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January 4, 2015

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

**VIA ELECTRONIC FILING**

**RE: Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan; Docket No. M-2015-2515642**

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Comments of the PP&L Industrial Customer Alliance ("PPLICA") in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Enclosures

c: Administrative Law Judge Susan D. Colwell (via E-mail and First Class Mail)  
Certificate of Service

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## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer Alliance

Dated this 4<sup>th</sup> day of January, 2016, at Harrisburg, Pennsylvania

**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :  
Corporation for Approval of its Act 129 : Docket No. M-2015-2515642  
Phase III Energy Efficiency and :  
Conservation Plan :

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**COMMENTS OF  
THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

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**I. INTRODUCTION**

Through Act 129 of 2008 ("Act 129"), the Pennsylvania General Assembly tasked the Pennsylvania Public Utility Commission ("PUC" or "Commission") with establishing an Energy Efficiency and Conservation ("EE&C") Program. Pursuant to Act 129, the Commission ordered each Electric Distribution Company ("EDC") with at least 100,000 customers to develop and implement a tailored EE&C Plan to reduce energy demand and consumption within its service territory. Thus far, the Commission has worked with EDCs across the Commonwealth to administer two Phases of EE&C Program implementation.

On June 19, 2015, the Commission decided that a third Phase of EE&C programming was necessary and issued an Implementation Order directing EDCs to develop a third EE&C Plan.<sup>1</sup> Pursuant to the Commission's Order, PPL Electric Utilities Corporation ("PPL" or "Company") filed its Phase III EE&C Plan ("Phase III Plan" or "Plan") for the period June 1, 2016 through May 31, 2021 on November 30, 2015. PPL's Plan proposes various EE&C

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<sup>1</sup> *Energy Efficiency and Conservation Program*, Docket No. M-2014-2424864 (Implementation Order Entered June 19, 2015) ("Phase III Implementation Order").

Programs designed to meet its Commission-mandated energy consumption reduction target of 1,443,035 MWh/yr and demand reduction target of 92 MW/yr.<sup>2</sup>

The PP&L Industrial Customer Alliance ("PPLICA") hereby submits these Comments in response to PPL's Phase III Plan. PPLICA is an *ad hoc* association of energy-intensive commercial and industrial customers receiving electric service in PPL's service territory. PPLICA members purchase service from PPL primarily under Rate Schedules LP-4 and LP-5, as well as available riders.<sup>3</sup> PPLICA members collectively consume approximately 1.35 billion kWh of electricity each year in manufacturing and other operational processes. Because the cost of electricity (including government-imposed costs such as EE&C surcharges) is a substantial component of PPLICA members' operating budgets, PPLICA is concerned about certain elements of the Company's Phase III Plan.<sup>4</sup>

As the Commission is aware, many businesses independently fund and implement EE&C initiatives in order to reduce their electricity costs. When Large Commercial & Industrial ("C&I") customers in Pennsylvania purchase power from Electric Generation Suppliers ("EGSs"), they receive signals from the retail supply market regarding the value of energy efficiency efforts. Large C&I customers assess those price signals and decide whether it is beneficial to their businesses to implement energy efficiency measures. Forward-looking and cost-sensitive consumers make decisions on a daily basis to install energy-efficient lighting, replace motors, install more efficient heating, ventilating, and air conditioning systems, and explore complex industrial process enhancements to remain competitive and efficient. Large C&I enterprises have been studying the benefits of energy efficiency and incorporating energy

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<sup>2</sup> The demand reduction target applies only to Program Years ("PY") 9-12, there is no demand reduction target for PY 8.

<sup>3</sup> Some PPLICA members also have accounts on Rate Schedules GS-1 and GS-3.

<sup>4</sup> The positions set forth herein reflect the collective views of PPLICA and do not necessarily reflect the views of each individual member.

efficiency projects into their business models for many years prior to the implementation of Act 129 in 2008.

Pursuant to Act 129, the Commission approves cost recovery mechanisms determining the extent to which ratepayers must support an EDC-administered EE&C Program. PPL's customers, including Large C&I customers, have financially supported PPL's EE&C Program since initial inception, including grants provided to members of the Large C&I class, administrative expenses, research and development ("R&D"), marketing and advertising, Conservation Service Provider ("CSP") compensation, Statewide Evaluator compensation, and other miscellaneous expenditures. Consequently, the Commission must determine whether PPL's programs for each customer class are cost-effective and in the public interest, because every dollar paid into PPL's EE&C Plan is a dollar taken from a customer's own energy efficiency initiatives or other business needs.

PPLICA respectfully submits its comments on six elements of the Company's proposed Phase III Plan. First, PPLICA stresses that if a ruling by the U.S. Supreme Court were to result in the elimination of all PJM Interconnection, L.L.C. ("PJM"), Demand Response ("DR") Programs, then the Commission must hold an expeditious and comprehensive stakeholder process to ensure that the Commonwealth can effectively and efficiently replace PJM's programs. Second, if Senate Bill 805 ("S.B. 805") passes in the Pennsylvania General Assembly, then PPL must be able to adjust its Phase III Plan to permit Large C&I customers to opt out of the Company's Plan. Third, the Company must structure its Phase III Plan to recognize and comply with PJM market rules. Specifically, as Phase III of Act 129 now requires all EDCs to rebid all CSP contracts, the Company must comply with the PJM Open Access Transmission Tariff ("Tariff") requirement that a customer location have only one PJM

Curtailed Service Provider per PJM DR program. The operation of PPL's Act 129 DR Program must be transparent so the Commission and the stakeholders can evaluate PPL's implementation of the "50% rule for dual participants" and determine the portion of the measure costs that are going to compensate customers for load reductions and the portion that is being devoted to administrative expenses. Fourth, the Company must ensure that its annual ratemaking process is transparent and just and reasonable, in order to guarantee that costs are allocated fairly among customers with little uncertainty as to what the customer charges will be. Fifth, PPL must clarify its methodology for assigning rebates under the Custom Incentive Program. Finally, PPLICA remains concerned that PPL's policies regarding master-metered multifamily units unreasonably require Large C&I customers to pay for consumption reductions attributed towards PPL's low-income compliance target.

In addition to the aforementioned structural issues, PPLICA has many questions about the projected costs of Phase III, the evaluation of the purported "benefits" of various measures, and the accuracy of prior calculations of Total Resource Cost ("TRC") values. PPLICA has served two sets of discovery on PPL related to these issues. PPLICA reserves the opportunity to supplement these initial comments through testimony, cross-examination and/or briefs based on those responses and its further analysis of the Phase III Plan.

## II. COMMENTS

- A. **If a Ruling from the U.S. Supreme Court Were to Result in the Elimination of all PJM DR Programming and States Assume Primary Responsibility for Managing DR Initiatives, the Commission Must Hold An Expedient and Comprehensive Stakeholder Process Outside of the EE&C Plan Process To Ensure Reliability and Develop Functional Replacements for the PJM DR Programs.**

As the Commission recognized in its Phase III Implementation Order, there is uncertainty due to the pendency of *EPSA* regarding the PJM DR programs. *See* Phase III Implementation

Order, p. 22. Should the U.S. Supreme Court decide to invalidate FERC Order 745 in such a manner that affects all of PJM's DR programs substantially, each state must decide whether to develop replacements for the PJM DR programs, which currently provide dual benefits by enhancing reliability during periods when the PJM grid is under stress and by impacting wholesale prices for energy and capacity (by permitting customer load to participate in the PJM markets through PJM Curtailment Service Providers).<sup>5</sup> In the absence of PJM's programs, the Commission must assume the primary role for creating and managing DR programs. From PPLICA's perspective, the Act 129 DR options are insufficient substitutes for PJM's current DR offerings.

PJM's role as the wholesale market operator enables it, subject to *EPSA*, to offer effective DR programs. Specifically, PJM's DR offerings enable demand resources to participate in a manner directly impacting energy and capacity prices. Act 129 does not provide the Commission with the necessary financing, market presence, and cost efficiencies that are critical to forming an expanded DR program capable of operating as efficiently as PJM's and with the same reliability benefits.

If the Commonwealth must replace PJM's DR programs with a state DR program, the program's design and operation must be thoroughly reviewed via an expeditious and comprehensive stakeholder process. The Act 129 DR Program, as currently constituted, will not be able to manage load as capably as PJM's program, endangering reliability and risking price

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<sup>5</sup> *EPSA v. FERC*, 753 F.3d 216 (D.C. Cir. 2014), *pet. for cert. filed*, *FERC v. EPSA*, (U.S. Jan. 15, 2015) (No. 14-840), *EnerNOC, Inc., et al., v. EPSA*, (U.S. Jan. 15, 2015) (No. 14-841). FERC Order 745 only pertains to the energy market and not the capacity market. However, the Court's reasoning behind its decision on FERC Order 745 could be equally true with regard to the capacity market. Thus, while invalidation of FERC Order 745 would not cancel all PJM DR programs, a subsequent FERC action based on the Court's decision on FERC Order 745 could invalidate PJM's capacity market DR program. If the U.S. Supreme Court invalidates FERC Order 745, there could be a future FERC decision invalidating PJM's capacity market DR program, which would then affect capacity-based DR programs under Act 129. *See First Energy Service Co. v. PJM Interconnection, L.L.C.*, Docket No. EL14-55-000 (filed May 23, 2014).

increases. In addition, because large customers often participate in the PJM DR programs as part of their overall energy cost management strategy, for Pennsylvania businesses to remain financially viable and competitive, any state substitute for the PJM programs should aim to provide equivalent compensation to the customers who endure the impacts of the curtailments or other load management activities. While EDCs and CSPs undoubtedly have views on how substitute programs could be structured, PPLICA urges the Commission to view its members and other end users who are intimately familiar with the PJM DR programs as key stakeholders in any replacement process.

**B. Should S.B. 805 Pass the General Assembly, The Company Must Adjust Its Phase III Plan To Permit Large C&I Customers To Opt-out of Participation in Its Phase III Plan.**

S.B. 805 is currently on the legislative calendar at the Pennsylvania General Assembly. Should S.B. 805 be enacted, Section 2806.1(b)(ii) of the Public Utility Code will be amended to permit Large C&I customers to opt out of participation in an EDC's Phase III EE&C Plan. If the Pennsylvania General Assembly enacts S.B. 805, the Commonwealth would join 14 other states (out of 24 states that have EE&C Programs) who have either exempted Large C&I customers from participating in such programs or permitted Large C&I customers to voluntarily opt out.

Large C&I customers in Pennsylvania have already paid millions of dollars for EE&C Programs during Phases I and II of Act 129. More importantly, proactive Large C&I customers have responded to competitive pressures in their own industries for decades and designed internal EE&C initiatives to reduce energy costs, maximize free cash flows, minimize debt, and increase industry competitiveness. Requiring Large C&I enterprises to pay into a third Phase of EE&C funding redirects key resources that could be dedicated towards other business objectives or voluntary energy efficiency programs tailored to the customer's individual business model.

Because Act 129 caps reimbursement for EE&C projects and imposes strict criteria on their development, many of the more complex projects currently targeted by Large C&I customers are not compatible with the incentive and programming restrictions set forth in the PPL's Phase III Plan. Many Large C&I customers responded to market forces and implemented cost-effective EE&C measures throughout periods when rate caps were expiring. Even without the Act 129 mandates, Large C&I customers will continue to pursue appropriate efficiency and energy management strategies to remain competitive in the national and global markets. PPLICA does not see any reason to continue paying an "EE&C tax" under the Company's Phase III Plan in order to subsidize EE&C Program implementation by late-movers in the Large C&I class, particularly where, to a far greater degree than for Residential or Small C&I customers, market forces sufficiently incentivize Large C&I customers to invest in energy efficiency.

In sum, PPL's Phase III Plan does little to motivate large customers to implement EE&C Programs. PPLICA views a third Phase of Act 129 programming as duplicative, and if S.B. 805 passes, many of the PPLICA members will opt out of any Act 129 initiatives. Therefore, PPL must be prepared to adjust its Phase III Plan accordingly.

**C. The Company Must Recognize PJM's "One Curtailment Service Provider" Rule and Be Transparent in Its Operation of the Phase III DR Program.**

PPL's Phase III DR Program will span a four-year period beginning on June 1, 2017, and concluding on May 31, 2021. The Phase III DR Program will allow for dual-participation in Act 129 and PJM's Emergency Load Response Program ("ELRP"), as long as PPL incorporates appropriate precautions. The Implementation Order also includes a 50% discount on Act 129 DR incentives for dual-enrolled Act 129 and ELRP customer accounts. Furthermore, the Implementation Order directs EDCs to initiate a competitive solicitation process to procure a CSP that can carry out Large C&I customer curtailment.

PPLICA supports selection of CSPs for Phase III DR through a competitive solicitation process; however, PPLICA stresses that PPL must work with customers using other PJM Curtailment Service Providers for the PJM DR programs, including those who are PJM members and operate as their own Curtailment Service Provider.<sup>6</sup> PJM's Tariff allows a customer to use multiple Curtailment Service Providers in emergency demand response situations but only allows one Curtailment Service Provider to manage economic demand response incidents on behalf of the customer.<sup>7</sup> Some PJM Curtailment Service Providers are not Act 129 CSPs. If a CSP succeeds in the EDC's bidding process and secures a contract for managing economic demand response on behalf of the EDC, and that CSP is different from the Curtailment Service Provider that a "dual enrolled" customer uses to participate in the PJM DR programs, then PJM market rules may be violated if the Act 129 CSP uses the customer's load reduction for a PJM DR program. PPL has not yet determined whether the Act 129 CSP will be required to bid the Act 129 demand reductions into the PJM DR programs.<sup>8</sup> Thus, the Company must take care throughout its RFP process to remain compliant with PJM's regulations.

Second, PPLICA requests that PPL disclose CSP costs for each EE&C measure in its annual report. For the Act 129 DR measures, the Company must differentiate CSP costs from any compensation that is provided to the customers of the CSP service. In other words, the Act 129 DR measure costs should be segregated into "CSP administration" and "participant payments." The selected CSP should have an obligation to report on portions of its contract amount used to compensate customers, including segregating that amount to confirm compliance

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<sup>6</sup> The PJM Curtailment Service Provider designation is distinct from the Act 129 "CSP" designation. Many PJM Curtailment Service Providers are not Act 129 CSPs.

<sup>7</sup> See PJM Open Access Transmission Tariff, Section 1.5A.3.02; see also Manual 11: Energy & Ancillary Services Market Operations, Section 10.2.1.

<sup>8</sup> Although the ultimate decision remains uncertain, PPL has confirmed that if Act 129 DR demand reductions are used to participate in the PJM DR programs, all revenues from the PJM bids will flow back to the customer class responsible for the peak load reduction. See Phase III Plan, p. 115.

with the "50% rule" for dual-enrolled customers. The operation of the measure should be transparent and accessible by the customers in the classes that are paying for the program. Publicly disclosing financial data promotes transparency and responsible use of ratepayer dollars. Furthermore, CSP-related costs should be included in the Company's estimates of all EE&C Program administration costs to ensure the Commission's determination of allowable costs is just and reasonable.

Finally, PPLICA requests that the CSP contract review process be public and transparent. PPL's Phase III Plan states that it will require Process Evaluation Plans from its designated Evaluation, Measurement, & Verification ("EMV") CSP to illustrate the Program Implementation CSPs' approaches, performance metrics, and other elements of the energy efficiency programs.<sup>9</sup> PPLICA seeks reassurance that the Company will follow through with this plan through an explicit Commission directive.

**D. The Company's Rate Setting and Reconciliation Process Must Be Public, Prompt, and Uniform To Reduce Uncertainty and Ensure Fair Cost Allocation Among Customers.**

In its Implementation Order, the Commission proposed a standardized rate reconciliation process for all EDCs. PPLICA respectfully requests that this process be accompanied by public distribution of additional information and public hearings (with adequate prior notice to stakeholders). Specifically, the Company should disclose all EE&C Program data and assumptions including: (i) actual program costs versus budgeted costs and (ii) the number of conservation measures under the Custom Incentive Program developed and proposed by customers versus those proposed to customers by Company personnel or CSPs; and (iii) the data

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<sup>9</sup> See PPL Phase III Plan, p. 156.

and monitoring methodologies to support PPL's assumption that 60% of its GNE DR participation will come from Small C&I customers.

Publicly disclosing actual and budgeted EE&C Program development costs motivates EDCs to adhere to their projected expenses and ensures that customers only pay for EE&C initiatives that have been efficiently designed and proven successful. Ratepayers do not want to be surprised by actual EE&C costs exceeding PPL's EE&C cost projections. Thus, many Large C&I customers do not support EDC-developed EE&C Programs because customers believe that they would have diverted the extra money paid for EDC EE&C initiatives towards their own independently funded EE&C initiatives or other corporate priorities to remain competitive. To the extent Large C&I customers remain subject to PPL's Phase III Plan, the Company should be required to provide as much transparency as possible, including providing updated disclosures of budgeted and actual costs in its Quarterly Reports.

Many Large C&I customers believe they have more efficient and effective EE&C Program development processes because in-house personnel (or consultants engaged directly by the customer) are more intimately aware of the unique characteristics of their businesses. Accordingly, PPLICA also requests that PPL disclose the number and energy savings of customer-developed Custom Incentive Program measures, and the number and energy savings of projects that are developed based on an Act 129 CSP audit or suggestion. At this stage of EE&C Plan development, it is prudent to determine the value of the "consulting" function of the Act 129-funded CSPs within the program structure. Administrative costs could be reduced by eliminating this function, and limiting the CSPs' role to evaluating the projects that are submitted by customers, rather than spending time advising Large C&I customers regarding projects that they could be pursuing. Therefore, disclosure of the customer-developed and EDC or CSP-

developed custom measures would allow the Commission and all stakeholders to more accurately assess the actual costs of EDC-developed EE&C Programs and expose areas for improvement in the Company's EE&C Program R&D process.

Finally, PPLICA requests clarification as to PPL's projected participation rates for the DR Program. The Phase III DR Program budget allocates \$1.5 million for Small C&I DR, \$7.6 million for Large C&I DR, and \$6.1 million for GNE DR.<sup>10</sup> As such, the Small C&I class receives 16.5% of the total \$9.1 million non-GNE DR Program allocation. However, of the \$6.1 million allocated to GNE DR, PPL assumes that 60% of these program dollars will be utilized by Small C&I customers. PPL has not explained the disparity between its projected 16.5% Small C&I participation for non-GNE DR and its projected 60% Small C&I participation for GNE DR. In the event that PPL has overstated the Small C&I participation rate for GNE DR, PPL would inevitably over-collect GNE costs from Small C&I customers and under-collect costs from Large C&I customers. To avoid such a result, PPLICA requests that the Commission direct PPL to provide a more granular analysis of its GNE DR participation projections and, if necessary, develop a more accurate and reliable projection of participation rates for Small C&I and Large C&I customers.

A transparent and standardized ratemaking process will benefit both EDCs and ratepayers by affording all parties equal opportunity to assess and debate cost recovery of program expenses for all EDCs on the same footing. Such a process ensures that customers can better predict their rates and plan projects accordingly. It is critical for an EDC to maintain a public ratemaking and rate reconciliation process on an annual basis to ensure that costs are fairly allocated among ratepayers.

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<sup>10</sup> See Phase III Plan, p. 30.

**E. The Company Must Clarify its Methodology for Assigning Rebates to Custom Incentive Measures.**

PPL's proposed Phase III Plan proposes a significantly more flexible incentive structure for the Custom Incentive Program as compared to the Company's Phase III Program. Particularly, PPL seeks approval for a broad range of both the per-kWh incentive rebates and per-site rebate caps. On one hand, PPLICA recognizes that the proposals would allow the Company to modify its incentive structure as dictated by the market. However, to ensure a market-reflective outcome, PPL must clarify its intended administration of the increasingly flexible incentive rebates and caps to ensure that the program does not unduly discriminate against similarly situated customers, in violation of Section 1304 of the Public Utility Code. 66 Pa. C.S. § 1304.

Although PPL has previously utilized a range of incentives as opposed to fixed incentive levels, the Phase III Plan greatly expands the incentive rebate range and implements a range for the per-site cap as well. The Company's Phase II Plan allowed for general Custom Incentive rebates between \$0.08/kWh and \$0.10/kWh, with a separate \$0.05/kWh rebate for Combined Heat and Power ("CHP") projects. Additionally, custom measures remained subject to a \$250,000 per-site cap and a \$1 million per-company cap. Conversely, the Phase III Plan proposes "average" rebates between \$0.05/kWh and \$0.14/kWh for most Custom Incentive rebates, with the "average" CHP rebate ranging between \$0.02/kWh and \$0.10/kWh. The per-company cap of \$1 million remains unchanged for Phase III, but PPL's as-filed Phase III Plan adjusts the per-site cap from a fixed \$250,000 to a range between \$250,000 and \$500,000.

At various stakeholder meetings preceding the filing of the Phase III Plan, PPL informed stakeholders of its intent to adjust the rebates to respond to market demand for program measures. PPLICA agrees with the Company that EE&C rebates could be priced to reflect the

market rather than overpaying for energy efficiency measures and providing windfall revenues to certain customers. However, as the filing itself did not provide a detailed account of PPL's process for assigning incentive rebates or caps to individual projects, PPL must confirm details such as the anticipated frequency of rebate adjustments, whether adjusted rebates or caps would then be fixed for any set period of time, and how PPL intends to notify customers of pending adjustments. Further, PPL must clarify whether the addition of the "average" modifier would authorize rebates outside the set range as long as the average rebate remains within the range.

**F. The Commission Should Not Allow PPL to Meet its Low-Income Savings Target with Consumption Reductions Paid For by Large C&I Customers.**

PPL's Large C&I Efficient Equipment Program includes measures targeting master-metered multifamily buildings, including those with low-income occupants. To the extent that the owners of such master-metered multifamily buildings implement energy efficiency measures for units with low-income occupants, PPL will assign the costs of the such measures to Large C&I customers, reflect the savings for the Large C&I class, but also apply "the portion of savings attributable to low-income occupants in master-metered multifamily buildings toward the low-income savings compliance target."<sup>11</sup> Notably, while the Commission's TRC Test Order allows EDCs to count savings from low-income occupants in master-metered multifamily towards the low-income savings compliance target, it does not establish that the costs of such savings should be recovered from Large C&I customers.<sup>12</sup> Consistent with the Commission's policies assigning costs of Low-Income EE&C measures to the Residential customer class, PPLICA submits that PPL's proposal to apply savings paid for by Large C&I customers towards the low-income savings compliance target should be rejected.

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<sup>11</sup> See Phase III Plan, p. 98.

<sup>12</sup> See 2016 Total Resource Cost (TRC) Test, Order, Docket No. M-2015-2468992 (July 11, 2015), p. 30.

### III. CONCLUSION

Act 129 operates primarily to reduce the cost of energy for customers through EE&C measures.<sup>13</sup> Large C&I customers have already invested millions of dollars in EE&C initiatives during Phases I and II of Act 129 *on top of* EE&C investments Large C&I customers voluntarily designed and adopted. While PPLICA understands the importance of EE&C investments, key facets of PPL's Phase III Plan warrant further study. Initially, the Commission should remain aware that the U.S. Supreme Court's anticipated decision in EPSA will need to be thoroughly and expeditiously evaluated to determine whether Pennsylvania must establish independent DR programs.

In addition, EDCs should remain cognizant of PJM's "One Curtailment Service Provider" rule when soliciting bids for CSPs to manage economic load response episodes. While PJM rules state that customers can contract with multiple Curtailment Service Providers to manage emergency load response incidents, economic demand response events must be carried out by one Curtailment Service Provider per customer location.

Further, should the General Assembly adopt S.B. 805, the Commission and EDCs must be prepared to adjust their Phase III plans to account for Large C&I customer withdrawals from Phase III programs. Many Large C&I customers already have their own EE&C Programs in place that are tailored to their business models and promote not only energy efficiency but also industry competitiveness. Given the chance, many PPLICA members would withdraw from a third Phase of EE&C programming that they view as duplicative.

Also, PPL must ensure that its rate setting and reconciliation processes are fully public and just and reasonable to ensure that costs are fairly allocated among consumers. Such transparency in the ratemaking process ensures that customers can predict rates and plan projects

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<sup>13</sup> 66 Pa.C.S. § 2806.1(a)-(m).

accordingly. An open ratemaking process also holds EDCs accountable and ensures ratepayers are not subsidizing inefficient program research and development at the EDC level.

Furthermore, PPL must confirm its processes for assigning incentive rebates and per-site caps within the ranges set forth in the Phase III Plan. As with the rate-setting process, transparent rebate and cap policies facilitate project development for customers, hold EDCs accountable, and assure equal access to preferred incentive rebate and cap levels.

Finally, the Commission should deny PPL's proposal to count savings for master-metered multifamily EE&C measures paid for by Large C&I customers towards its low-income compliance target.

**WHEREFORE**, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Comments.

Respectfully submitted,

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