 15, 2009 in Docket No. M-2008-2069887, available at www.puc.state.pa.us/electric/pdf/Act129/EEC_Implementation_ Order.pdf). This was a monumental effort by the Commission, the EDCs and many other entities that actively participated in this process. [1]

Starting in December, 2008, PECO conducted a series of seven Stakeholder Group meetings with interested entities to discuss and develop its EEC Plan. TRF was an active participant in all of these meetings, along with many other entities.

On July 1, 2009, PECO Energy Company ("PECO") filed with the Commission a petition for approval of its Act 129 EEC Plan (Volume II of the filing). To meet the consumption and peak demand reduction goals of Act 129, PECO submitted a plan that contains ten energy efficiency and conservation programs and eight demand reduction programs. PECO's petition also proposes a surcharge mechanism to recover the costs of the plan as provided for in 66 Pa.C.S.A. §2806.1(k). The petition also requested expedited approval of the compact fluorescent lamp program.

Administrative Law Judge Marlane R. Chestnut conducted a Prehearing Conference on July 27, 2009. The petitions to intervene of TRF and others were approved during that conference.

A public input hearing was conducted on July 29, 2009 in Philadelphia.

Testimony was submitted by the parties on August 7, 2009. TRF submitted the testimony and exhibits of Robert G. Sanders.

A hearing was conducted in Harrisburg on August 18, 2009.

Main briefs are being submitted by the parties on August 28, 2009 and Reply Briefs are to be submitted by September 8, 2009.

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[1] TRF wants to acknowledge the Commission's good website work that allows interested parties and the public to keep track of these many dockets and actions. The Commission's Act 129 web page (*see* www.puc.state.pa.us/electric/ Act_129_info.aspx) is invaluable.

Act 129 requires the Commission to enter an Order on the EDC plans by the end of October, 2009.

III. Summary of Argument

TRF recommends approval of PECO's EEC Plan, with two important modifications. First, TRF urges the Commission to direct PECO to commit to an active and meaningful role for the Stakeholder Group throughout the implementation of its EEC Plan. TRF believes the Stakeholder Group should have an active role in reviewing and strengthening the implementation work of PECO. This issue is addressed, and TRF's specific recommendations are presented, on pages 16-18 of this brief.

Second, TRF urges the Commission to direct PECO to support a financing mechanism either in the EEC Plan or elsewhere that enables customers to finance the $500 million of customer investment that are called for in the PECO EEC Plan for energy measures. Given the ongoing financial lock-down, the ability of many customers to finance their energy measures is in doubt. Chairman Cawley and Commissioner Gardner, in a Joint Statement accompanying the Commission's Implementation Order of January 15, 2009, called on the EDCs to include a finance strategy in their EEC Plans, but PECO's Plan provides no such strategy. This issue is addressed, and TRF's specific recommendations are presented, on pages 11-15 of this brief.

IV. Argument

A. Act 129 Conservation and Demand Reduction Requirements

1. Overall Conservation Requirements

a. The May 31, 2011 Consumption Savings Goal

Act 129 requires Pennsylvania's EDCs to reduce the electricity consumption of its retail customers by an amount equal to 1% of the forecasted electricity consumption of its retail customers by May 31, 2011. 66 Pa.C.S.A. §2806.1(c)(1). The benchmark for these consumption savings is a forecast of annual retail sales for the period June 1, 2009 through May 31, 2010. PECO and the other EDCs were required by the Commission to submit a sales forecast and these forecasts were reviewed and approved by the Commission in an Energy Consumption and Peak Demand Reduction Targets Order. PECO's forecasted retail sales during the base year was determined to be 39,386,000 MWhs, meaning the 1% savings goal for PECO is 393,860 MWhs. *See* Order entered March 30, 2009 at Docket No. M-2008-2069887 (available at www.puc.state.pa.us//pcdocs/1037588.doc), p. 3.

The consumption savings must occur during the 12 month period preceding the goal date, so for the 1% goal, the savings must be realized during the period June 1, 2010 through May 31, 2011. Savings from energy efficiency and conservation measures that were installed prior to June 1, 2010 are included, but only the savings actually realized between June 1, 2010 through May 31, 2011 are counted. For example, the electricity saved by a high-efficiency air conditioning system installed March 1, 2009 by a PECO customer under PECO's Plan counts towards the 1% savings goal, but only those savings that actually occur between June 1, 2010 through May 31, 2011. The kilowatt-hours ("kWh") saved by that air conditioning system in

March, April and May, 2009 are not counted towards the 1% goal because they fall outside of the goal period.

PECO's EEC Plan projects it will save a total of 393,850 MWhs in the twelve month period prior to the 1% goal date of May 31, 2011, exceeding the 1% goal by 50%. PECO Statement No. 2 (Testimony of Gregory Wikler), p. 18 (Table 1). [2] TRF therefore believes that PECO's EEC Plan is structured so as to meet the 1% consumption savings goal mandated by 66 Pa.C.S.A. §2806.1(c)(1).

b. The May 31, 2013 Consumption Savings Goal

Act 129's second energy consumption goal requires Pennsylvania's EDCs to reduce the electricity consumption of its retail customers by an amount equal to 3% of the forecasted electricity consumption of its retail customers. 66 Pa.C.S.A. §2806.1(c)(2). Again, the benchmark for these consumption savings is a forecast of retail sales for the period June 1, 2009 through May 31, 2010. For PECO, the 3% goal requires it to save a minimum of 1,181,580 MWhs. Order entered March 30, 2009 at Docket No. M-2008-2069887 (available at www.puc.state.pa.us// pcdocs/1037588.doc), p. 3.

As with the 1% goal, the consumption savings must occur during the 12 month period preceding the goal date, so for the 3% goal, the savings must be realized during the period June 1, 2012 through May 31, 2013.

PECO's EEC Plan projects to save a total of 1,295,565 MWhs in the twelve month period prior to the 3% goal date of May 31, 2013, exceeding the 3% goal by 10%. PECO Statement

[2] In PECO Statement 2 (Testimony of Gregory A. Wikler), the 1% goal is misstated as 393,850 MWhs. (p. 18, Table 1).

No. 2 (Testimony of Gregory Wikler), p. 18 (Table 1). [3] TRF therefore believes that PECO's EEC Plan is structured so as to meet the 3% consumption savings goal mandated by 66 Pa.C.S.A. §2806.1(c)(2).

2. The May 31, 2013 Demand Reduction Goal

In addition to the two consumption goals, Act 129 requires each EDC to reduce its system peak demand during the 100 hours of highest demand by a minimum of 4.5% by May 31, 2013. 66 Pa.C.S.A. §2806.1(d). The Commission has interpreted the legislation to mean the 100 hours of highest peak demand during the summer months of June, July, August and September. Implementation Order of January 15, 2009 in Docket No. M-2008-2069887, p. 21. The 4.5% reduction in peak demand must occur in the 100 hours of highest demand between June 1, 2012 and September 30, 2012.

In its Energy Consumption and Peak Demand Reduction Targets Order, the Commission determined that PECO's load during the base year was 7,899 megawatts ("MW") and that its 4.5% demand reduction goal was 355 MWs. Order entered March 30, 2009 at Docket No. M-2008-2069887 (available at www.puc.state.pa.us//pcdocs/1037588.doc), p. 5.

PECO's EEC Plan projects to reduce demand during the 100 hours of highest demand by a total of 505.4 MWs, exceeding the 4.5% reduction goal by 42%. PECO Statement No. 2 (Testimony of Gregory Wikler), p. 19 (Table 2). TRF therefore believes that PECO's EEC Plan is structured to meet the 4.5% demand reduction goal mandated by 66 Pa.C.S.A. §2806.1(d).

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[3] In PECO Statement 2 (Testimony of Gregory A. Wikler), the 3% goal is misstated as 1,181,550 MWhs. (p. 18, Table 1).

3. Requirements for a Variety of Programs Equitably Distributed

Act 129 requires the EDC plans to include "a variety of energy efficiency and conservation measures and will provide the measures equitably to all classes of customers." 66 Pa.C.S.A. §2806.1(a)(5). With its six conservation programs and its two demand reduction programs for residential customers, its three conservation programs and its four demand reduction programs for commercial and industrial customers, and its two programs (renewable resources and distributed energy) for all customers, PECO's EEC Plan clearly provides a diverse and robust list of choices for all customer classes. TRF believes that the program options, the projected savings and reductions and the budget expenditures are spread equitably across all customer classes and that the PECO EEC Plan is designed to satisfy the requirements of 66 Pa.C.S.A. §2806.1(a)(5).

4. 10% Government/Education/Non-Profit Requirement

Act 129 requires that "[a] minimum of 10% of the required reductions in consumption … shall be obtained from units of Federal, State and local government, including municipalities, school districts, institutions of higher education and nonprofit entities." 66 Pa.C.S.A. §2806.1(b)(1)(i)(B).

Energy Efficiency Program 9 in PECO's EEC Plan is specifically targeted to the government, education and nonprofit sector. *See* PECO EEC Plan (Volume II), pages 125-139. The projected consumption savings of this program are shown on the following table, which is based on Table 1 in PECO Statement No. 2 (Testimony of Gregory Wikler), p. 18:

	Projected Consumption Savings of EE Program 9 (MWhs)	Projected Consumption Savings of All Programs (MWhs)	EE Program 9 Savings as % of Total
Program Year 2010	80,011	589,042	13.6%
Program Year 2012	216,792	1,295,565	16.7%

Based on these projections, TRF believe that PECO's EEC Plan is structured to satisfy the 10% savings requirement contained in 66 Pa.C.S.A. §2806.1(b)(1)(i)(B). [4]

5. Low-Income Program Requirements

Act 129 requires that the EDCs' plans:

> "… include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low income usage reduction programs).

66 Pa.C.S.A. §2806.1(b)(1)(i)(G).

The parties identified two ambiguities in the low-income program of PECO's EEC Plan. First, 66 Pa.C.S.A. §2806.1(b)(1)(i)(G) requires that "the number of measures shall be proportionate to those households' share of the total energy usage in the service territory." The statutory language mixes up the concepts of "number of measures" and "energy usage." TRF

[4] This table understates the consumption savings of the government, education and nonprofit customers because it does not include any consumption savings from the demand reduction programs available to these customers. PECO's EEC Plan does not break out the government, education and nonprofit customers in its demand reduction programs, which also result in consumption reductions as well as demand reductions.

supports the interpretation offered by ACORN witness Ian Phillips that the statutory language about "number of measures" only makes sense when it is interpreted to mean the consumption savings realized by low-income households should be proportionate to the percentage that their consumption is of the consumption of all of PECO's customers. ACORN Statement 1 (Testimony of Ian Phillips), p. 16. This would make the low-income program requirement parallel to the government/education/nonprofit requirement in 66 Pa.C.S.A. §2806.1(b)(1)(i)(B).

PECO witness Frank Jiruska stated in response to a TURN interrogatory that the energy consumption of PECO's customers with household incomes at or below 150% of the Federal poverty income guidelines ("FPIG) totaled 1,720,976,306 kWhs. *See* TURN/AA Exhibit PL-1 (TURN interrogatory Set 1-1). Given that the base year forecast for PECO was for total sales of 39,386,000,000 kWh, the consumption of the low-income customers at or below 150% of FPIG represents 4.4% of PECO's total retail sales (1,720,976,306 ÷ 39,386,000,000). Under the proportional interpretation, 66 Pa.C.S.A. §2806.1(b)(1)(i)(G) would require that energy savings from the low income program represent approximately 4.4% of the total savings under PECO's Plan. This would be equal to 57,005 MWhs (4.4% of the Plan's Program Year 2012 savings of 1,295,565 MWhs).

This leads to the second ambiguity in the low-income program. The statute defines low-income as households at or below 150% of FPIG while the low-income program in PECO's EEC Plan is for customers with a household income at or below 200% of the federal poverty level." PECO's EEC Plan, p. 35. The Plan predicts that the low-income program will produce energy savings of 79,660 in Program Year 2012 (per PECO Statement No. 2 (Testimony of Gregory Wikler), p. 18 (Table 1)), but we do not know how much of these savings will come from households at or below 150% of FPIG and how much will come from households between 150%

and 200%. PECO witness Frank Jiruska was unable to provide this answer. TURN/AA Exhibit PL-1 (TURN interrogatory Set 1-3).

Because PECO states that the "primary focus" of its low-income program will be households at or below 150% of FPIG, it appears that PECO's EEC Plan is structured to satisfy the requirements of 66 Pa.C.S.A. §2806.1(b)(1)(i)(G), provided that at least 70% of the projected low-income program savings come from households at or under 150% of FPIG.

6. Issues Relating to Individual Conservation and Demand Reduction Programs

As TRF has maintained since its prehearing memorandum in this proceeding, TRF finds PECO's EEC Plan to be a good first step towards implementing a fleet of programs to meet the consumption and peak demand reduction goals of Act 129 and TRF recommends that the Commission approve the 18 program designs in PECO's EEC Plan. The real test will be in the implementation of these plans, which is why TRF has focused not on further changes to the individual programs but on the practices and process for implementing the programs.

7. Proposals for Improving PECO's EEC Plan

a. The Need for Financing, Especially for Non-Residential Customers

Accompanying the Commission's January 15, 2009 Implementation Order was a Joint Statement by Chairman Cawley and Commissioner Gardner that called attention to the need for financing programs to help customers implement the energy efficiency, conservation and demand reduction measures contained in PECO's EEC Plan. *See* Joint Statement of Chairman Cawley and Commissioner Gardner, Implementation Order in Docket No. M-2008-2069887. They noted:

> In order to achieve lasting efficiency gains, it maybe necessary for some customers to invest significant amounts of capital in their homes, apartments or small businesses – capital they may not have at hand. To eliminate this financial barrier, we strongly encourage EDCs to support, design and implement a statewide program similar to Keystone HELP.

Joint Statement, p. 1.

TRF witness Robert Sanders quantified the very large investment – over $500 million - that PECO's EEC Plan requires its participating customers to make in the energy efficiency, conservation and demand reduction measures. Using data from PECO Exhibit GAW-8-S, Appendix E-2 (Updated Detailed Cost-Effectiveness Results by Program), Mr. Sanders provided two exhibits in his testimony (Exhibits RGS-2 and RGS-3) that showed that over the four program years of PECO's EEC Plan, participating customers were required to invest $374,284,009 of their own money in the energy efficiency and conservation measures and $71,737,926 in the demand reduction programs. PECO witness Frank Jiruska, upon cross-examination, verified Mr. Sander's exhibits were accurate.

In addition, upon cross-examination, Mr. Jiruska confirmed that for many of the programs, the PECO incentives would be paid only on a reimbursement basis, after the work had been installed. Mr. Jiruska confirmed that participating customers needed to invest an additional $83,865,959 million of their own money in the energy efficiency and conservation measures in order to receive the PECO incentives. *See* TRF Cross Examination Exhibit 1. TRF also asserts that participating customers would need to invest $86,194,618 in the distributed load reduction measures and the permanent load reduction measures before they could be reimbursed the PECO incentives for these load reduction programs.

Combining the participating customer costs and the PECO incentives that the participating customer must pay first before being reimbursed, PECO's EEC Plan requires participating customers to invest **$544,344,606** of their own money (or borrowed funds) in efficiency, conservation and demand reduction measures over the four program years of the PECO EEC Plan. If customers are unable or unwilling to make this investment, PECO will be unable to achieve their goals.

In addition to quantifying the participating customer investment required by PECO's EEC Plan, Mr. Sanders testified that the financial credit markets remain frozen to a large extent, noting:

> There is a critical need for predictable access to capital for energy efficiency and conservation projects in southeastern Pennsylvania. Banks are no longer lending, or when they do lend, it is on terms that incorporate very high risk premiums. Energy projects that were feasible and ready to go 8-12 months ago can no longer obtain financing on commercially-reasonable terms, if at all. Local governments and other entities are unable to take advantage of the new energy grants or rebates since they are unable to finance the balance of the project costs.

TRF Statement No. 1 (Testimony of Robert G. Sanders - Exhibit RGS-5), p. 25.

Unfortunately, PECO's EEC Plan all but ignores this financial problem. PECO's witness Frank Jiruska addressed this issue in his testimony when he stated:

> We considered this [a financing program] at the request of several of our stakeholders. However, given the 2% annual spending limit imposed by the Act, and the current financial markets, it simply is not a viable option. Moreover, we believe that our incentive rebates provide significant assistance to customers who wish to install energy efficiency measures in their homes or businesses. I would note that there are other programs that provide financing, including Pennsylvania's Keystone HELP program.

PECO Statement No. 1 (Testimony of Frank Jiruska), p. 26.

When TRF witness Sanders was asked to respond to these comments of Mr. Jiruska, he stated:

> PECO's proposed incentives are indeed significant, but that does not change the fact shown above that the PECO Plan depends on an even larger expenditure by customers.
>
> Also, the Keystone HELP program, or Keystone Home Energy Loan Program, is for homeowners only. It does not provide financing to many sectors of the residential market, for example leased property and publicly-owned housing. It also does not provide financing for energy measure by commercial and industrial customers. Keystone HELP is a very good program that TRF supports, but it is only a small piece of the solution.

TRF Statement No. 1 (Testimony of Robert G. Sanders), p. 11.

As to whether providing customers with a referral list of possible sources of financial support would solve the financing problem, Mr. Sanders stated:

> I would expect PECO to provide customers will a lot of information to help them implement their energy projects, but a referral list of sources of public grant dollars, tax incentives and a few banks will not change the fact that commercial loans are very difficult to obtain in today's financial climate. I believe that PECO needs to actually expand the financial options available to its customers.

TRF Statement No. 1 (Testimony of Robert G. Sanders), p. 11.

TRF remains open, as suggested by Chairman Cawley and Commissioner Gardner in their Joint Statement, to working with PECO, other EDCs, the Pennsylvania Treasury, the regional sustainable energy funds and economic development fund and other public and private financial entities to develop a sustainable strategy for financing the installation of energy efficiency, conservation and demand reduction measures by participating customers of PECO and other EDCs. TRF urges the Commission to direct PECO to support a financing program for its customers in its EEC Plan.

b. The Need for Statewide Programs

From the earliest proceedings to implement Act 129, TRF has supported the delivery of some of the energy efficiency programs on a statewide basis. Programs such as Home Performance with ENERGY STAR (for existing residential buildings) and ENERGY STAR Home (for new residential construction) have established a national brand and have proven very effective. Rather than have Pennsylvania's EDCs each creating their own program brands and features, TRF has suggested that the EDCs jointly fund a common CSP to deliver a statewide program. This would avoid confusion amongst customers, developers, builders and contractors that operate across EDC service territories. It would also avoid needless duplication of administrative costs and allow more of the program funding to be dedicated to the goals of the program. TRF recommends that the Commission strongly encourage the EDCs to work together on sharing CSPs for some of the programs.

B. Cost Issues

TRF did not address the cost issue in its testimony, but its position on the cost issues raised by the other parties is as follows:

TRF disagrees with PAIUG's view that the 2% cost cap contained in Act 129 should be interpreted as 2% of one year of revenues for all four years of PECO's EEC Plan. TRF believes the Commission's interpretation contained in its Implementation Order of January 15, 2009 is correct. PAIEUG's interpretation would make Act 129's goal unattainable.

TRF supports the proposal in PECO's EEC Plan to levelize the cost recovery across all four program years, rather than changing the recovery levels every year to match program costs.

TRF further supports the reconciliation of the recovered costs at the end of the program, with interest neither on the over-collections nor the under-collections.

TRF supports PECO's proposal to recover these costs through the distribution rate, rather than as a separate line in customer's bills.

C. Conservation Service Provider Issues

TRF believes that PECO has properly addressed the Conservation Service Provider ("CSP) provisions in Act 129, with one caveat. Because the real work of deploying the programs in PECO's EEC Plan will fall on the CSPs, TRF recommends that the Stakeholder Group review any Request for Proposals that PECO issues for CSPs and that it also review the proposed work plans in the CSP contracts. This issue is addressed more fully in the following section.

D. Implementation Issues

1. The Need for Continued Active Involvement of the Stakeholder Group

As noted in the Introduction to this brief, TRF passionately believes that the Commission's future Order approving PECO's EEC Plan is only the beginning of the work to implement Act 129. As TRF witness Robert Sanders stated in his testimony,

> TRF believes that the programs in PECO's Plan are a good start, but they are, after all, just plans. What matters most to Pennsylvania and PECO's customers is the implementation of that plan.

TRF Statement No. 1 (Testimony of Robert G. Sanders), p. 4.

PECO's EEC Plan makes only a vague and inadequate commitment to continue to work with the Stakeholder Group throughout the implementation of the Plan. On page 193 of the Plan, PECO states it "…will communicate changes to Stakeholders at its quarterly stakeholder meetings." There is no other mention of the frequency of the stakeholder meetings in the PECO plan or the testimony that accompanied the Plan.

Nor is there any concrete description of the role of the Stakeholder Group in the implementation of the programs of PECO's EEC Plan other than the review of future adjustments of program budgets. *See* PECO Statement No. 3 (Testimony of Richard A. Schlesinger), pp. 16-17.

Because the value of PECO's EEC Plan is only as good as its implementation, TRF urges the Commission to amend the Plan to explicitly require PECO to maintain the active, ongoing involvement of the Stakeholder Group throughout the implementation period. This includes quarterly Stakeholder Group meetings and additional communications with stakeholders as appropriate. TRF witness Robert Sanders provided a list of implementation issues and topics that PECO should solicit suggestions and recommendations from the Stakeholder Group, including:

- the draft Requests for Proposals for selecting the Conservation Service Providers ("CSPs") and contractors that will be implementing the plan;
- the draft workplans in the CSP contracts;
- monthly CSP reports and other program and plan implementation reporting;
- any proposed changes to the overall Act 129 plan, its programs or budgets;
- any proposed changes in the workplans or budgets of the CSP contracts;
- the proposed program promotion materials and program materials (including print, website, radio and television spots) and public education materials about education (including print, website, radio and television spots);
- the proposed evaluation plans, evaluator contract work plans and draft evaluation reports; and,
- any other issues where the expertise and opinions of the stakeholders are valuable.

TRF Statement No. 1 (Testimony of Robert G. Sanders), pp. 4-5.

This obligation to work with the Stakeholder Group need not be burdensome. PECO could provide the Stakeholder Group via email the draft versions of the documents listed above for their review and the Stakeholder Group could have a short period (two business days) to respond by email with any comments and suggestions. PECO would consider, but would not be compelled to accept, the comments and suggestions of the Stakeholder Group.

Other parties acknowledge the important of an active Stakeholder Group during the implementation of PECO's EEC Plan. OCA witness Richard Hahn testified that "there is considerable merit in continuing the stakeholder process for PECO's EEC plan…" OCA Statement No. 1 (Testimony of Richard S. Hahn), p. 14-16.

2. The Mechanism for Mid-Course Adjustments

TRF believes that PECO needs to be nimble and flexible as it implements its fleet of Act 129 programs. Some programs will be very successful but others may not. PECO needs to be able to make adjustments to both the design and the budgets of its programs in response to how they are being received. It is critical that PECO be able to make changes to its programs without undue delays and procedures. TRF supports the proposal in PECO's EEC plan to give it this flexibility. *See* PECO Statement No. 3 (Testimony of Richard A. Schlesinger), pp. 16-17. We believe the $20 million level is an appropriate amount for determining how the proposed changes should be reviewed and approved.

E. Monitoring and Reporting Issues

Monitoring and reporting was not a contested issue in this proceeding and TRF supports the monitoring and reporting provisions of PECO's EEC Plan with one caveat. As noted above, TRF recommends that the Commission amend PECO's EEC Plan to require that monthly CSP reports be shared with the Stakeholder Group on a monthly basis, along with any other evaluation reports.

V. Conclusion

TRF recommends that the Commission approves PECO's EEC Plan and its 18 energy efficiency, conservation and demand reduction programs. TRF further recommends that the Commission work with the EDCs and other stakeholders in Pennsylvania to create a new program to help provide at least some of the $500 million needed by customers to finance their energy measures under PECO's EEC Plan. And finally, TRF recommends that the Commission amend the PECO EEC Plan to require the active involvement of the Stakeholder Group in the implementation of PECO's Plan.

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