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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  P.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE**  M‑2008‑2069887 |

**March 4, 2011**

TO ALL INTERESTED PARTIES:

Re: Energy Efficiency and Conservation Program.

Docket No. M-2008-2069887

Act 129 requires that by November 30, 2013, the Pennsylvania Public Utility Commission (Commission) must compare the total costs for obtaining peak demand reductions with the total savings in energy and capacity costs to retail customers. If the Commission determines that the benefits exceed the costs, the Commission is to set additional incremental requirements for reduction in peak demand for the 100 hours of greatest demand or an alternative reduction approved by the Commission.[[1]](#footnote-1) In order to fully assess the costs and benefits of current peak demand reductions and to determine the optimum method to obtain cost-effective peak demand reductions in the future, the Commission needs to obtain relevant data from existing peak demand reduction efforts.

With this Secretarial Letter, the Commission is directing all electric distribution companies (EDCs) with an Act 129 energy efficiency and conservation obligation to obtain and provide such data to the Act 129 Statewide Evaluator (SWE). The Commission notes that this data is to be used by the SWE, solely to determine whether there is a more optimum method to obtain cost-effective peak demand reductions subsequent to the current peak demand reduction mandate found in Act 129.[[2]](#footnote-2)

The Commission directs the EDCs to provide to the SWE all data and documentation necessary and reasonably available[[3]](#footnote-3) to verify and quantify any load reducing actions taken to facilitate the evaluation of the overall impact of demand response activities and the rigor of protocols and procedures established by PJM Interconnection LLC (PJM), Regional Transmission Organization. This data and documentation is to include, without limitation, individual customer data for all customers enrolled in the EDCs’ Act 129 demand response programs for the entire time the customer is enrolled in the Act 129 demand response program, to include, but not limited to, the following:

1. All capacity period hourly load data for each enrolled end use customer.
2. Identification of all load control events and notifications of each load control event for each enrolled customer, whether the customer participated in an individual demand response event or not.
3. For non-residential customers enrolled in Act 129 demand response programs, both Act 129 and PJM demand response events will be disclosed for each participant and for each hour of the event. A complete list of program participant summary data, including claimed demand response impacts by each participant, will be provided from which a sample set of participants will be selected for the provision of a complete data set.

The SWE will perform an analysis to assist the Commission with a recommendation concerning the development of peak demand reduction targets, performance hours and future demand response protocols for 2013 and beyond. This analysis will be conducted separately from the determination of compliance with the summer of 2012 peak demand reduction mandates. It is the Commission’s intent that the analysis will only be used prospectively to help inform or determine whether additional reductions will be required and if so, the peak load reduction targets, as well as measurement and verification protocols for periods beginning after May 31, 2013.

Since the analysis detailed above is beyond the scope of work in the current SWE contract, the incremental cost to perform the analysis shall be funded by the EDCs subject to Act 129. This incremental cost shall be recoverable by the EDCs through the non-bypassable Act 129 surcharge, and will not count toward the two percent of revenue spending cap associated with Act 129 EE&C plans. This method is consistent with the Commission’s current practice in dealing with other SWE and Act 129 expenses.

If you have any questions regarding this Secretarial Letter, please contact Wayne Williams at 717-787-2139 or [waywilliam@state.pa.us](mailto:waywilliam@state.pa.us).

 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

Karen Oill Moury, Director of Operations

Bohdan R. Pankiw, Chief Counsel, Law Bureau

Robert F. Young, Deputy Chief Counsel, Law Bureau

Wayne L. Williams, Director, Bureau of Conservation, Economics and Energy Planning

1. *See* 66 Pa. C.S. § 2806.1(d)(2). [↑](#footnote-ref-1)
2. The current peak demand reduction mandate is contained in the Public Utility Code at 66 Pa. C.S. § 2806.1(d)(1). [↑](#footnote-ref-2)
3. Reasonably available includes conditioning participation in the EDC’s demand response programs upon the participant providing the requested data and documents. [↑](#footnote-ref-3)