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VIA U.P.S. NEXT DAY

March 12, 2009

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RECEIVED

MAR 12 2009

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

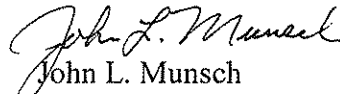
**Re: Implementation of the Alternative Energy Portfolio
Standards Act of 2004; Standards for the Participation
of Demand Side Management Resources – Technical Reference
Manual at Docket No. M-00051865**

**Implementation of Energy Efficiency and Conservation
Program at Docket No. M-2008-2069887**

Dear Secretary McNulty:

Enclosed please find an original and fifteen copies of Comments of West Penn Power Company d/b/a Allegheny Power on the proposed update to the Energy-Efficiency and DSM Rules for Pennsylvania's Alternative Energy Portfolio Standard: Technical Reference Manual. An electronic copy is also being sent to the Commission's Act 129 email account at ra-Act129@state.pa.us.

Very truly yours,


John L. Munsch
Attorney

JLM:sac

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Implementation of the Alternative	:	
Energy Portfolio Standards Act of 2004	:	Docket No. M-00051865
Standards for the Participation of Demand	:	
Side Management Resources – Technical	:	
Reference Manual	:	
Implementation of Energy Efficiency and	:	
Conservation Program	:	Docket No. M-2008-2069887
	:	

**COMMENTS OF
WEST PENN POWER COMPANY d/b/a ALLEGHENY POWER**

On January 15, 2009, the Pennsylvania Public Utility Commission (“Commission”) adopted an Implementation Order pursuant to Act 129 establishing standards for Energy Efficiency and Conservation plans that are to be filed July 1, 2009, by Pennsylvania electric distribution companies with at least 100,000 customers. Act 129 directs the Commission to establish an energy efficiency and conservation program, which is to include “an evaluation process, including a process to monitor and verify data collection, quality assurance and results.” 66 Pa.C.S. § 2806.1(a)(2).

In its Implementation Order entered January 16, 2009, the Commission determined to rely upon a Technical Reference Manual (“TRM”) previously adopted in the Alternative Energy Portfolio Standards Act (“AEPS”) proceedings at Docket No. M-00051865 for the Act 129 evaluation process requirements. The Commission recognized that the existing TRM adopted in 2005 under the AEPS Act need to be expanded and updated to be useful in measuring and evaluating results under EDCs’ energy efficiency and conservation plans. In its February 20, 2009 Secretarial Letter the Commission requested comments on a proposed update to the TRM

to meet requirements under both the AEPS Act and Act 129. West Penn Power Company d/b/a Allegheny Power (“Allegheny Power” or “Company”) submits the following comments.

Allegheny Power is concerned that the TRM cites multiple standards, some adopted in other states and others proposed by third parties and consultants, that may not be in the best interest of EDCs or the Commission. Allegheny Power recommends that the Commission adopt a clear and unified standard. The TRM should not preclude the use of accepted industry or federal standards, however.

Allegheny Power believes that the TRM should be updated whenever necessary to capture information required for the measurement and verification of available technologies. Current and frequent updating of the TRM is necessary to keep the TRM current and reflective of energy efficiency, conservation and demand-response technologies. The TRM should recognize in its purpose section the necessity of updates.

As a member of PJM, Allegheny Power notes that PJM is establishing measurement and verification requirements for evaluating energy efficiency resources bid into the PJM capacity market. The Pennsylvania TRM and the PJM measuring and verification plan requirements should align as dictated by good business sense.

Frequent changes and updates will be necessary as the parties gain experience with program evaluation, measurement, and verification. This may create a burdensome and inefficient process when this data and information is contained in a text file. Allegheny Power encourages the Commission to consider a more flexible housing for the TRM. A product that links to modeling software would facilitate easy retrieval of algorithms and variables to complete calculations and aid in more efficient reporting. It would also allow for more efficient changes and updates as the manual is refined.

To address these issues, Allegheny Power encourages the Commission to establish a utility working group to review and recommend a comprehensive TRM that supports both measurement and verification of energy and conservation plans under Act 129 as well as the PJM Capacity Market. It may be necessary for this working group to remain intact through 2013 or beyond.

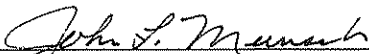
Allegheny Power also requests assurance that EDCs will not be limited to exclusive reliance on the TRM. Should EDCs implement alternative, well-documented methods to measure savings, the Commission should consider the measurement methods. Allegheny Power suggests including language that clarifies that EDCs may use measurements that are more robust and go beyond the TRM.

Finally, with respect to “Baseline Estimates” at page 3 of the proposed TRM, baseline savings estimates for early retirement of working equipment should be based on the specifications of the removed equipment, not on an industry standard. For example, Allegheny Power’s affiliate, an electric distribution company in Maryland, operates under the Maryland conservation initiative. In its Maryland programs, Allegheny Power’s affiliate is designing recycling programs for refrigerators, window air conditioning units, and freezers based on the calculated savings determined by removing the working unit and not by an industry standard at the time of removal. The data is collected by a recycling contractor that will verify the working condition of unit prior to removal, collect nameplate data, and provide an estimate of the energy saved by replacing the old unit. Attempts to justify the cost of replacing refrigerators, window air conditioning units, and freezers using an industry standard fail. Savings measurement for such measures must be based on actual units removed from service and not on an industry standard; otherwise, these programs, successful in other states, would not be available to

Pennsylvania consumers. This approach is consistent with the current draft PJM Energy and Efficiency Measurement and Verification Manual.

Respectfully Submitted,

Date: March 12, 2009



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