BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY	:	
FOR APPROVAL OF ITS ACT 129 ENERGY	:	
EFFICIENCY AND CONSERVATION PLAN	:	DOCKET NO. M-2009-2093215
AND EXPEDITED APPROVAL OF ITS COMPACT	:	
FLUORESCENT LAMP PROGRAM	:	

COMMENTS OF THE REINVESTMENT FUND TO THE
PETITION OF PECO ENERGY COMPANY FOR APPROVAL OF
MINOR CHANGES TO ITS ACT 129 EE&C PLAN

I. INTRODUCTION

On July 15, 2011, PECO Energy Company ("PECO") petitioned the Pennsylvania Public Utility Commission (the "Commission") for approval of minor changes to PECO's Act 129 Energy Efficiency and Conservation Plan ("EE&C Plan" or "Plan"). PECO filed its Petition pursuant to the Commission's Order of June 10, 2011 that created an expedited review process for considering proposed changes to EE&C Plans (Docket No. M-2008-2069887) (the *"Expedited Process Order").*

II. BACKGROUND

The Reinvestment Fund ("TRF") is a nonprofit corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. TRF was a party in earlier phases of the Act 129 generic investigations and in the review of the PECO EE&C Plan that was conducted under this docket number. TRF has been an active participant in PECO's stakeholder process.

TRF has been providing financial assistance for energy efficiency and conservation measures in buildings since 1993. TRF manages the Sustainable Development Fund, which was created by the Commission in the PECO restructuring proceeding. TRF is currently deploying $20.5

million of funding it has received from the American Recovery and Reinvestment Act for low-interest financing of building energy efficiency projects.

III. COMMENTS

A. PECO is properly bringing this Petition under the *Expedited Process Order*.

TRF agrees that the changes PECO proposed in its Petition are consistent with the Commission's definition of "minor changes" contained in the *Expedited Process Order*. The first element of the Commission's definition of "minor EE&C Plan changes" is:

> A. The elimination of a measure that is underperforming, no longer viable for reasons of cost-effectiveness, savings or market penetration or has met its approved budgeted funding, participation level or amount of savings (*Expedited Process Order*, p. 20).

On its face, the Petition is proposing modifications to its EE&C Plan for reasons that were identified in the *Expedited Process Order.*

B. TRF supports PECO's portfolio adjustment goals

In its Petition, PECO states it has "identified several Portfolio adjustments that will allow the Company to meet the 2013 compliance targets, ensure that a diverse array of measures will remain available to customers through May 31, 2013, and manage spending to remain within PECO's approved budget" (Petition, p. 5). " TRF supports PECO's portfolio adjustment goals. Ensuring that a diverse array of measures will remain available to customers through May 31, 2013 is particularly important, as addressed in section E below.

C. PECO's Petition fails to provide sufficient documentation to support its claims.

While the *Expedited Process Order* did create a mechanism for expedited review by Commission staff of EE&C Plan changes, the Order did not alleviate PECO of its responsibility to carry its burden of proof. The *Expedited Process Order* requires "…EDCs to file sufficient documentation to support the proposed minor EE&C Plan change…" (*Expedited Process Order*, page 12). As this is the first petition filed under the *Expedited Process Order*, this is the

Commission's first opportunity to define what constitutes "sufficient documentation to support the proposed minor EE&C Plan change."

TRF asserts that PECO's Petition fails to provide "sufficient documentation" to support its proposal to eliminate a number of measures in the Smart Home Rebate. The Petition presents 24 measures in the Smart Home Rebate program that it proposes to eliminate, but the elimination of these 24 measures is discussed in only six lines of the Petition (Petition, Paragraph 15, page 6). The Petition makes reference to Table 1 of Appendix A, which lists the affected programs and provide checkmarks noting which of the seven criteria justifying the elimination apply to each measure.[1]

TRF contends that checkmarks do not constitute "sufficient documentation." If PECO claims a measure is underperforming, PECO should show the data to support that claim and should address why it proposes elimination of the measure as opposed to a program modification to improve the measure's acceptance and performance. To say a measure is not cost-effective should require some analysis of the cost of the measures and its savings potential. What did PECO learn from its program activity that causes it to now state the measure is no longer cost-effective? If a program has met its approved budgeted funding, or its participation level or is amount of savings, PECO should explain in its Petition why elimination of the measure is appropriate instead of an EE&C Plan change in the budget, participation numbers or energy savings goals of the measure.

TRF is not asserting that the proposed changes are not justified, only that PECO has not provided sufficient documentation to allow the Commission to accept the changes PECO is proposing. Customers and businesses selling and installing these measures will be impacted by the proposed changes. More than a checkmark should be needed to secure the Commission's approval.

[1] The seven criteria that could apply to a measure elimination identified by PECO are (1) underperforming; (2) no longer viable for reasons of cost-effectiveness; (3) no longer viable for reasons of savings; (4) no longer viable for reasons of market penetration; (5) has met approved budgeted funding; (6) has met participation level; and (7) has met amount of savings (Petition, Appendix A, page 1).

D. PECO does not adequately explain it "waitlist" proposal.

PECO proposes to adopt a "waitlist" for processing applications from commercial, industrial, nonprofit, government and institutional customers who apply for rebates under the Smart Equipment Incentives programs, but TRF is concerned that the waitlist will be a *de facto* early termination of these programs. PECO states it will establish separate waitlists for incentive applications under each Program as soon as the Company receives Commission approval (Petition, Paragraph 19, page 8). PECO further states that it will only process and pay incentives if "(1) a pre-waitlist applications drops out of a Programs queue; or (2) the energy savings for a particular Program are projected to fall short of targets…" (Petition, Paragraph 21, page 8).

While the waitlist proposal is certainly a reasonable approach if program demand is exceeding program budgets, TRF contends it is unclear in the Petition what impact this change will have on customers. Is this change simply an administrative tool or is it an end to these programs in the very near future? As noted in the previous section of these comments, PECO should explain in its Petition why it is choosing to stop processing and paying incentives rather than proposing a change to the EE&C Plan's budget, participation numbers or energy savings goals.

E. A stop and start to PECO's EE&C Plan would be very disruptive.

PECO is to be heartily congratulated for achieving 79% of its May 2013 energy savings goal a full 23 months before the goal's deadline (Petition, Paragraph 8, page 4). PECO has done fine work with its customers, the contractor community and the interested stakeholders.

But this success is not all good news if PECO meets its energy savings goals and effectively shuts down its program far in advance of the May 2013 deadline. If the Commission decides to set new and higher goals under Act 129 at some point in the future, restarting these shuttered programs will be time-consuming and costly. The success to date has been considerable, but if customers face delay and uncertainty about rebates, they will lose faith in the program. The good will of customers and the vendors of energy efficiency products and services can easily disappear.

TRF requests the Commission to complete with all deliberate speed its evaluation of the Act 129 programs and exercise its authority to set new energy saving goals for Act 129 (my recommendation is 5% by 2015). In the meantime, TRF is certain that the Commission can distinguish between a simple modification to a program measure and the wholesale stoppage of a program that threatens Act 129's accomplishments and successes.

Respectfully submitted,

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