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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** |

June 14, 2012

M-2009-2092222

Ms. Kathy J. Kolich, Esquire

FirstEnergy Service Company

76 South Main Street

Akron, OH 44308

**Re:** **Petition of Metropolitan Edison Company for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant To the Commission’s Expedited Review Process**

**Docket No. M-2009-2092222**

Dear Ms. Kolich:

On May 18, 2012, the Metropolitan Edison Company (Met-Ed or Company) filed a petitioncaptioned as *Metropolitan Edison Company’s Request for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant to the June 10, 2011 Final Order in Docket No. M-2008-2069887* (Petition). The Petition seeks approval of minor changes to Met-Ed’s Large Commercial and Industrial (C&I) Equipment and C&I Demand Response programs contained in its amended Act 129 Energy Efficiency and Conservation Plan (EE&C Plan) through the Commission’s expedited process set forth in its June 10, 2011 Final Order at Docket No. M-2008-2069887 (Expedited Process Order). Met-Ed served the Petition on all parties of record.

Comments were due by June 4, 2012. No parties filed comments.

In its Expedited Process Order, the Commission delegated its authority to review and approve minor EE&C Plan changes, as defined below, to staff of the Bureau of Conservation, Economics and Energy Planning (Staff), with assistance from staff of the Bureau of Fixed Utility Services and the Law Bureau, or their successor(s)[[1]](#footnote-1) as determined by the Commission.[[2]](#footnote-2) The Commission defined minor plan changes as follows:

* 1. 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;
  2. The transfer of funds from one measure or program to another measure or program within the same customer class; and
  3. Adding a measure or changing the conditions of a measure, such as its eligibility requirements, technical description, rebate structure or amount, projected savings, estimated incremental costs, projected number of participants, or other conditions so long as the change does not increase the overall costs to that customer class.[[3]](#footnote-3)

In its Petition, Met-Ed proposes changes to expand the savings and budget for the Large C&I Equipment Program by decreasing the savings and budget for the C&I Demand Response Program.[[4]](#footnote-4) Specifically, Met-Ed proposes to expansion the savings and budget for the Large C&I Equipment Program by 6,840 kilowatts (kW) and $654,160 by decreasing the savings and budget of its C&I Demand Response Program by the same amounts and transferring them to the Large C&I Equipment Program.[[5]](#footnote-5)

Met-Ed asserts that these proposed changes meet the definition of minor plan changes as delineated in the Expedited Process Order. In particular, Met-Ed asserts that the proposed changes involve the transfer of funds from one program to another program within the same customer class, namely the Large C&I customer class.[[6]](#footnote-6)

In support of the proposed changes, Met-Ed asserts the following based on its experience to date:

* The Large C&I Demand Response Program is currently projected to perform approximately eight megawatts (MW) below the level originally anticipated.[[7]](#footnote-7)
* It has identified additional opportunities within the Large C&I equipment Program to achieve the demand savings, noting that every customer project has coincident peak demand reductions and that targeting more projects under this program will assist it in accomplishing the Act 129 peak demand reduction requirement.[[8]](#footnote-8)
* The C&I Demand Response Program has proven to be challenging in obtaining participation and is currently only partially subscribed based on contracted commitments.[[9]](#footnote-9)
* The Large C&I Equipment Program has proven to be extremely popular and the Company had identified additional customer participation and projects during the summer of 2012.[[10]](#footnote-10)
* Neither change will have an effect on the remainder of Met-Ed’s current EE&C plan or the Large C&I rate reflected in Rider EEC-C.[[11]](#footnote-11)
* The changes will best position Met-Ed to achieve the peak demand reductions required by Act 129 during the summer of 2012.[[12]](#footnote-12)

The Commission’s Expedited Process Order states that it is permissible to transfer funds from one measure or program to another measure or program within a customer class as long as the change does not increase the overall costs to that particular customer class.[[13]](#footnote-13) Staff finds that the changes proposed by Met-Ed in the instant petition meet the definition of minor EE&C plan changes established in the Expedited Process Order. Staff, therefore, accepts Met-Ed’s proposal to increase the savings and budget for its Large C&I Equipment Program by 6,840 kW and $654,160, respectively, to come from its C&I Demand Response Program, with its savings and budget being decreased by equivalent amounts. Staff also accepts Met-Ed’s assertions that the will have no effect on the remainder of its current Act 129 EE&C Plan or the Large C&I rate reflected in Rider EEC-C. Staff further accepts Met-Ed’s assertion that these changes will best position Met-Ed to achieve the peak demand reduction required by Act 129 during the summer of 2012.

Staff recognizes, based on its analysis of Met-Ed’s EE&C Plan and the documentation provided with this filing, that the changes proposed herein do not significantly alter the overall cost effectiveness of Met-Ed’s portfolio of programs or have an impact on the Plan’s budget. As such, Staff approves the changes Met-Ed proposed in the instant Petition.

Notwithstanding the above, Met-Ed is advised that Staff requires a certain level of documentation with which to more decisively determine whether a request for plan modification is justified. Therefore, going forward, future requests for approval of minor EE&C plan changes through the expedited review process shall include a total resource cost test analysis for each measure being revised and for its entire EE&C plan portfolio to ensure that the Act 129 mandates are being fulfilled in a cost effective manner.

In view of the above, the Staff has determined that the Petition captioned as *Metropolitan Edison Company’s Request for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant to the June 10, 2011 Final Order in Docket No. M-2008-2069887*, filed on May 18, 2012, at Docket No. M-2009-2093218, satisfies the requirements of Act 129 and the prior related Orders of the Commission. Staff finds that the minor changes proposed in the Petition should enable Metropolitan Edison Company to meet or exceed the energy consumption and demand reduction requirements of Act 129 in a cost-effective manner. Therefore, Staff finds that the changes proposed by Metropolitan Edison in its Petition are approved. Metropolitan Edison Company is directed to file with the Secretary a revised plan, consistent with this Secretarial Letter, within 30 days of the date of this Letter and post same on its website.

As directed in the Commission’s June 10, 2011 Order, petitions for appeal from this Staff action must be filed within ten (10) days after service of this Secretarial Letter in accordance with 52 Pa. Code § 5.44.[[14]](#footnote-14)



Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman Powelson

Vice Chairman Coleman

Commissioner Gardner

Commissioner Cawley

Commissioner Witmer

Parties of Record

Darren Gill, TUS

Paul Diskin, Director, TUS

Kriss Brown, Law Bureau

Cheryl Walker Davis, OSA

Jonathan Nase, OSA

1. In a Final Procedural Order entered on August 11, 2011, at Docket No. M-2008-2071852, the Commission transferred the staff and the functions of Bureau of Fixed Utility Services and the Bureau of Conservation, Economics and Energy Planning to the Bureau of Technical Utility Services. *See Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Final Procedural Order at 4. [↑](#footnote-ref-1)
2. Expedited Process Order at 22. [↑](#footnote-ref-2)
3. Expedited Process Order at 20. [↑](#footnote-ref-3)
4. Petition at 1. [↑](#footnote-ref-4)
5. Petition at 4 and 5. [↑](#footnote-ref-5)
6. Petition at 4. [↑](#footnote-ref-6)
7. *Id*. [↑](#footnote-ref-7)
8. *Id*. [↑](#footnote-ref-8)
9. *Id*. [↑](#footnote-ref-9)
10. Petition at 5. [↑](#footnote-ref-10)
11. Petition at 4 and 5. [↑](#footnote-ref-11)
12. Petition at 5. [↑](#footnote-ref-12)
13. Expedited Process Order at 20. [↑](#footnote-ref-13)
14. Expedited Process Order at 19. [↑](#footnote-ref-14)