



December 19, 2014

Commission's Secretary: Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Act 129 Energy Efficiency and Conservation Program Phase III Docket No. M-2014-2424864

Dear Rosemary Chiavetta:

Enclosed are our comments regarding the development of the EE&C Programs for Phase III of Act 129 beginning in 2016.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ed Birch', is written in a cursive style.

Ed Birch,
Principal
Strategic Energy Group



Docket No. M-2014-2424864
Implementation of Act 129 Phase III
Energy Efficiency & Conversation Program

Comments of Strategic Energy Group regarding the development of Energy Efficiency and Conservation (EE&C) Programs for Phase III of Act 129

Strategic Energy Group (SEG) appreciates the opportunity to file comments regarding Phase III of Act 129. SEG is a leader in the Continuous Energy Improvement (CEI) approach to energy efficiency. CEI is generally based on utilizing a Plan, Do, Check, Act methodology and utilizes Lean Six Sigma Principals to develop a Continuous Improvement program focusing on energy efficiency. SEG has proven success with the CEI implementation programs in both the commercial and industrial markets.

Our comments cover 3 topics relating to the development of the EE&C plans for phase III of Act 129:

1. General comments
2. Length of Phase III EE&C Program
3. Inclusion of Peak Demand Reduction Requirements

General Comments

The previous and current Act 129 mandate has allowed room for various different types of programs to be chosen and implemented by the Utilities. One sector that is not mandated, and has been overlooked in the past, is the inclusion of Behavior Based or Operations & Maintenance Awareness programs.

SEG has work on implementing Behavior Based Energy Efficiency programs for the past 10 years in a variety of sectors and with multiple utilities. While there is evidence of culture change and awareness outreach within each of the programs implemented, there are also verifiable savings associated with these programs. The awareness programs not only help commercial and industrial facilities save energy at work, but allow for knowledge transfer so the facility employees can utilize the information in their personal lives. This allows individuals to save on energy at home and become more aware on their effect on the energy industry.

Across the country, more and more states and utilities are looking to integrate awareness programs into their current successful program offerings. We strongly urge the commission to consider including these types of programs in the next phase of Act 129, as they will benefit all involved.

Length of Phase III EE&C Program

With the two different program lengths offered so far, SEG would like to point out a benefit of keeping the program length similar to that of Phase I. Due to a longer program timeframe; CSP's are able to keep program momentum going forward. The awareness in the available market



places stays consistent because the programs are not changing so frequently. As the programs change, each utility needs to take the time to finalize contracts and details with CSP's. This is sometimes a lengthy process and can lead to time missed on program implementation. As the program lengths get shorter, implementation time decreases due to this program start up delay.

In order to avoid this decreased awareness in the market sectors and the utility contract finalization time, SEG recommends that Phase III of Act 129 commence as a five or six year program.

Inclusion of Peak Demand Reduction Requirements

Due to the current program limitations for Peak Demand Requirements, certain market sectors are excluded from these program offerings.

SEG would like the commission to look at the possibility of offering a two tier system so there could be more involvement in these programs. This type of program offering would allow schools, universities and certain seasonal dependent industries to attain a larger involvement in these programs.

We thank the Commission for their time and attention to these issues. If there are questions about the above recommendations, please feel free to contact Ed Birch with the information below.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ed Birch', written in a cursive style.

Ed Birch,
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