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September 25, 2009

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Honorable James McNulty
Secretary, Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Petition of Duquesne Light Company for Approval of its
Smart Meter Procurement and Installation Program
PUC Docket No. M-2009-2123948

Dear Secretary McNulty:

Please find for electronic filing the Comments of the Commonwealth of Pennsylvania, Department of Environmental Protection in the above referenced matter. Copies have been served on all parties listed on the enclosed Certificate of Service.

Sincerely,

/s/ Scott Perry

Scott Perry
Assistant Counsel

cc: Service List

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company :
for Approval of its Smart Meter : **Docket No. M-2009-2123948**
Procurement and Installation Program :

**COMMENTS OF THE
COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Pursuant to the August 29, 2009 *Pennsylvania Bulletin* notice issued in the above-captioned matter, the Commonwealth of Pennsylvania, Department of Environmental Protection (the “Department”) submits the following comments to Duquesne Light Company’s (“Duquesne”) Petition for Approval of its Smart Meter Technology Procurement and Installation Plan (“Smart Meter Plan”).

I. INTRODUCTION

The Department has consistently maintained that early deployment of smart meters and implementation of the time of use rates and real time price plans that smart meters support are necessary to achieving meaningful reductions in both energy consumption and energy prices. Smart meters and time sensitive price plans effectively use market forces to reduce consumption, shift some uses to cheaper times of day, save the consumer money and provide system-wide benefits such as reduced grid congestion and improved grid reliability. In addition, by reducing overall electricity consumption and shifting loads to off peak hours, smart meters necessarily reduce fossil fuel consumption, greenhouse gas emissions and improve air and water quality.

Perhaps the greatest benefit from smart meters and their supporting network is the integration of ratepayers into decisions on energy use. The information provided by these tools allow customers to make informed decisions regarding their energy use and equip them with new advanced tools to assist them in their efforts to reduce energy use. As such, the Department fully supports the Pennsylvania Public Utility Commission's ("Commission") decision to require a smart meter "capable of communicating raw data on at least a near real-time basis to in-home devices installed by the customer or customer designated agent." See the Commission's Smart Meter Procurement and Installation Order ("Implementation Order"), Docket No. M-2009-2092655 at page 27.

Customers who shift their electric use away from times of peak electricity demand not only save money, but also help to reduce prices for everybody. Providing electricity at peak demand periods is very expensive. A one-percent reduction in peak demand during the highest peak demand times can cut the entire market price by ten percent. Reducing peak and overall demand alleviates stress on the electric system and keeps wholesale prices down, which saves everybody money.

The Pennsylvania legislature recognized the clear benefits of smart meters and the benefits of an educated energy consumer when it enacted Act 129 of 2008 and required Electric Distribution Companies to provide smart meters throughout their service territory and offer all customers the option of enrolling in real time or time of use pricing programs. 66 Pa. C.S. § 2806(f). However, and most importantly, none of the benefits that smart meters provide can be realized if the meters and the functions they support are not in the hands of the consumer. For this reason, the Department has also consistently maintained that smart meters that provide the functions required by Act 129 be fully deployed throughout Pennsylvania in ten years.

II. OVERALL ASSESSMENT OF DUQUESNE'S SMART METER PLAN

Overall, Duquesne's Smart Meter Plan appears to present a logical process for analyzing, selecting and implementing a smart meter and infrastructure system. However, a complete review of the Smart Meter Technology Procurement and Installation Plan is not possible at this time because, as Duquesne states, "[m]uch of the information and costs that are contemplated in the Implementation Order will not be available until well into the 30 month Grace Period." Petition at 4. The Department understands that Duquesne plans to include this information in a later filing in July 2010, but the Department is concerned about the lack of details regarding specific capabilities at this time.

The Department is also concerned that Duquesne will not have the necessary infrastructure in place by the end of the grace period that will enable Duquesne to provide fully functioning meters to requesting customers or new construction. Duquesne's plan calls for a December 31, 2011 supplemental filing that will specify the selected system, installation schedule and costs for full deployment – giving Duquesne perhaps 18 months to deploy the network. See, Petition at 5.

While the Department has concerns regarding the feasibility of the implementation schedule proposed by Duquesne, the Department fully supports Duquesne's plan to deploy smart meters system-wide by year end 2018. Plan at 13. Therefore, the Department requests that the Commission Order (whether approving or requiring modifications) regarding Duquesne's Smart Meter Plan explicitly require Duquesne to complete the installation of the smart meter network by October 1, 2012, complete the roll out of 8,000 smart meters by December 31, 2013 and complete system-wide deployment of smart meters by December 31, 2018 as Duquesne has proposed in its Plan and Petition. See Petition at 12 and Plan at 13.

The installation of the smart meter and support network is the enabling technology for a wide range of new tools for the customer, but if the plan stops with the installation of the smart meter, the Department fears that many if not most customers will not seek out the additional technologies. If in-home displays can not be included with each smart meter due to cost concerns, the Department encourages Duquesne to include a mechanism in their plan, to encourage or assist customers to acquire and install in-home displays. These plans should include programs to educate the customers about their availability, benefits and where they can be acquired.

III. SPECIFIC PLAN COMMENTS

1. Duquesne's plan does not meet the timeline requirements of the Implementation Order

Duquesne asks the Commission to allow it to file the required cost estimates on or before July 1, 2010. Petition at 5. Additionally, the plan does not include the incremental cost for installation of smart meters when requested. Duquesne asks the Commission to allow them to include this information in the December 2011 filing. The Department recognizes that the plan submitted by Duquesne otherwise posits to meet the timeline requirements of the Implementation Order, including to have a completed network installed prior to the end of the grace period (Petition at 12), to meet the requirements for meter installation in new construction and at a customer's request (Id.) and an intention to deploy fully meters by 2019 (Plan at 13). The Department does not oppose the request to delayed filings as requested by Duquesne as long as the other milestones from the plan are not affected.

2. The plan does not specifically address Smart Meter or Network Capabilities

Duquesne intends to file information regarding functionality requirements in their “Smart Meter capability cost benefit analysis and filing” in July 2010. Plan at 10. No commitment is made to specific capabilities, but a reference is made to the 7/17/09 Commission stakeholder meeting and vendor statements that the only requirement that would increase the cost of the meter is the remote disconnect functionality. In regards to the July 2010 filing, Duquesne states that it “will **likely** request that the Commission approve the specific capabilities for its Smart Meters to the extent it has not previously ruled”. Petition at 5 (emphasis added). No other mention was identified in the filing related to the approval of specific capabilities. The Commission should require Duquesne to request approval of the specific capabilities of its proposed system.

Respectfully submitted,

/s/ Scott Perry

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Dated: September 25, 2009

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Procurement and Installation Program :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document, Comments of the Commonwealth of Pennsylvania, Department of Environmental Protection, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner upon the persons listed below:

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