

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Act 129 Energy Efficiency and Conservation : Docket No. M-2012-2289411
Program Phase Two :

**ECOVA, INC.'S COMMENTS ON THE COMMISSION'S MAY 11, 2012 ACT 129 ENERGY
EFFICIENCY AND CONSERVATION PROGRAM PHASE TWO TENTATIVE IMPLEMENTATION
ORDER**

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Introduction

The following comments are respectfully submitted by Ecova, Inc. ("Ecova"), as an interested stakeholder, in response to the Commission's May 11, 2012 Act 129 Energy Efficiency and Conservation Program (the "Act 129 Program") Phase Two Tentative Implementation Order ("Tentative Order").

Ecova is a total energy and sustainability management company that runs energy efficiency programs for utility companies, and optimizes the use and cost of energy, water, waste and other expenses for large, multi-site organizations. Ecova utility programs have helped utilities throughout the country save over 28 million MWh in support of their energy efficiency goals. In Pennsylvania, Ecova works with Duquesne Light Company, PECO Energy Company and PPL Electric on their Act 129 Program efforts.

Ecova thanks the Commission for considering its comments.

Comments

Ecova generally supports the Commission's comments in its Tentative Order. However, Ecova believes the Commission is discounting some significant considerations in Section H of the Tentative Order regarding the requirement that all contracts with conservation service providers ("CSPs") be re-bid for Phase Two of the Act 129 Program.

In order for energy efficiency programs to continue to be utilized, they must be implemented in a manner allowing them to be managed and run successfully such that they provide positive returns to the rate payers who ultimately fund them. Accordingly, it is in Ecova's best interest to recommend ways to help ensure this happens.

There are several reasons requiring a rebid of all contracts with CSPs will serve to harm the successful implementation of the various programs run by the utilities pursuant to the Act 129 Program. First, a hallmark of successful, long-term energy efficiency programs is continuity. A lack of continuity in a program generally results in customer confusion and lower participation rates. This not only negatively impacts the perception of the program, but it also reduces its cost effectiveness. Second, establishing a program, and the necessary relationships to support the program, also takes time and money to implement. Requiring successful programs to rebuild this work under a new CSP will not only increase costs, but it may do so in a manner very difficult to account for in a bidding process. Third, the cost of running and managing a new round of bidding will be costly and time consuming for the utility. While this is a necessary cost for new programs and under-performing programs, it is an inefficient use of funding for successfully running programs. Fourth, and finally, the aggressive timeline for the implementation of Phase Two of the Act 129 Program means the bidding process across all programs (new, under-performing and successful) will already be rushed. Ecova believes it is in the Commission's best interest to allow the utilities to focus their efforts on the bidding process for the new and under-performing programs by eliminating the need to rebid the successful programs.

Again, Ecova is only recommending successful programs be exempt from the requirement to rebid as part of Phase Two of the Act 129 Program. Such an exemption would be at the discretion of the applicable utility and be subject to objective requirements of the prior work having met both its performance and cost goals. As all the programs were initially competitively bid, this will provide a sound basis for the exemption. Ecova strongly believes the Act 129 Program as a whole would be well served by establishing clear guidelines for allowing successful programs to be exempt from rebidding rather than forcing a rebid on every program.

Conclusion

Ecova again thanks the Commission for considering its comments regarding removing the requirement for all contracts with CSPs to be rebid for Phase Two of the Act 129 Program and looks forward to continuing to support the excellent work done pursuant to the Act 129 Program.

Sincerely,

/s/ Jon Thomsen

Jon Thomsen
Executive Vice-President
Ecova, Inc.