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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** M-2012-2289411 |

August 17, 2012

To: All Interested Parties

Re: Implementation of Act 129 of 2008—Phase II

Energy Efficiency and Conservation Plan Template

Docket No. M-2012-2289411

The Pennsylvania Public Utility Commission (Commission) hereby issues, for comment, an Energy Efficiency and Conservation Plan (EE&C Plan) filing template for the EE&C Phase II Program. On August 2, 2012, the Commission adopted an Implementation Order, which directed that Act 129 Phase II would operate from June 1, 2013, through May 31, 2016, and prescribed further energy consumption reduction targets.[[1]](#footnote-1) This Implementation Order also directed that the electric distribution companies (EDCs) file EE&C Plans for Phase II by November 1, 2012.[[2]](#footnote-2) With this Secretarial Letter, the Commission continues its process of establishing guidelines for implementing Phase II of the Act 129 EE&C Program.

The EE&C Plan template for Phase I was developed pursuant to the Commission’s Phase I Implementation Order.[[3]](#footnote-3) With this Secretarial Letter, the Commission is proposing a revised EE&C Plan template that all jurisdictional EDCs with at least 100,000 customers will use in preparing and filing their Phase II EE&C Plans. The attached proposed template includes a number of blank tables that are available on the Commission’s website.[[4]](#footnote-4)

As in Phase I, the Commission proposes that during the Phase II program term, each EDC should maintain an electronic copy of its entire, currently effective, Commission-approved Phase II EE&C Plan on the EDC’s website. We further propose that the initial Phase II EE&C Plan shall be posted to the EDC’s website in addition to all subsequent revised versions,[[5]](#footnote-5) noting the date of Commission approval or, if not yet approved, a designation indicating that approval is pending before the Commission. The Commission also proposes maintaining copies of all approved Phase II EE&C Plans on its website.[[6]](#footnote-6)

The Commission directs that all interested parties shall file an original of written comments by September 4, 2012, referencing Docket No. M-2012-2289411 to the Pennsylvania Public Utility Commission, Attention: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. No reply comments will be accepted.

If there are any technical questions regarding the attached proposed EE&C template, please contact Charles Covage in the Commission’s Technical Utility Services at [ccovage@pa.gov](mailto:ccovage@pa.gov), 717-783-3835. If there are any questions relating to legal or procedural issues regarding the attached proposed EE&C template, please contact Kriss Brown in the Commission’s Law Bureau at [kribrown@state.pa.us](mailto:kribrown@state.pa.us), 717-787-4518.



Sincerely,

Rosemary Chiavetta

Secretary

Attachment: EE&C Plan Template

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

Jan Freeman, Executive Director

Karen Oill Moury, Director of Regulatory Operations

Paul Diskin, Director, Bureau of Technical Utility Services

Bohdan R. Pankiw, Chief Counsel

Robert F. Young, Deputy Chief Counsel

Kriss Brown, Assistant Counsel

Charles Covage, Bureau of Technical Utility Services

Greg Shawley, Bureau of Technical Utility Services

Darren Gill, Bureau of Technical Utility Services

**Template for Pennsylvania EDC Energy Efficiency and Conservation Plans**

To be submitted by EDCs by November 1, 2012

**Contents**

* Transmittal Letter
* Table of Contents

1. Overview of Plan
2. Energy Efficiency and Conservation Portfolio/Program Summary Tables and Charts
3. Program Descriptions
4. Program Management and Implementation Strategies
5. Reporting and Tracking Systems
6. Quality Assurance and Evaluation, Measurement, and Verification
7. Cost Recovery Mechanism
8. Cost Effectiveness
9. Plan Compliance Information and Other Key Issues
10. Appendices

Note:

If any of your answers require you to disclose what you believe to be privileged or confidential information, not otherwise available to the public, you should designate at each point in the EE&C Plan that the answer requires you to disclose privileged and confidential information. Explain briefly why the information should be treated as confidential. You should then submit the information on documents stamped “CONFIDENTIAL” at the top in clear and conspicuous letters and submit one copy of the information under seal to the Secretary’s Office along with the EE&C Plan. In addition, an expunged copy of the filing should also be included with the EE&C Plan. If someone requests to examine the information, or if Commission staff believes that the proprietary claim is frivolous or otherwise not justified, the Secretary’s Bureau will issue a Secretarial Letter directing that the EDC file a petition for protective order pursuant to 52 Pa. Code § 5.423.

# Energy Efficiency and Conservation Plan

**A. Transmittal Letter** - with reference to statutory and regulatory requirements and Electric Distribution Company (EDC) contact that PA PUC should contact for more information.

**B. Table of Contents** - including lists of tables and figures.

1. **Overview of Plan (~10 pages)**

*(The objective of this section is to provide an overview of the entire plan)*

* 1. Summary description of plan, plan objectives, and overall strategy to achieve energy efficiency and conservation goals.
  2. Summary description of process used to develop the EE&C plan and key assumptions[[7]](#footnote-7) used in preparing the plan.
  3. Summary tables of portfolio savings goals, budget and cost-effectiveness (see Tables 1, 2 and 3).[[8]](#footnote-8)
  4. Summary of program implementation schedule over three-year plan period (see Chart 1 Notes).
  5. Summary description of the EDC implementation strategy to manage EE&C portfolios and engage customers and trade allies.
  6. Summary description of EDC’s data management, quality assurance and evaluation processes; include how EE&C plan, portfolios, and programs will be updated and refined based on evaluation results.
  7. Summary description of cost recovery mechanism.

1. **Energy Efficiency Portfolio/Program Summary Tables and Charts**

*(The objective of this section is to provide a quantitative overview of the entire plan for the three-year period. The audience will be those who want to see the “numbers”, but not all the details.)*

* 1. Residential, Commercial/Industrial Small, Commercial/Industrial Large and Governmental/Educational/Non-profit Portfolio Summaries (see Table 4).[[9]](#footnote-9)
  2. Plan data: Costs, Cost-effectiveness and Savings by program, sector and portfolio (see Tables 1-4).
  3. Budget and Parity Analysis – (see Table 5).

1. **Program Descriptions (2 to 3 pages per program)**

*(The objective of this section is to provide detailed descriptions of each proposed program and the background on why particular programs were selected and how they form balanced/integrated portfolios.)*

* 1. Discussion of criteria and process used for selection of programs:
     1. Describe portfolio objectives and metrics that define program success (e.g., energy and demand savings, customers served, number of units installed).
     2. Describe how programs were constructed for each portfolio to provide market coverage sufficient to reach overall energy and demand savings goals. Describe analyses and/or research that were performed (e.g., market, best-practices, market modeling).
     3. Describe how energy efficiency, conservation, solar, solar photovoltaic systems, geothermal heating, and other measures are included in the portfolio of programs as applicable.
     4. Describe the comprehensive measures to be offered to the residential and small commercial rate classes
     5. Describe how at least 25% of the consumption reduction target will be acquired each program year
  2. Residential Sector (as defined by EDC Tariff) Programs - include formatted descriptions of each program organized under the following headings:
* Program Title and Program years during which program will be implemented[[10]](#footnote-10)
* Objective(s)
* Target market
* Program description
* Implementation strategy (including expected changes that may occur in different program years)
* Program issues and risks and risk management strategy
* Anticipated costs to participating customers
* Ramp up strategy
* Marketing strategy
* Eligible measures and incentive strategy, include tables for each year of program, as appropriate showing financial incentives & rebate levels (e.g., $ per measure, $ per kWh or MW saved)
* Program start date with key schedule milestones
* Assumed Evaluation, Measurement, and Verification (EM&V) requirements required to document savings by the Commission’s statewide EE&C Plan Evaluator
* Administrative requirements – include internal and external staffing levels
* Estimated participation – includes tables indicating metric(s) with target value(s) per year
* Estimated program budget (total) by year – include table with budget per year
* Estimated percentage of sector budget attributed to program
* Savings targets – include tables with total MWh and MW goals per year and cumulative tables that document key assumptions of savings per measure or project
* Cost-effectiveness – include TRC for each program
* Other information deemed appropriate

3.2.1. Low-Income Sector (as defined by 66 Pa. C.S. § 2806.1) Programs - include formatted descriptions of each program organized under the same headings as listed above for residential programs. As well, provide and detail all plans for achieving compliance with the August 2, 2012 Implementation Order.

* 1. Commercial/Industrial Small Sector (as defined by EDC Tariff) Programs - include formatted descriptions of each program organized under the same headings as listed above for residential programs.
  2. Commercial/Industrial Large Sector (as defined by EDC Tariff) Programs - include formatted descriptions of each program organized under the same headings as listed above for residential programs.
  3. Governmental/Educational/Non-Profit Sector (as defined by 66 Pa. C.S. § 2806.1) Programs - include formatted descriptions of each program organized under the same headings as listed above for residential programs**.** As well, provide and detail all plans for achieving compliance with the August 2, 2012 Implementation Order.

1. **Program Management and Implementation Strategies (~5 to 10 pages)**

*(The objective of this section is to provide detailed description of how EDC plans to manage and implement programs, including their approach to and use of Conservation Service Providers (CSPs).)*

* 1. Overview of EDC Management and Implementation Strategies:
     1. Describe the types of services to be provided by EDC as well as consultants, trade allies, and CSPs. Indicate which organizations will provide which services and the basis for such allocation. Reference reporting and EM&V information from Sections 5 and 6 below.[[11]](#footnote-11)
     2. Describe how the risk categories of performance, technology, market and evaluation can affect the programs and any risk management strategies that will be employed to mitigate those risks.[[12]](#footnote-12)
     3. Describe how EDC plans to address human resource and contractor resource constraints to ensure that adequate personnel and contractors are available to implement the EE&C plan successfully.
     4. Describe “early warning systems” that will be utilized to indicate progress towards the goals and whether they are likely to be met. Describe EDC’s approach and process for shifting goals and funds, as needed, between programs and adding new measures/programs.
     5. Provide implementation schedules with milestones.
  2. Executive management structure:
     1. Describe EDC structure for addressing portfolio strategy, planning, review of program metrics, internal and external communications, budgeting and financial management, program implementation, procurement, program tracking and reporting, and Quality Assurance/Quality Control (QA/QC). Include EDC organization chart for management team responsible for implementing EE&C plan.
     2. Describe approach to overseeing the performance of sub-contractors and implementers of programs and how they can be managed to achieve results, within budget, and ensure customer satisfaction.
     3. Describe basis for administrative budget.
  3. Conservation Service Providers (CSPs):
     1. List any selected CSPs, describe their qualifications and basis for selection (include contracts in Appendix).
     2. Describe the work and measures being performed by CSPs.
     3. Describe any pending RFPs to be issued for additional CSPs.

1. **Reporting and Tracking Systems**[[13]](#footnote-13) **(~5 pages)**

*(Objective of this section is to provide detailed description of reporting and the critical data management and tracking systems that EDCs need in order to implement programs and which Commission, and its statewide EE&C Plan Evaluator, need to access.)*

* 1. Reporting:
     1. List reports that would be provided to the Commission, the schedule for their delivery, and the intended contents.
     2. Describe data that would be available (including format and time frame of availability) for Commission review and audit.[[14]](#footnote-14)
  2. Project Management Tracking Systems:
     1. Provide brief overview of the data tracking system for managing and reporting measure, project, program and portfolio activities, status and performance as well as EDC and CSP performance and expenditures.
     2. Describe the software format, data exchange format, and database structure you will use for tracking participant and savings data. Provide examples of data fields captured.
     3. Describe access and mechanism for access for Commission and statewide EE&C Plan Evaluator.

1. **Quality Assurance and Evaluation, Measurement and Verification (~5 pages)**

*(Objective of this section is to provide detailed description of how the EDC’s quality assurance/quality control, verification and internal evaluation process will be conducted and how this will integrate with the statewide evaluation activities)*

* 1. Quality Assurance/Quality Control:
     1. Describe overall approach to quality assurance and quality control.
     2. Describe procedures for measure and project installation verification, quality assurance and control, and savings documentation.
     3. Describe process for collecting and addressing participating customer, contractor and trade ally feedback (e.g., suggestions and complaints).
  2. Describe any planned market and process evaluations and how results will be used to improve programs.
  3. Describe strategy for coordinating with the statewide EE&C Plan Evaluator (nature and type of data will be provided in a separate Commission Order).

1. **Cost‑Recovery Mechanism (~5-10 pages with tables)**

*(Objective of this section is to provide detailed description and estimated values for cost recovery mechanism.)*

* 1. Provide the amount of total annual revenues as of December 31, 2006, and provide a calculation of the total allowable EE&C costs based on 2% of that annual revenue amount.
  2. Description of plan in accordance with 66 Pa. C.S. §§ 1307 and 2806.1 to fund the energy efficiency and conservation measures, to include administrative costs.
  3. Provide data tables (see Tables 6A, 6B, and 6C).
  4. Provide and describe tariffs and a Section 1307 cost recovery mechanism that will be specific to Phase II Program costs.. Provide all calculations and supporting cost documentation.
  5. Describe how the cost recovery mechanism will ensure that measures approved are financed by the same customer class that will receive the direct energy and conservation benefits.
  6. Describe how Phase II costs will be accounted for separate from Phase I costs.

1. **Cost Effectiveness (~5 pages)**

*(Objective of this section is to provide detailed description of the cost-effectiveness criteria and analyses. It can refer to appendices with program data.)*

* 1. Explain and demonstrate how the proposed plan will be cost effective as defined by the Total Resource Cost Test (TRC) specified by the Commission.
  2. Provide data tables (see Tables 7A thru 7E).

1. **Plan Compliance Information and Other Key Issues (~ 5–10 pages)**

*(Objective of this section is to have specific areas in EE&C plan where the Commission can review miscellaneous compliance items required in legislation and address key issues in EE&C plan, portfolio, and program design.)*

* 1. Plan Compliance Issues.[[15]](#footnote-15)
     1. Describe how the plan provides a variety of energy efficiency, conservation, and load management measures and will provide the measures equitably to all classes of customers in accordance with the August 2, 2012 Implementation Order.
     2. Provide statement delineating the manner in which the EE&C plan will achieve the requirements of the program under 66 Pa. C.S. §§ 2806.1(c) & 2806.1(d).
     3. Provide statement delineating the manner in which the EE&C plan will achieve the Low-Income requirements prescribed in the August 2, 2012 Implementation Order.
     4. Provide statement delineating the manner in which the EE&C plan will achieve the Government/Educational/Non-Profit requirements prescribed in the August 2, 2012 Implementation Order.
     5. Describe how EDC will ensure that no more than two percent of funds available to implement the plan shall be allocated for experimental equipment or devices.
     6. Describe how the plan will be competitively neutral to all distribution customers even if they are receiving supply from an EGS.
  2. Other Key Issues:
     1. Describe how this EE&C plan will lead to long-term, sustainable energy efficiency savings in the EDC’s service territory and in Pennsylvania.
     2. Describe how this EE&C plan, and the EDC, will avoid possible overlaps between programs offered in different Pennsylvania EDC service territories as well as possibly programs offered in neighboring states.
     3. Describe how this EE&C plan will leverage and utilize other financial resources, including funds from other public and private sector energy efficiency and solar energy programs.
     4. Describe how the EDC will address consumer education on energy efficiency, conservation, solar and solar photovoltaic systems, and geothermal heating, and other measures.
     5. Indicate that the EDC will provide a list of all eligible federal and state funding programs available to ratepayers for energy efficiency and conservation.
     6. Describe how the EDC will provide the public with information about the results from the programs.

1. **Appendices**
2. Commission approved electricity consumption forecast for the period of June 1, 2009 through May 31, 2010.
3. Approved CSP contract(s).
4. Program by program calculation of savings and costs for each program year. Include separate sections for each program with sub-sections for each year describing savings and costs information. Cost data should include for each program (and for General Administrative Cost Areas of Planning, Evaluation and Other) and each program year separate budgets for (see Example Tables 6A, 6B, and 6C):

* Direct Program Costs
  + EDC labor
  + EDC materials and supplies
  + CSP labor
  + CSP materials and supplies
  + Other outside services (define)
  + Customer incentives
  + Other (define)
* Administrative Costs, including but not limited to costs relating to plan and program development, cost-benefit analysis, measurement and verification, and reporting.
* Total costs.
* Cost effectiveness calculations by program and by program year, indicating benefits by category (see Example Table 7A – 7E).

1. Calculation methods and assumptions. Describe methods used for estimating all program costs, including administrative, marketing, and incentives costs; include key assumptions. Describe assumptions and present all calculations, data and results in a consistent format. Reference Appendix D.

**Tables for Pennsylvania EDC Energy Efficiency and Conservation Plans**

To be submitted by EDCs by November 1, 2012

**Contents**

* The tables attached on this word document are for illustrative purposes only.
* A master excel spreadsheet is uploaded on the Commission website. Each EDC is directed to use the master spreadsheet when populating the following tables.

1. Portfolio Summary of Lifetime Costs and Benefits
2. Summary of Portfolio Energy and Demand Savings
3. Summary of Portfolio Costs
4. Program Summaries
5. Budget and Parity Analysis Summary
6. Cost Recovery
7. Portfolio-Specific Assignment of EE&C Costs
8. Allocation of Common Costs to Applicable Customer Sector
9. Summary of Portfolio EE&C Costs
10. TRC Benefits Table (7A – 7E)

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**Chart 1: Gantt Chart of Program Schedule Summary (For Section 1.4)**

* Chart will be formatted to fit on one 8½ - 11 page
* It will use color to differentiate schedule items
* Provide a separate chart for each Portfolio that includes:
* Start and completion dates for the launch and close of Residential Portfolio programs for Program Years 2013, 2014 & 2015
* Start and completion dates for the launch and close of Commercial/Industrial Small portfolio programs for Program Years 2013, 2014 & 2015
* Start and completion dates for the launch and close of Commercial/Industrial Large portfolio programs for Program Years 2013, 2014 & 2015
* Start and completion dates for the launch and close of Governmental/Educational/Non-Profit portfolio programs for Program Years 2013, 2014 & 2015

As well, include the following for each chart:

* + - Start and completion dates for design of each Program Year
    - Dates at which CSPs will be selected and placed under contract for each portfolio
    - Dates at which EDC will provide annual program reports to Commission

1. *See Energy Efficiency and Conservation Program* Implementation Order at Docket No. M-2012-2289411, entered August 3, 2012. [↑](#footnote-ref-1)
2. *See Id.* at 63. [↑](#footnote-ref-2)
3. *See* *Energy Efficiency and Conservation Program* Implementation Order at Docket No. M-2008-2069887, entered on January 16, 2009, at 10. [↑](#footnote-ref-3)
4. The proposed template with tables can be found on the Commission’s website at: <http://www.puc.state.pa.us/electric/Act129/EEC_Program.aspx>. [↑](#footnote-ref-4)
5. As in Phase I, EDCs should post clean and redlined versions of all plan revisions. [↑](#footnote-ref-5)
6. We propose maintaining links to copies of all approved Phase II EE&C Plans on the following Commission webpage: <http://www.puc.state.pa.us/electric/Act129/EEC_Program.aspx>. [↑](#footnote-ref-6)
7. Whenever assumptions are used, provide the basis for using that assumption. [↑](#footnote-ref-7)
8. Tables (and Chart) referenced in the template outline are located in the separate master spreadsheet. [↑](#footnote-ref-8)
9. A *project* is an activity or course of action involving one or multiple energy efficiency measures, at a single facility or site. A *program* is a group of projects, with similar characteristics and installed in similar applications. Individual programs include those that involve encouraging and/or incenting the installation of equipment or practices associated with new-construction and retrofit solar energy and energy efficiency projects. The *portfolio* consists of all the programs in the residential, commercial/industrial small, commercial/industrial large, or governmental/educational/non-profit sectors. Residential sector programs include low-income, single-family and multi-family housing projects. Commercial/Industrial Small sector programs include small commercial, industrial, agricultural, and public sector facility projects. Commercial/Industrial Large sector programs include large commercial, industrial, agricultural, and public sector facility projects. Governmental/Educational/Non-Profit includes Federal, State, Municipal, and Local Governments; as well as school districts, institutions of higher learning, and non-profit entities. [↑](#footnote-ref-9)
10. It is assumed that there are three program years, each starting June 1 and ending May 31st. The first program year (PY) is Program Year 2013 and the last is Program Year 2015. [↑](#footnote-ref-10)
11. Services to be offered by EDC or others may include marketing, customer recruiting, demonstration projects, audits and or installation of new efficiency measures, verification of installations and or baseline usage, response to customer concerns, program tracking and program evaluation. [↑](#footnote-ref-11)
12. Performance risk is the risk that, due to design or implementation flaws, the program does not deliver expected savings. Technology risk is the risk that technologies targeted by a program fail to deliver the savings expected. Market risk is the risk that customers, or other key market players (e.g., contractors), choose not to participate in a program. Evaluation risk is the risk that independent EM&V will, based on different assumptions, conclude that savings fall short of what the implementers have estimated. [↑](#footnote-ref-12)
13. This Section may be modified if the Commission’s statewide EE&C Plan Evaluator develops further reporting and tracking systems that are approved by the Commission. [↑](#footnote-ref-13)
14. This should include information on measures, projects, programs and portfolios. [↑](#footnote-ref-14)
15. These sub-sections may reference other chapters of the plan as they may restate what was included elsewhere in the plan, and are collected here only for convenience of review. [↑](#footnote-ref-15)