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September 25, 2009

Bureau of Regulatory Counsel

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

RE: Petition of PECO Energy Company for Approval
of its Smart Meter Technology Procurement and
Installation Plan
PUC Docket No. M-2009-2123944

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 PECO Energy Company :
for Approval of its Smart Meter : **Docket No. M-2009-2123944**
Technology Procurement and :
Installation Plan :

**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 PECO Energy Company’s (“PECO”) 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 PECO'S SMART METER PLAN

PECO's Smart Meter Plan appears to be a well written, logical and complete plan that meets most of the requirements the Commission's Implementation Order. The plan details the methods used and timelines planned to accomplish the tasks necessary to deploy fully functional smart meters throughout PECO's service territory. Additionally a detailed list of proposed filings with the Commission and requested approvals of contracts is included.

The schedule provided in PECO's plan is detailed and appears to meet the requirements of the Implementation Order. The plan includes significant time to study, select and install the infrastructure and provides for the installation of 100,000 to 600,000 smart meters prior to the end of the grace period (depending on the receipt of funding from the Department of Energy through an American Recovery and Reinvestment Act ("ARRA") grant) Petition at 4-5, 7. PECO also states that universal deployment of smart meters is anticipated to be complete in 10 years. The Department fully supports PECO's commitment to early, system- wide deployment of smart meters.

III. SPECIFIC PLAN COMMENTS

- 1. PECO's plan includes a provision to equip deployed meters with a Home Area Network ("HAN") radio to support in-home displays, but does not include plans to utilize or encourage use of this feature.**

The installation of the smart meter and support network is the enabling technology for a wide range of new tools for the customer. However, 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. PECO's plan does include the installation of a HAN radio in each meter that is installed, which will allow the meter to support various future in-home networking

options including in-home displays. Plan at 23. If in-home displays cannot be included with each smart meter due to cost concerns, the Department encourages PECO 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.

2. The plan does not specifically address how required capabilities of the Smart Meters will be met.

PECO has completed a survey of Smart Meter and Advanced Metering Infrastructure providers and determined that all required capabilities are commercially available and either included as base capabilities in systems or are available as enhancements (Plan at 22). PECO specifically addresses several of the requirements and states that they will be included in the meters deployed, and “anticipates that all of the ‘base’ system capabilities will be included in its eventual selection”. *Id.* The Department looks forward to reviewing specific technology proposals from PECO when they are submitted, but at this time feels comfortable that the plan addresses all of the required functionality.

Respectfully submitted,

/s/ Scott Perry

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Dated: September 25, 2009

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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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