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March 5, 2012

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VIA HAND DELIVERY
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
PO Box 3265
Harrisburg, PA 17105-3265

RE: Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan, Docket No. M-2009-2093216; **COMMENTS OF THE SUSTAINABLE ENERGY FUND OF CENTRAL EASTERN PENNSYLVANIA**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are an original and ten (10) copies of the Comments of the Sustainable Energy Fund of Central Eastern Pennsylvania. Copies have been served on the parties pursuant to the Certificate of Service.

If you have any questions regarding this filing, please do not hesitate to contact me.

Respectfully,

Craig R. Burgraff

Craig R. Burgraff
Counsel for Sustainable Energy Fund of Central Eastern Pennsylvania

CRB/alh
Enclosure
cc: Per Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan	: : :	Docket No. M-2009-2093216

**COMMENTS OF THE
SUSTAINABLE ENERGY FUND OF CENTRAL
EASTERN PENNSYLVANIA**

The Sustainable Energy Fund of Central Eastern Pennsylvania ("SEF"), by and through its attorneys in this matter, Hawke McKeon & Sniscak LLP, files the following Comments in the above-captioned proceeding.

I. INTRODUCTION

On July 1, 2009, PPL Electric Utilities Corporation ("PPL") filed the Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan ("EE&C Plan"). SEF intervened and was an active participant in the proceeding. Administrative Law Judge ("ALJ") Susan D. Colwell, through a September 14, 2009 Order, provided a history of the proceeding, delineated the transcripts, statements and exhibits admitted into the record, and certified the record to the Public Utility Commission ("Commission") for its consideration and disposition. By Order of October 26, 2009, the Commission approved in part and rejected in part PPL's EE&C Plan and directed PPL to file a revised plan within sixty days.[1]

[1] *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (October 26, 2009)

On December 17, 2009, PPL filed a revised EE&C Plan. Following its review of Comments and Reply Comments filed regarding the revised plan, the Commission approved the EE&C Plan by Order entered February 17, 2010.[2]

Following a June 24, 2010 Secretarial Letter providing updated guidance to Electric Distribution Companies ("EDCs") regarding the Act 129 annual reporting requirements and any proposed EE&C plan revisions, PPL, on September 15, 2010, filed its Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan modifying its EE&C Plan. It proposed two modifications to the EE&C Plan. Shortly thereafter, PPL circulated a presentation prior to its October 20, 2010, Act 129 EE&C Stakeholder Meeting that included more than twenty other changes to program implementation details in the modified EE&C Plan that it believed did not require Commission approval, and that were not included in the submitted September 2010 EE&C Plan.

Following a hearing and Recommended Decision by the assigned ALJs, the Commission took two actions in its January 28, 2011 Order.[3] First, it approved the requested modifications originally included in the revised EE&C Plan. Second, the Commission rejected PPL's view regarding what modifications required Commission approval and determined that PPL needed approval for any mid-course corrections that it intended to make. It held that all proposed changes must be fully reflected in the EE&C Plan so they can be reviewed by the Commission and affected parties. The Commission directed PPL to file a revised black-line version of its EE&C Plan that reflected all proposed changes to its EE&C Plan within 30 days of the Order.[4]

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[2] *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (February 17, 2010).
[3] *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (January 28, 2011) ("January 2011 Order").
[4] January 2011 Order at 18-19.

On February 28, 2011, PPL filed its Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan and black-lined Plan. Numerous parties filed Comments to the revised EE&C Plan, including SEF. Reply Comments were filed. The Commission approved PPL's Petition on May 6, 2011. [5]

By Order entered on April 1, 2011, the Commission issued for Comment a proposed expedited process for approval of minor changes to EDCs EE&C Plans.[6] Following the comment period, the Commission issued its June 2011 Final Order[7] in which it offered further guidance on the process for EE&C Plan modifications. It delegated to its Staff approval authority for minor EE&C Plan changes. These minor changes are:

- The elimination of a measure that is underperforming or has exhausted its budgeted amount.
- The transfer of funds from one measure to another measure within the same customer class.
- A change in the conditions of a measure, such as the addition of new qualifying equipment or a change in the rebate amount that does not increase the overall costs to that customer class.

Under an expedited review proceeding, the EDC is required to present its proposed minor changes to its EE&C Plan with sufficient documentation to support the proposed minor changes to the EE&C Plan, with a fifteen (15) day comment period and a twenty-five (25) day reply comment period. Commission Staff must issue a Secretarial Letter approving, denying or transferring to the Office of Administrative Law Judge for hearings, some or all of the proposed minor changes, along with an explanation, within thirty-five (35) days of the proposed changes.[8]

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[5] *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (May 6, 2011).
[6] *Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (April 11, 2011 Tentative Order).
[7] *Energy Efficiency and Conversation Program*, Docket No. M-2008-2069887 (June 10, 2011 Final Order)("June 2011 Final Order").
[8] June 2011 Final Order at 18-20.

EDCs requesting approval of changes not qualifying as minor changes must file a petition requesting that the Commission rescind and amend its prior EE&C Plan approval in accordance with Commission regulations. This petition shall explain the specific reasons supporting the requested modifications, along with evidence supporting the modifications to the plan and cost recovery mechanism. Parties have thirty (30) days to comment, with reply comments due twenty (20) days later. The Commission will then decide whether to rule on the changes or refer the matter to an ALJ for hearing and a recommended decision.[9]

PPL filed its Petition of PPL Electric Utilities Corporation for Approval of Changes to its Act 129 Energy Efficiency and Conservation Plan on February 2, 2012 ("February 2 Petition"). In its February 2 Petition, PPL requests approval for both minor and non-minor changes to its EE&C Plan. It proposes what it defines as fifty-six (56) minor changes as defined in the June 2011 Final Order, and six (6) non-minor modifications. PPL submitted a single petition to ensure a complete representation of all proposed changes in a single black-line EE&C Plan which better illustrates the collective impacts of all proposed changes. PPL did not request expedited review of the minor changes, but instead requested that the February 2 Petition be reviewed under the procedure established for non-minor EE&C Plan changes.[10]

II. COMMENTS

SEF opposes some of the modifications proposed in the February 2 Petition as filed since it believes that several of the modifications are counterproductive to the goals of Act 129 and the EE&C Plan. SEF urges the Commission to approve those measures that SEF does not oppose and conduct an investigation and hearings on those measures SEF opposes. While SEF appreciates PPL's desire for the Commission to approve its request as quickly as possible based

[9] June 2011 Final Order at 20.
[10] February 2 Petition at 5.

on comments and reply comments,[11] it disagrees that there should be a rush to judgment due to the compressed time frame in which to achieve PPL's Act 129 requirements. As PPL notes, its sense of urgency is to a large degree a product of its own actions in failing to file a timely petition since its states that the majority of its proposed changes were discussed with stakeholders on October 18, 2011. Some changes, such as hiring a Small C&I Conservation Service Provider ("CSP") and implementing a direct install program were known more than a year ago. Consequently, stakeholders should not be deprived of adequate time to review and contest more than sixty (60) changes proposed by PPL.

A. Proposed Minor Modifications

1. PPL proposes to discontinue the rebate for dehumidifiers in the Efficient Equipment Incentive Program because it has exceeded the participation levels in the EE&C Plan. PPL estimated a participation level of 2,140 customers and 5,354 customers received rebates as of December 2011.[12] In addition, PPL attempts to justify the discontinuance based upon relatively low savings (approximately 200 kWh/yr per measure) and the $8 cost to PPL to process a $10 rebate. Also, if the measure continues, PPL posits that it will require a reduction in another measure to prevent exceeding the budget target for the program section in the EE&C Plan.[13]

The SEF opposes the elimination of this measure. It is clear that the rebate for dehumidifiers in the Residential sector Efficient Equipment Incentive Program has been and is successful, which belies the need to eliminate the rebate. While it costs $8 to process a $10 rebate, the total resource costs test as a whole for the incentive program is robust, standing at

[11] February 2 Petition at 5-7.
[12] February 2 Petition at 15.
[13] *Id.*

1.75.[14] It is also counter-intuitive to discontinue the rebate in view of PPL's requested increase in funding for the Residential sector Direct Load Control Program. PPL proposes this increase even though the benefit to cost ratio falls from an abysmal 0.20 to a microscopic 0.13.[15] The SEF will comment later on the Direct Load Control Program, but the million dollar increase in funding requested for that program should be employed to continue the dehumidifier measure.

2. PPL proposes to discontinue rebates for scanners, printers, and all other office equipment in the Small C&I sector Efficient Equipment Incentive Program on similar grounds as for dehumidifiers. Namely, the measure has exceeded its estimated participation level, the estimated savings have been reduced by ENERGY STAR (although PPL does not specify what the savings are), it costs $10 to process rebates that are generally $3 to $15, it is costly to verify that the measures meet eligibility requirements and the market is sufficiently transformed (PPL offers no evidence supporting this conclusion). Again, the measure appears to be successful and the modified Small C&I Efficient Equipment Incentive Program continues to show a benefit-cost ration of 1.20.[16]

3. PPL proposes to discontinue the rebate for dishwashers and clothes washers in the Residential sector Efficient Equipment Incentive Program for similar reasons as it advanced for dehumidifiers. PPL notes that the measures installed significantly exceed the original EE&C Plan estimates, with in excess of 25,000 actual dishwasher rebates as of December 2011 versus an estimated 7,170 dishwasher, and 44,000 actual clothes washer rebates as of the December 2011 versus an estimated 1,800. PPL notes that savings from these measure are not "significant" (105kWh/hr and 258kWh/yr respectively if the customer has electric hot water or zero if the customer heats water non-electrically). PPL also posits that site visits to confirm electric hot

[14] EE&C Plan Black-line at 77.
[15] *Id.* at 124.
[16] *Id.* at 163.

water would "likely" exceed $100 each and that the market for these ENERGY STAR appliances is fairly well transformed, even though PPL offers no substantive documentation for this postulation.

Again, SEF opposes the proposed elimination since it appears unreasonable to discontinue a measure that has been successful, especially with unsubstantiated reasons for such elimination. While PPL posits that it would apparently in the future be necessary to visit each cite to confirm that a potential rebate customer has electric hot water, there is no reason offered as to why this would now be necessary as opposed to the current program. The Energy Information Administration estimates that in Pennsylvania 2 million households, or 42%, utilize electricity as a fuel source for water hearing.[17] Nationally, 44% of rental units[18] utilize electricity as a fuel source for water heating. The ratepayers that occupy these rental units pay towards PPL's EE&C programs, as do all residential customers yet renters' options to decrease laundry-related energy consumption may be limited as they may not be able to switch to cheaper natural gas, replace the water heater or insulate the hot water piping. Replacement of their clothes washer with an Energy Star unit will provide these ratepayers an opportunity to reduce the energy used to heat water and dry clothes. As noted, there is no demonstration that the market is "fairly well" transformed.

The benefit to cost ratio for the Residential sector Efficient Equipment Incentive Program is still robust, and the necessity to discontinue this measure is counter-intuitive to increasing funds for the Direct Load Control Program.

4. PPL proposes to close the residential photovoltaic ("PV") and residential ground source heat pump ("GSHP") portions of the Renewable Energy Program earlier than expected as

[17] Department of Energy, Energy Information Administration 2009 Residential Energy Consumption Survey Table HC8.8. Preliminary Estimate.
[18] *Id.* at Survey Table HC.3.2. Preliminary Estimate

each is fully subscribed. PPL posits that there is no reason to continue offering this measure because of low cost-effectiveness. PPL admits that, if allowed to continue, the number of measures will continue to increase which would require a reduction in another measure to prevent exceeding the budget target for the program, sector or EE&C Plan.[19] The SEF opposes the elimination of these measures.

PPL's EE&C Plan Black-line notes that these measures have been closed for some time. PPL launched the PV portion of the Residential sector Renewable Energy Program on March 10, 2010 with a projected four year EE&C Plan total of forty-five (45) PV systems. It was closed on May 10, 2010 with 128 PV systems.[20] Similarly, the GSHP portion was launched on February 10, 2010 with a projected four year EE&C Plan total of 900 ground source heat pumps. It was closed to residentials in January 2011 with 1,429 ground source heat pumps.[21] Thus, consistent with SEF's position in PPL's EE&C Plan proceeding, the demand for these measures was robust.

The SEF submits that the measures have been successful and the measures should not be eliminated and additional funds should be allocated to the Solar PV portion of the program. Additional funding should be available as PPL allocated $4,128,200 for the Time of Use program as per the Commission's Order. TOU program costs cannot be collected through the EE&C Program. Solar PV has an 82% peak coincident factor. As a consequence, it would be more cost effective to offer a Solar PV rebate (Renewable Program Total Resource Cost ("TRC") of 0.53) than to increase funding of the Residential Direct Load Control Program (Direct Load Control Program TRC of 0.13).

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[19] February 2 Petition at 16. Interestingly, even though the measure is a residential measure, PPL cites to EE&C Plan Black-line at Section 3.3, the Small Commercial and Industrial Sector Programs.
[20] EE&C Plan Black line at 115-116.
[21] *Id.*

In addition, SEF disagrees with PPL's assertion regarding the Solar PV systems low cost-effectiveness. In this proceeding, PPL provides data for the overall Renewable Energy Program which includes GSHPs. During the original EE&C Plan proceeding, SEF identified issues with PPL's cost to benefit analysis. Just prior to evidentiary learnings, PPL agreed that SEF's calculations were correct. SEF believes a detailed examination is warranted and that PPL's assertions that the program has a low cost-effectiveness should not be accepted on its face. SEF believes a hearing is warranted to establish the measures true cost effectiveness without inclusion of GSHPs.

5. PPL proposes to close the Government, Non-Profit, Institutional ("GNI") portion of the Renewable Energy Program earlier than expected since the program is fully subscribed and reached its budget limit. PPL stopped accepting applications for GNI PV in August 2010 and stopped accepting applications for GNI GSHP in December 2011. PPL again posits there is no reason to continue the offering due to low cost-effectiveness, and that, if allowed to continue, the number of measures will increase which would require a reduction in another measure to prevent exceeding the budget target for a program, sector or EE&C Plan.[22]

First, it is unclear whether the GNI measures were fully subscribed. PPL's EE&C Plan projected fifteen (15) PV systems for the GNI sector and 300 GSHPs for the GNI sector. It provided assistance for eight (8) PV systems for the GNI sector and thirty-seven (37) GSHPs for the GNI sector.[23] While it noted that the GSHP portion of the Renewable Energy Program for GNI was closed in December 2011 because the entire program funding was fully subscribed[24], no mention is made of why the PV portion of the GNI program was closed for the PV portion short of projected participation.

[22] February 2 Plan at 16.
[23] EE&C Plan Black-line at 220-221.
[24] *Id.* at 115.

Again, as with the residential portion of the program, continuing the GNI portion is reasonable, especially versus adding funding to the Direct Load Control Program, at least to the estimated participation levels.

6. PPL proposes to consolidate the CSP cost estimate breakdown in the EE&C Plan. Currently, the EE&C Plan contains two items, CSP Labor and CSP Materials/Supplies. PPL desires to track one combined item, CSI Costs, since PPL manages each CSP budget at the aggregate level, not at the labor and material compound level. PPL believes that, so long as the total CSP cost is within budget, the mix of costs between CSP labor and CSP non-labor does not warrant separate tracking, reporting and requesting Commission approval of changes.[25]

The SEF opposes consolidating the cost categories as proposed by PPL. While PPL may manage each CSP budget at the aggregate level, the differentiation between CSP labor and CSP materials/supplies provides valuable information to stakeholders in evaluating PPL's EE&C Plan. SEF recommends that the consolidation be denied and that the existing transparency continue.

7. PPL proposes to allocate approximately $13 million of the Small C&I program costs from the Small C&I Custom Incentive Program to the Efficient Equipment Incentive Program. PPL notes that, while there is no net impact on Small C&I sector costs, the reallocation will likely reduce savings because the savings per dollar are lower in the Efficient Equipment Incentive Program as compared to the Custom Incentive Program. PPL believes that Small C&I customers will have much more interest in the type of measures in the former program since they are typically much simpler, quicker and less costly to implement. This leads

[25] February 2 Plan at 19.

PPL to hypothesize that PPL will have a much greater likelihood of achieving Small C&I sector savings.[26]

The SEF opposes the reallocation of the funds requested by PPL. SEF recommends that those funds be transferred to the GNI Renewable Energy Program which, as noted earlier, has been closed with few customers in the Solar PV program.

8. PPL proposes to reduce the projected total savings and costs of the HVAC Tune-Up Program since it will not realize material savings. It has stopped payments to the program CSP, but will allow HVAC contractors to provide measures to customers and to receive rebates. It proposes to revise three measures in the HVAC Tune-Up Program, and allow customers to self-implement HVAC Tune-Up measures and receive the incentive directly. Total projected savings decreased from 22,176 MWh/yr to 2,046 MWh/yr. Even though the total projected savings incur a precipitous drop, the total projected costs decrease from $1.3 million to only $985,000.[27]

The SEF opposes this proposed modification to the HVAC Tune-Up Program and, in the alternative, recommends that it be eliminated. The program only serves to provide incentives for businesses that have not and do not properly maintain their HVAC equipment. The socialization of program costs only serves to competitively disadvantage those entities that have and do properly maintain their equipment.

In addition, the HVAC Tune-Up Program's total resource cost test has fallen from the projected 5.54 benefit-cost ratio to a 0.52 benefit cost ratio.

9. PPL proposes to increase the projected number of rebates from heat pump water heaters from 230 to 3,200 in the Efficient Equipment Incentive Program because actual

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[26] *Id.* at 19-20.

[27] *Id.* at 22-23

participation has exceeded expectations, the measure contributes to significant unit savings per year and the market is still developing and will benefit by increasing the number of rebates. It proposes to restrict heat pump water heathers rebates to residential use and certain types of commercial use as recently specified in the Technical Resource Manual.[28]

The SEF recommends that increasing the funding and participation for the Heat Pump Water Heating program should not be limited to electric heat pump water heaters, but should also include other fuels, including Solar Thermal and natural gas. Both of these measures have benefit to cost ratios greater than one.[29] Therefore, the fuel source and technologies should be left to the customer and not restricted to electricity.

10. PPL proposes to add a Small C&I direct install option, called Direct Discount Services, to the Efficient Equipment Incentive Program. Direct Discount Service uses PPL's network of authorized contractors to market, propose and install lighting and refrigeration measures for Small C&I customers. Incentive are paid to the installation contractor, who also completes and processes all required paperwork.[30]

The SEF has significant questions regarding the benefit to cost ratio and cost per kW and kWh of the Direct Install Program and this modification should not be adopted absent a demonstration of cost effectiveness, especially given PPL's proposal to reallocate $13 million in Small C&I Program costs from the Customer Incentive Program to the Efficient Equipment Incentive Program for the Small C&I sector. While these costs are increasing dramatically on an over-all basis, the costs are not broken out and it cannot be determined if this proposal is cost effective or not.

[28] February 2 Plan at 26-27.
[29] SEF Statement No. 1 at 6, 8-9, Docket No. M-2010-2210316.
[30] February 2 Plan at 31.

B. Non-Minor Changes

1. PPL proposes to increase the projected cost of the Direct Load Control Program from approximately $11 to $12 million. PPL projects an increase in participation level for the Residential sector.[31]

The SEF has significant concerns with this proposal and opposes the increase in funding for the Direct Load Control Program. PPL proposes to apply the program from noon to 8 PM on weekdays during the summer season from June 1 to September 30. A control devise installed on a customer's air conditioner/heat pump unit allows the unit to be cycled during peak periods with customer incentives provided.[32]

Initially, it should be noted that the control period is incongruent with the "on-peak" period PPL recently proposed and supported in its Time of Use filing. PPL has a current position in front of the Commission for approval of a Time of Use program with a year round "on-peak" period of 7AM to 7PM.[33] Although the program launched in March 2011[34], PPL now proposes to redefine the demand reduction period. While the current demand reduction period is limited to 15 minutes in each one-half hour during peak periods, PPL's proposed modification now contains an open-ended, undefined, demand reduction period. Namely, it proposes that the unit can be cycled "on and off" during peak periods, with no restriction on the cycling.[35] This is clearly problematic for residential customers in the summer and should not be approved absent further investigation.

In addition, there is a serious question regarding whether the Direct Load Control Program even benefits ratepayers. PPL's focus of the program appears to be directed to meeting

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[31] February 2 Plan at 37.
[32] EE&C Plan Black-line at 118-119.
[33] PPL Electric Statement No. 2 at 8-9; Docket No. R-2011-2264771.
[34] EE&C Plan Black-line at 122.
[35] *Id.* at 118-119.

its 2013 demand reduction goal regardless of the cost to ratepayers. As noted earlier, the benefit to cost ratio for residential customers with the increased funding falls to a microscopic 0.13[36] Thus, under PPL's test, ratepayers will spend $8.8 million for a return of $1.1 million.[37]

The SEF recommends that the increased funding be denied, and that the money be directed elsewhere, as recommended earlier.

2. PPL proposes to eliminate the New Home Program, principally because PPL believes that the new home market is not likely to rebound quickly enough to achieve material savings in program years 3 and 4, and because new building codes, if incorporated in the TRM, will likely reduce new home savings that could be credited to EE&C Plans.[38] The SEF opposes the elimination of the New Home Program.

As noted earlier, the Commission's June 2011 Final Order requires that proposed non-minor modifications must be supported by evidence. PPL has not provided any evidence showing the participation to date in the program, nor has it demonstrated any TRC presumed benefit cost results due to new building codes. The current EE&C Plan shows an anticipated benefit to cost ratio of 1.40. PPL has simply eliminated the program in the EE&C Plan Black-line.[39] This is insufficient to justify the elimination given (1) the long lived value of home construction measures, (2) the long lead time needed to influence developers and contractors and (3) PPL's faulty assumption as to future building codes.

[36] EE&C Black-line at 124.
[37] *Id.*
[38] February 2 Plan at 33.
[39] EE&C Black-line at 105-110.

Although a dishwasher has a life expectancy of nine (9) years and the TRC limits a measure's lifetime to years, new home installation and infiltration barriers have a life expectancy greater than one hundred (100) years.[40]

Developers often work for months or years on new developments prior to breaking ground. Consequently, to have a successful New Home Program, PPL needs to establish and nurture relationships with builders and contractors long in advance of any noticeable housing boom.

PPL justifies elimination based on updates to the TRC that have not happened and building codes that may not happen. On April 15, 2011, Governor Corbett signed Act 1 of 2011 into law which, among other things, removed the existing automatic implementation of new building codes.

C. Additional Comments

The Small C&I program has performed well below expectations. As PPL noted, the projected savings for this section decreased approximately 267,000 MWh/year, or by 44%, and 37 MW, or by 44% and the projected costs decreased by approximately $1 million , or only 1%, in the EE&C Plan Black-line.[41] PPL proposes to reduce the projected participation, savings and costs for the Small C&I sector for most measures in the Efficient Equipment Incentive Program and the Small C&I Custom Incentive Program, which necessitates a revision to the estimated proportional savings to be achieved by the various customer sectors.[42]

The need for a Small C&I contractor who can complete rebate forms is testament to the complexity of the program and the lack of understanding of the small business customer. As PPL noted, despite aggressive marketing, hiring a C&I CSP, adding a direct discount mechanism

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[40] National Association of Home Builders, Study of Life Expectancy of Home Components, February 2009.
[41] February 2 Plan at 9-20.
[42] *Id.* at 12.

and recruiting trade allies, savings from the Small C&I section is projected to be approximately one- half of PPL's original estimates.[43]

The SEF opposes the significant reduction in projected participation and savings for this sector with only minimal reductions in costs for the Small C&I sector. The SEF recommends that PPL, and the Commission, consider implementing an on-bill financing pilot in lieu of its current track with the Small C&I sector.

The SEF raised and advocated inclusion of an on-bill financing program for customers in testimony in the original PPL EE&C Plan proceeding at this docket, and offered to provide capital for an on-bill financing program.[44] The SEF still firmly believes that such a program would significantly increase program participation rates by reducing barriers such as the significant upfront costs of various energy efficient improvements, lengths payback periods, uncertainty about occupancy and upfront costs being more real than theoretical savings. The character of on-bill financing, where the financing runs with the meter and is structured so that the monthly payment is less than the projected energy savings thereby reducing the customers overall electric bill, means that the customer is essentially paying for the energy improvement through the reduction in energy consumption resulting from the improvement. This is a clear advantage and a valid incentive over a traditional loan.

The SEF continues to stand ready to assist PPL in developing such a program, the necessity of which is amplified by the disappointing results to date of the Small C&I sector programs and measures. (John- I left out fuel switching since I think there is a greater shot with the on-bill financing).

III. CONCLUSION

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[43] *Id.* at 21.

[44] SEF Statement No. 1 at 12-14.

The Sustainable Energy Fund respectfully requests that the Commission consider and adopt the foregoing Comments and take any other actions that are deemed appropriate.

Respectfully submitted,

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Counsel for the Sustainable Energy Fund of Central Eastern Pennsylvania

DATED: March 5, 2012

VERIFICATION

I, John M. Costlow, on behalf of the Sustainable Energy Fund of Central Eastern Pennsylvania, verify that the facts contained in the Comments are true and correct to the best of my knowledge, information and belief. This Verification is made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

John M. Costlow
Director of Technical Services
The Sustainable Energy Fund of Central
Eastern Pennsylvania

Dated: March 5th 2012

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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