

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Implementation of the Alternative Energy
Portfolio Standards Act of 2004: Standards for
the Participation of Demand Side Management
Resources – Technical Reference Manual** : : **Docket No. M-00051865**

**Implementation of Energy Efficiency and
Conservation Program and EDC Plans** : : **Docket No. M-2008-2069887**

**COMMENTS OF PECO ENERGY COMPANY ON THE
PROPOSED UPDATE TO THE TECHNICAL REFERENCE MANUAL**

Pursuant to the Commission’s February 20, 2009 Secretarial Letter in the above-referenced dockets, requesting comments on the Commission’s proposed update to its 2005 Technical Reference Manual (“TRM”),¹ PECO Energy Company (“PECO”) hereby submits its comments on the proposed TRM update.

I. INTRODUCTION

PECO appreciates the Commission’s efforts to promptly complete an updated TRM so that electric distribution companies (“EDCs”) can have clear measures and standards to help them develop their Act 129 Energy Efficiency and Conservation (“EE&C”) plans, which must be filed by July 1, 2009. Indeed, as the Commission noted in its Secretarial letter, the updated TRM “will be utilized to determine compliance with both the AEPS Act and the [EE&C] requirements of [the Act].”

Accordingly, it is critical that the updated TRM is accurate, unambiguous and suitable for Pennsylvania’s EDCs and their service territories. The Commission’s proposed TRM update,

¹ *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources*, Docket No. M-00051865, 244 P.U.R.4th 490 (Order Entered October 3, 2005) (“2005 TRM Order”).

which is based largely on the 2007 *New Jersey Clean Energy Program Protocols to Measure Resource Savings* (“New Jersey Protocols”),² is a first step toward such a manual. PECO respectfully submits, however, that there is still much work to be done.

Below, PECO provides an overview of its suggested changes to the proposed TRM update. In addition, PECO has prepared, and attached hereto as Appendix A, a black-line of the proposed updated TRM incorporating extensive changes and comments to improve the New Jersey Protocols and make them more Pennsylvania specific. PECO may make additional proposed revisions to the updated TRM consistent with the reply comment period set forth in the Commission’s Secretarial letter. PECO also encourages the Commission to convene a working group session to allow all interested stakeholders to work together to finalize the updated TRM.

II. OVERVIEW OF PROPOSED CHANGES TO THE UPDATED TRM

A. The updated TRM must be consistent with the Commission’s EE&C Implementation Order and must be suitable for Pennsylvania EDCs and their service territories.

In its EE&C Implementation Order, the Commission agreed with EDCs that with regard to calculating Act 129’s required peak load reduction requirements “the 100 hours of highest demand for the annual system peak demand determination should be . . . the months of June, July, August and September.”³ The proposed updated TRM is inconsistent with this determination. Table 1 of the updated TRM states that the summer periods for “Energy Savings and Coincident Peak Demand Savings” will be June through August.⁴ The updated TRM should be revised to be consistent with the EE&C Implementation Order.

² Proposed updated TRM at 1.

³ *Energy Efficiency and Conservation Program, Implementation Order*, Docket No. M-2008-2069887 (Order Entered Jan. 16, 2009), at 21 (“Implementation Order”).

⁴ Proposed updated TRM at 3.

Similarly, there are numerous references in the proposed updated TRM that refer to standards, forms and terms that are applicable to New Jersey and its electric companies but not to Pennsylvania’s EDCs. For example, the updated TRM’s “Calculation of the Value of Resource Savings” appears to apply a Societal Benefits test.⁵ Yet the Commission, on page 14 its EE&C Implementation Order, held that the Total Resource Cost test set forth in *The California Standard Practice Manual – Economic Analysis of Demand-Side Programs and Projects*, provided “an excellent beginning framework” for analyzing the costs and benefits of each EDC’s EE&C plan, and declined to adopt the “Societal Benefits Test” set forth in the California Manual.⁶

The updated TRM also contains algorithms that are calculated based on filings by New Jersey EDCs,⁷ numerous references to an “Administrator responsible for awarding certified Alternative Energy Credits,”⁸ references to applications that are not included with the TRM update and, with respect to these applications, no direction as to whom they will be submitted.⁹ Furthermore, the climate calculations in some of the updated TRM’s tables are inappropriately applied to measures that are not climate related (*e.g.*, the updated TRM’s “Lighting” and “Motors” tables).¹⁰

⁵ Proposed updated TRM at 4 (“In order to calculate the value of the energy savings for reporting and other purposes, the energy savings are determined at the customer level and then increased by the amount of the transmission and distribution losses to reflect the energy savings at the system level. The energy savings at the system level are then multiplied by the appropriate avoided costs to calculate the value of the benefits.”).

⁶ Implementation Order at 16 (“Therefore, the TRC test that we will be adopting will exclude environmental and societal costs that are not otherwise already embedded in the wholesale costs for the generation of electricity.”).

⁷ *See, e.g.*, Proposed updated TRM at 42 (referencing Jersey Central Power and Light) and 62, n. 1 (referencing Public Service Electric and Gas Co.).

⁸ *See, id.* at 1, 3, 4, 6, and 42.

⁹ *Id.* at 6.

¹⁰ *See, e.g.*, updated TRM Table 10.

Finally, there are numerous other items that have been taken from the New Jersey Protocols that are not applicable in Pennsylvania, are not current, or are taken from sources that cannot be readily verified. The Commission will need to correct these factors in the updated TRM – and should do so through a meeting in which stakeholders will have input – so that EDCs will be able to accurately plan and prepare for the filing of their EE&C plans. At a minimum, these factors should be benchmarked against other states’ TRMs and/or the Department of Energy’s ENERGY STAR standards.

B. The updated TRM is missing measures that could qualify for deemed savings.

In the Implementation Order, the Commission correctly adopted the “deemed savings” approach with respect to EE&C measures holding that “the results of specific conservation measures will be determined by using the deemed savings approach as outlined in the TRM.”¹¹ However, there are a number of measures that could qualify for deemed savings that are not included in the updated TRM. Specific examples include: street lighting; outdoor lighting; renewable energy equipment (*e.g.*, passive solar equipment), water heater setback thermostats, duct insulation, thermal storage, and home and office electronics.

At the Commission’s December 10, 2008 EE&C stakeholder meeting there was broad agreement that adopting a deemed savings approach would be critical to EDCs’ efforts to meet Act 129’s savings targets. Therefore, the updated TRM should include all reasonable sources by which energy savings could be achieved consistent with the deemed savings approach.

¹¹ Implementation Order at 19.

C. Many of the updated TRM’s Equivalent Full Load Hour Assumptions must be corrected.

The updated TRM also contains Equivalent Full Load Hour (“EFLH”) assumptions that must be revised. For example, the cooling and heating references in Table 3 (Residential Electric HVAC) do not correlate with ENERGY STAR values. The lighting EFLHs in Tables 15-a (Lighting Verification) and 16 (Traffic Signals) are calculated using climate zones when climate zones are inappropriate for these measures. Similarly, the Motor EFLHs in Table 23 (Motors Component) should be determined by usage duty and not by climate zones. These assumptions must be corrected in the final updated TRM.

D. “Life of measure” degradation in value assumptions for various measures and equipment should be addressed in a working group session.

Lastly, the Secretarial Letter invites comments on whether the “‘life of measure’ assumptions in the TRM sufficiently reflect degradation in the value of a measure over its anticipated life.”¹² While the updated TRM appears to have measure lives included in some of its algorithms,¹³ given that it is based on the New Jersey Protocols and New Jersey data, PECO is not aware of the underlying information that went into its measure life assumptions. Moreover, the issue of what level of savings should be attributed to a specific measure or piece of equipment over time is a complex issue. For these reasons, PECO believes that this is another issue that should be addressed in a working group context.

¹² In the 2005 TRM Order, the Commission defined a “measure life” as “represent[ing] the average expected life of the equipment, including adjustments for possible early removal or remodeling. The measure life simply determines the number of years to count savings for the particular measure.”

¹³ Updated TRM at 4 (“Measure retention and persistence effects were accounted for in the metered data that were based on the C&I installation over an eight-year period. As a result, some algorithms incorporate retention and persistence effect in the input values.”).

III. CONCLUSION

PECO commends the Commission for attempting to revise the TRM consistent with the tight timelines of Act 129. However, the TRM and its associated calculations are quite complex and, therefore, many of the New Jersey Protocol's measures cannot simply be transferred to Pennsylvania. For these reasons, PECO has included more detailed comments on the proposed updated TRM in Appendix A hereto.

PECO also requests that the Commission convene a working group of interested stakeholders to further revise and develop a Pennsylvania-specific TRM update. In doing so, the Commission will help EDCs prepare their Act 129 EE&C plans and comply with the Act's consumption and peak load reduction requirements.

Respectfully submitted,

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