

LEGAL SERVICES



800 Cabin Hill Drive
Greensburg, PA 15601-1689
PH: (724) 838-6210
FAX: (724) 830-7737
jmunsch@alleghenyenergy.com

December 27, 2010

RECEIVED

DEC 27 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: Implementation of the Alternative Energy Portfolio Standards Act of 2004:
Standards for the Participation of Demand Side Management Resources –
Technical Reference Manual Update;
Docket No. M-00051865**

Dear Secretary Chiavetta:

Enclosed for filing are Comments of West Penn Power Company d/b/a Allegheny Power pursuant to the Commission's Tentative Order regarding revisions to the Technical Reference Manual entered December 4, 2010, in the above-captioned proceeding.

Very truly yours,

A handwritten signature in black ink that reads 'John L. Munsch/sac'.

John L. Munsch
Attorney

JLM:sac

Enclosures

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

DEC 27 2010

Re: **Implementation of the Alternative** :
Energy Portfolio Standards Act of 2004 :
Standards for the Participation of Demand :
Side Management Resources – Technical :
Reference Manual Update :

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU
Docket No. M-00051865

COMMENTS OF
WEST PENN POWER COMPANY
d/b/a ALLEGHENY POWER

I. Introduction

West Penn Power Company d/b/a Allegheny Power (“Allegheny Power” or “Company”) submits comments in the above-referenced proceeding concerning the Tentative Order of the Commission published in the Pennsylvania Bulletin on December 4, 2010. In its Tentative Order the Commission requested comments on its proposed 2011 update of the Technical Reference Manual (“TRM”) applicable to Act 129 Energy Efficiency and Conservation (“EE&C”) programs. The Company provides comments on the application of the TRM including the process for TRM changes, the timing for TRM changes, the changing Federal legislation and regulations, lighting, TRM definitions, and also provides miscellaneous corrections and clarifications.

II. Process for TRM Changes

The October 2010 TRM draft contains additions resulting from the Technical Working Group process and other changes that were completed outside of the Technical Working Group

process. The Company recommends that the Commission leverage the Technical Working Group process for the completion of TRM updates. The Company believes that the Technical Working Group process has been successful in the identification, review and completion of suggested changes and additions. The Company also believes that the changes and additions that were completed outside of the Technical Working Group process could have been improved by using the experience of the Technical Working Group, because the Technical Working Group consists of parties that have extensive industry experience in energy efficiency and conservation.

An example of a change to the TRM that was completed outside of the Technical Working Group is the change in the CFL operating hours in Section 2.26 from 3.0 to 1.9. The Company believes that the Technical Working Group, which was established specifically for the purpose of ensuring a collaborative technical effort is utilized in making such revisions and clarifications to the TRM, would have provided a more thorough industry review and determination of the most applicable operating hours value based on the current state of the energy efficiency and conservation measure in Pennsylvania.

By using the Technical Working Group process the industry would be able to provide updates to the TRM that would result in a reduction in the number of technical issues that are brought forth through the formal comment process, increasing the efficiency and success of the comment and approval process. As a result of not employing the Technical Working Group process, many in the industry will be commenting on proposed changes, including the change in the CFL hours of use, which will result in the Commission having to review all of the positions provided in order to determine the changes that the Commission believes are most appropriate. Rather, the Company believes that the Technical Working Group process would minimize the number of technical issues regarding changes to the TRM as the Technical Working Group

process would advance a more concerted and uniform position regarding technical changes to the TRM. Of course, all parties will still have the opportunity to review and comment on the proposed changes and to offer alternative positions and documentation; however, the Company believes that this would significantly reduce the number of issues regarding technical changes to the TRM suggested by various parties.

III. Timing for TRM Changes

The Company has concerns about the impact of major changes to the TRM affecting the EDCs' ability to meet Act 129 energy and demand reduction targets. The Company has filed an Energy Efficiency and Conservation and Demand Response ("EE&C/DR") Plan to meet the targets of Act 129 that is based in a large part on the energy and demand savings values of the current TRM. Changes to the TRM that significantly reduce these values are of concern to the Company and affect its ability to meet the Act 129 energy and demand reduction targets.

The Company proposes that major changes to the TRM should only apply to future Act 129 energy and demand reduction targets and not those that are currently being targeted by the Company's EE&C/DR Plan. EDCs implemented their EE&C/DR Plans within the past year based in part on the values in the current or the previous TRM that was reviewed and approved by the Commission, earlier this year on an accelerated schedule. Based on the out-of-cycle accelerated review and update of the TRM completed earlier this year, the Company suggests that major changes to the TRM should not be approved during the current Act 129 EE&C/DR Plan period.

If major changes to the TRM are approved, EDCs will most likely need to review and revise their EE&C/DR Plans and programs in order to meet the Act 129 energy and demand

reduction targets. Because of the time required to develop EE&C/DR Plans, obtain their approval, and implement and ramp-up the Plans, EDCs will be afforded limited opportunity to revise their EE&C/DR Plans and programs to meet the energy and demand reduction targets of Act 129 that result from major changes to the TRM. Without sufficient time to develop, obtain approval for and implement revised Plans and programs incorporating major changes to the TRM, EDCs face a significant challenge in achieving success of current EE&C Plans and programs.

Implementation of major changes to the TRM will undermine EDCs' Plans and programs toward goal attainment, require EDCs to revise their Plans and programs to achieve goals within the remaining time frame of the current Act 129 EE&C/DR Plan period. Major TRM changes also create the additional expense of developing and implementing revised Plans and programs on EDCs' capped Act 129 budgets. Based on the significant concerns related to major changes to the TRM during the current Act 129 EE&C/DR Plan period, as well as the fact that the current TRM was recently reviewed and approved, the Company recommends that major changes to the TRM should be instituted after conclusion of the current Act 129 EE&C/DR Plan period.

IV. Changing Federal Legislation and Regulations

The Company recommends that the Commission employ the Technical Working Group process to review and propose changes to the TRM during the annual TRM update to account for Federal legislation and regulations that prohibit the production and sale of less efficient lighting technology. Key factors that must be considered as part of this review will be the availability and timing of the availability of specific lighting equipment in the market place including the inventory that remains among retailers and distributors. Depending upon the legislation and

regulations, the specific lighting equipment being restricted and the replacement lighting equipment (including its cost) will impact the availability of the specific lighting equipment. The Company believes that the changes will affect specific technologies differently and, further, that the Technical Working Group is best positioned to review and propose changes to the TRM, including the timing of such changes, based on the specific technology.

V. Lighting

1. CFL Average Hours of Use:

Section 2.26, ENERGY STAR Lighting, describes the methodology to be used when calculating CFL savings. The savings calculation specifies the CFL average hours of use per day. In the June 2010 TRM the savings value was 3.0 hours per day. In the proposed 2011 TRM, the value has been changed to 1.9 hours per day.

The Company believes that the change in the hours of use for CFLs is a major change to the TRM that should not be approved in the current Act 129 EE&C/DR Plan period because the change results in a reduction of the energy savings of 36% over the current approved value. CFLs are a major source of energy savings in all EDC EE&C/DR Plans and the reduction in the hours of use for CFLs is not supported.

2. The Source of the Information

According to the draft TRM, only one recent study was used in the determination of the proposed value (1.9 hours) for Pennsylvania. But the study was completed in California and recognizes itself that sunny weather is frequent in California, particularly in southern California. The Company argues that California is significantly different from Pennsylvania, not

just in terms of weather patterns, but also in consumer attitude and behavior towards energy efficiency and conservation. Energy efficiency and conservation efforts are more developed and mature in California as opposed to Pennsylvania and, thus, that the reduction of the hours of use for CFLs in Pennsylvania is not appropriate.

CFL saturation is an example of a difference between California and Pennsylvania in consumer behavior and the maturity of energy efficiency initiatives. CFL saturation is much greater in California than in Pennsylvania.¹ When CFL saturation is low, as in Pennsylvania, CFL installations are more likely to be installed in higher-use sockets resulting in higher average hours of use per day. As saturation increases, as is the case in California, CFLs are more likely to be installed in lower-use sockets resulting in a lower average hours of use per day. Based on the NMR Group Inc.'s CFL saturation study, the difference between California and Pennsylvania's CFL saturation is approximately 15%. Due to this significant difference in saturation between California and Pennsylvania, the Company submits that the 1.9 average hours of use based on the California study is not applicable to Pennsylvania.

3. Other sources of information support greater hours of use

The Company has identified several other sources and studies that are more similar to Pennsylvania in terms of consumer behavior and program maturity. The sources and support a value closer to 3.0 for hours of use for CFLs in Pennsylvania. The sources include:

- The Mid Atlantic Technical Reference Manual (May 2010) specifies 2.77 hours per day. The Mid Atlantic TRM has representation from Washington,

¹ NMR Group, Inc., *Final CFL Modeling Report*, (2010).

DC and the following states: Maryland, Connecticut, Massachusetts, New Hampshire, New York, Rhode Island, Maine, and Vermont.

- RLW Analytics completed a study in New York that determined an average hours of use per day for CFLs of 3.2 hours.²

For these reasons the Company requests that the Commission not approve the change in the hours of use for CFLs.

4. Revised Table 3-2:

The Company understands that the expansion of this table was to support the measurement and verification process by the inclusion of additional and expanded building types that are not included in the existing table; however, the revised table includes significant changes in the Equipment Full Load Hours (EFLH) for many building types from the existing table. The Company believes that the expansion of this table to include additional building types is appropriate and the Company supports their addition to the table to support the measurement and verification process. However, based on the significant change in the EFLH for several building types from the existing table, the Company recommends that the Commission refer the changes to the Technical Working Group for review. The change in the EFLH for existing building types does not impact the measurement and verification process and the Company believes that the Technical Working Group should review the proposed changes in the EFLH for existing building types to ensure justification for such changes including the applicability of the revised EFLH to Pennsylvania.

² RLW Analytics and Nexus Market Research, Inc., *Extended Residential Logging Results*, May 2, 2005.

5. Expansion of Table 3-5:

Similar to its position on the expansion of Table 3-2 the Company supports the inclusion of additional building types such as “Police and Fire Stations” and “Religious Worship” in Table 3-5. The inclusion of additional building types will further support the measurement and verification process and was the result of the Technical Working Group process that the Company supports for addressing technical changes to the TRM.

VI. Definitions

1. Retrofit Measure (Early Replacement Measure):

The proposed 2011 TRM includes several new additions under the definitions contained in Section 1.2. One of the new definitions is the “Retrofit Measure” (Early Replacement) that defines the measurement approach for projects where equipment, still functioning and not obsolete, is replaced with more efficient equipment models primarily for increased efficiency. While the Company understands the concept associated with the proposed change, the Company recommends that the Commission refer the change to the Technical Working Group because of the many issues associated with implementation of this definition.

The definition includes language that specifies a dual baseline for these types of projects. During the equipment’s estimated remaining life, the baseline is the equipment. After the equipment’s estimated remaining life, the baseline is “the applicable code, standard, and standard practice expected to be in place at the time the unit would have been naturally replaced.” While the dual baseline approach is reasonable for certain projects, a determination should be established of “the applicable code, standard, and standard practice expected to be in place at the time the unit would have been naturally replaced.”

In addition to defining how “the applicable code, standard, and standard practice expected to be in place at the time the unit would have been naturally replaced” the Company believes that further clarity and details are needed to determine the estimated remaining useful life of the existing equipment.

For the reasons of needing to determine how to establish “the applicable code, standard, and standard practice expected to be in place at the time the unit would have been naturally replaced,” as well as determining the estimated remaining useful life of the equipment, the Company recommends that the Commission defer the issue to the Technical Working Group for its review.

VII. Miscellaneous Corrections and Clarifications

The Company notes additional corrections and clarifications to submit for the TRM update as follows:

1. Fuel Switching DHW Electric to Gas:

In Section 2.19, the unit energy savings for heat pump water heaters is shown as 4,104 kWh. It is correctly stated as 2,208 kWh in Table 2-30.

2. Refrigerator/Freezer Retirement (and Recycling):

Section 2.29 appears to duplicate Section 2.23 and includes incorrect energy and demand savings. Section 2.23 includes the correct energy and demand savings according to the interim deemed protocol developed by the Technical Working Group. The Company recommends that Section 2.29 be replaced with Section 2.23.

3. Lighting Equipment Improvements:

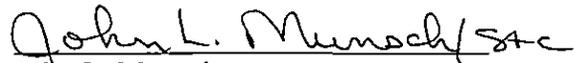
In Section 3.2, under the heading “Quantifying Annual Hours of Operation,” incorrectly references Table 3-4 for stipulated whole building hours of use. This information is found in Table 3-5.

4. Variable Frequency Drive Improvements:

In Section 3.4, under the “Algorithms” heading, ESF is defined as the “percent baseline kWh consumption anticipated to occur,” but should be defined as the “percent of baseline kWh consumption anticipated to occur.”

Respectfully Submitted,

Date: December 27, 2010



John L. Munsch
Attorney for
WEST PENN POWER COMPANY
d/b/a Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601
724-838-6210
724-830-7737 (FAX)
jmunsch@alleghenyenergy.com

From: Origin ID: CVAA (724) 838-6738
John Munsch
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601



Ship Date: 27DEC10
ActWgt: 0.5 LB
CAD: 8924375/NET3090

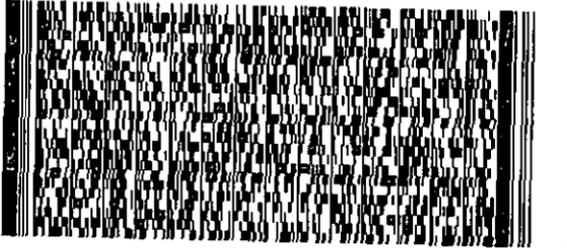
SHIP TO: (724) 838-6738 **BILL SENDER**

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commiss
400 NORTH ST
COMMONWEALTH KEYSTONE BLDG
HARRISBURG, PA 17120

Delivery Address Bar



Ref # 4001-1000
Invoice #
PO #
Dept #



TRK# 7965 9831
0201

NS MDTA



58AG1AA8E078D

After printing this label: