

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Re: Implementation of Act 129
of 2008 – Total Resource Cost
Test – 2011 Revisions

Public Meeting: May 5, 2011
2108601-LAW
Docket No. M-2009-2108601


STATEMENT OF COMMISSIONER CAWLEY

Act 129 of 2008, 66 Pa.C.S. § 2806.1, directs the Commission to use a total resource cost (TRC) test to analyze the costs and benefits of the energy efficiency and conservation (EE&C) plans that certain electric distribution companies (EDCs) are required to file. The Pennsylvania TRC Test was adopted by Commission order at this docket on June 23, 2009 (*2009 PA TRC Test Order*). This tentative order seeks comments on proposed further refinements to the PA TRC test for use through May 31, 2013 in compliance with Act 129 and, to a lesser extent, on the use of the TRC test beginning June 1, 2013.

One of the TRC issues before us today is whether or not Demand Response (DR) payments to Conservation Service Providers (CSPs) and EDCs should be treated identically under the TRC calculations. Under this Tentative Order, it is proposed that PJM payments to CSPs for DR market participation in all PJM programs would be excluded from TRC calculations. In contrast, it is proposed that PJM payments to EDCs for DR market participation in economic programs would be allowed as benefits for the purpose of the TRC test to the extent that these payments represent benefits [cost avoided] that exceed those costs avoided which are calculated as set forth in the 2009 PA TRC Test Order.

In this Order, it is represented that, due to the lack of transparency, the payment from PJM and a portion of the costs to CSPs to implement programs are *considered* to offset each other. If such costs truly did offset each other, there would be no residual payment incentive related to these PJM payments for the customer. This raises the question as to how a CSP would attract customers if the CSP wasn't sharing any of the PJM revenues with customers. Since CSPs have been successful in attracting customers to PJM demand side programs, the validity of this assumption comes into question. I therefore encourage comments on the Tentative Order, especially from EGSs and PJM curtailment service providers, on these assumptions and treatment of PJM payments within the TRC calculation, as it relates to EDCs and CSPs.

May 5, 2011


James H. Cawley
Commissioner