

CITIZEN POWER

Public Policy Research Education and Advocacy

February 7, 2013

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

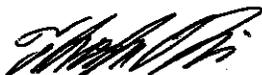
Re: Petition of Duquesne Light Company for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; Docket No. M-2012-2334399

Dear Secretary Chiavetta:

Enclosed please find Citizen Power's Reply Brief, in the above referenced proceeding.

Copies of this document have been served in accordance with the attached Certificate of Service.

Sincerely,



Theodore Robinson
Counsel for Citizen Power

Enclosures

Cc: Hon. Dennis J. Buckley
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of its Act 129 Phase II : Docket No. M-2012-2334399
Energy Efficiency and Conservation Plan :

REPLY BRIEF OF CITIZEN POWER, INC.

February 7, 2013

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I. PROCEDURAL HISTORY

On November 15, 2012, Duquesne Light Company (“Duquesne” or “Duquesne Light”) filed its petition for approval of its EE&C Phase II Plan with the Pennsylvania Public Utility Commission (“Commission”) pursuant to the Implementation Order the Commission issued in Docket Nos. M-2012-2289411, M-2008-2069887. This Petition included a copy of Duquesne’s Phase II Energy Efficiency and Conservation Plan (“Phase II EE&C Plan”) and the Direct Testimony of its witnesses, David Defide and William V. Pfrommer.

On December 1, 2012, a notice of Duquesne Light’s filing was published in the *Pennsylvania Bulletin* establishing that comments on the Phase II EE&C Plan were due on December 21, 2012. On December 5, 2012, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention and Public Statement. On December 6, 2012, the Office of Consumer Advocate (“OCA”) filed a Notice of Intervention and Public Statement. Petitions to Intervene were filed on December 6, 2012 by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) and the Community Action Association of Pennsylvania (“CAAP”); and by the Duquesne Industrial Intervenors (“DII”) and Citizen Power on December 7, 2012.

On December 6, 2012, a prehearing conference was held by Administrative Law Judge Dennis J. Buckley (the “ALJ”). Counsel for Duquesne Light, Citizen Power, OCA, OSBA, CAUSE-PA, DII, and CAAP were present. On December 12, 2012, the ALJ issued the Second Prehearing Order granting the Petitions to Intervene of all the participating parties. On December 13, 2012, Duquesne filed a Motion for Protective Order which was granted that same day.

On December 21, 2012, OCA, DII, ACTION-Housing Pittsburgh, ReEnergize Pittsburgh Coalition, and Comverge, Inc. (“Comverge”) all filed comments. Also, on that date, Comverge

filed a Petition to Intervene. On January 3, 2013, direct testimony was presented by OCA, CAUSE-PA, and CAAP. On January 9, 2013, the ALJ issued the Fourth Prehearing Order, indicating that the comments filed on December 21, 2012 would not be part of the certified record in this proceeding. On January 14, 2013, the ALJ issued the Fifth Prehearing Order which granted Comverge's Petition to Intervene. On January 15, 2013, Duquesne distributed rebuttal testimony to the active parties in the proceeding. Administrative Law Judge Dennis J. Buckley held an evidentiary hearing on January 18, 2013. During this hearing, the Joint Petitioners indicated that they had reached a settlement in principle of all the issues except those raised by DII. Duquesne Light's EE&C Plan, testimony and exhibits and the testimony and exhibits filed by other parties during the course of the proceeding were entered into the record. On January 28, 2013, both Duquesne Light and DII filed Main Briefs.

II. REPLY ARGUMENT

In this Reply Brief, Citizen Power responds to certain arguments proposed by DII in their Main Brief regarding cost allocation and the bidding of EE&C savings into PJM Markets.

A. DII's Conclusion that Phase II EE&C Plan Under-allocates Costs to the Residential Class is in Error

On page 8 of their Main Brief, DII puts forth the argument that the 45.4% share of the Phase II EE&C Plan costs that are allocated to the Residential class is not an equitable result. Specifically, it is maintained that the Residential class is paying too little based upon the fact that they contribute 59.0% of Duquesne's revenue. However, DII does not explain in their Main Brief why they believe that annual revenue numbers are an appropriate metric to determine how to distribute programs among the customer classes or the corresponding costs.

The amount of savings required to meet the EE&C benchmarks is based upon the kWh usage of each customer class. Therefore, an equitable distribution of both EE&C programs and costs should approximately reflect each sector's usage. The Commission has further clarified that an equitable distribution does not require proportionality and that the EE&C Plans should be flexible in order to meet other goals such as achieving the most energy savings per expenditure.¹ The Residential class is responsible for only 30.5% of the energy use in Duquesne Light's territory, which is more than their 45.4% share of the costs. *See* Phase II EE&C Plan, p. 145. Accordingly, the argument that the Residential class has not been allocated enough of the cost under the EE&C Plan should be rejected.

B. Duquesne's Phase II Plan Should Permit Customers To Bid Savings into PJM Markets To Minimize Costs Where Possible.

On pages 13-15 of their Main Brief, DII recommends that the Commission explicitly permit Large C&I customers to bid their savings into PJM markets. Citizen Power agrees with this approach. Allowing Large C&I customers to bid eligible EE&C savings into the PJM markets would reduce their cost of participating in Duquesne's programs. In addition, the inclusion of these assets in the PJM auctions has the potential to push down PJM's capacity prices, which are paid by all customer classes. However, we wish to stress that we support this recommendation only for Phase II. Although it does not impact this current proceeding, we believe that the question of ownership of energy efficiency (and peak demand) savings of Large C&I customers participating in Duquesne's EE&C programs beyond Phase II should be re-evaluated in Phase III.

¹ *Energy Efficiency and Conservation Program*, docket Nos. M-2012-2289411, M-2008-2069887, 2012 Pa. PUC LEXIS 1259 (Implementation Order entered on August 3, 2012), pg 87.

III. CONCLUSION

Citizen Power believes that DII's assertion that the Residential class is not paying their fair share of Phase II EE&C Plan costs is in error. However, we support the proposal to bid Large C&I EE&C savings into PJM auctions.

Respectfully submitted,



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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of its Act 129 Phase II : Docket No. M-2012-2334399
Energy Efficiency and Conservation Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document of Citizen Power, Inc. upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons as listed below:

Dated this 7th day of February, 2013.

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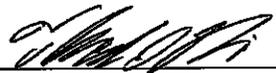
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