



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

M-00061984

IN REPLY PLEASE
REFER TO OUR FILE

October 29, 2008
(updated)

TO ALL INTERESTED PARTIES:

M-00061984

Re: Change of Date for Special *En Banc* Hearing on
Alternative Energy, Energy Conservation and Efficiency,
and Demand Side Response

The Pennsylvania Public Utility Commission (PUC) is providing notification that the public *en banc* hearing originally scheduled for Thursday, November 13, 2008, will now be held on **Wednesday, November 19, at 9:30 a.m. in the Commonwealth Keystone Building in Harrisburg.** As announced by the Secretarial Letter issued on October 3, 2008, this hearing was originally scheduled for Thursday, November 13, 2008, at 12:30 p.m. The Commission will hold the public *en banc* hearing to seek information from experts on alternative energy resources, as well as energy conservation and efficiency, and demand side response (DSR) tools and programs to assist consumers. This hearing is a continuation of the DSR investigation at Docket No. M-00061984,¹ which was reopened in September 2006 and resulted in the compilation of a Working Group Report in June 2007.

The change in date and time is due to the overwhelming response from experts who already have indicated a wish to testify on these important topics and the effects of Act 129 of 2008 on these issues. Setting aside a full day for this special public hearing will allow the Commission to increase the number of interested parties who can provide testimony and ensure that the Commission gathers as much information as possible prior to acting on pending staff recommendations on these complex issues. The additional time will also afford the Commissioners the opportunity for more meaningful questioning of the speakers.

An updated list of questions to be addressed by presenters is attached. Presenters also are welcome to address Act 129 subjects in this proceeding at this docket number, although they are advised to file any comments related to the implementation of Act 129 that may be included in their *en banc* hearing testimony or reply comments also in the Docket M-2008-2069887. These written comments are to be submitted by November 3, 2008.

Administrative Law Judge David Salapa will manage the course of the hearing, and the hearing will be transcribed. This hearing is not an adversarial proceeding, and companies may be represented by a partner, *bona fide* officer, or employee of the company, in lieu of an attorney. 52 Pa. Code §1.21(c). Participants sharing substantially like interests and positions may be grouped into panels to present comments. The public is welcome to attend.

¹ See, http://www.puc.state.pa.us/electric/PDF/DSR/DSRWG_Report060607.pdf.

Presenters may submit written testimony and/or exhibits for inclusion in the record. Twenty-five (25) paper copies of each document, including PowerPoint presentations, should be brought to the hearing for distribution to the Commission, Commission staff, the court reporter and the Secretary. Presenters also may bring extra copies for public distribution. Electronic copies should be provided to ALJ Salapa, dsalapa@state.pa.us, and Tom Charles in the Office of Communications, thcharles@state.pa.us, by 4 p.m. on November 14, 2008. All documents will be posted on the Commission's Web site.

Presenters may use PowerPoint presentations as a visual aid. For clarity of the transcript, a presenter must identify the content and number of each slide while presenting. The PowerPoint presentation will be marked as an exhibit and entered into the record at the hearing. To lessen the likelihood of technical difficulties, an electronic copy of a PowerPoint presentation must be submitted to Tom Charles by 4 p.m. on November 14, 2008.

Written reply comments may be submitted by the presenters and by the public. An original and ten copies of such reply comments, as well as a copy in electronic format on a diskette, must be filed with the Commission's Secretary on or before December 1, 2008. All reply comments will be posted on the Commission's Web site.

Any questions regarding this hearing should be directed to ALJ Salapa at 717-787-7304 or dsalapa@state.pa.us, or Manager of Communications Tom Charles at 717-787-9504 or thcharles@state.pa.us. If you are a person with a disability and wish to attend the hearing, we may be able to make arrangements for your special needs. Please call the Scheduling Office at 717-787-1399. The AT&T Relay Service number for persons who are deaf or hearing-impaired is 800-654-5988.

Very truly yours,

James J. McNulty
Secretary

cc: Chairman's Office
Vice Chairman's Office
Commissioners' Offices
Karen Oill Moury, Director of Operations
Veronica A. Smith, Chief Administrative Law Judge
David Salapa, Administrative Law Judge
Robert F. Wilson, Director, Fixed Utility Services
Paul Diskin, Manager, Energy, Fixed Utility Services
Mitchell A. Miller, Director, Bureau of Consumer Services
Bohdan R. Pankiw, Chief Counsel
Robert F. Young, Deputy Chief Counsel
Louise Fink Smith, Assistant Counsel
Wayne L. Williams, Director, Conservation, Economics and Energy Planning
June Perry, Director, Legislative Affairs
Tom Charles, Manager, Office of Communications

**HB 2200 EN BANC HEARING
November 19, 2008**

CEEP'S QUESTIONS

1. Conservation Service Providers
 - a. Should the EDCs collaborate/coordinate on contracting with conservation service providers?
 - b. Are there enough common programs for the conservation service providers to provide effective measures across Pennsylvania?
 - c. Does the provision providing for competitive bidding for all contracts with CSPs require the utility to competitively bid all energy efficiency and conservation services? If not, what energy efficiency and demand services should not be competitively bid?
 - d. Under definitions, a CSP is an unaffiliated entity providing information and technical assistance. Under 2806.1 (A), however, a CSP is said to provide conservation services. How should this Commission interpret this apparent inconsistency?
 - e. Under 2806.2, the Commission must establish a registry of approved CSPs. What basic business elements (better business bureau rating, bonding, for example) should be required to be registered?
 - f. What experience and qualifications should be required of registered CSPs?
2. Measurement of Meeting Statutory Requirements:
 - a. How would the *addition* of new load in an EDC territory (i.e. RCI new development/construction) be measured, and at what point do these additions meet the "extraordinary load" exceptions?
 - b. How would one distinguish between *reductions* in consumption as a result of customer participation in technology programs in an EDC territory, implemented as part of an EDC's Energy Efficiency and Conservation Plan, as opposed to unrelated and independent consumer actions (i.e. manually adjust thermostat heat/cooling settings, turn lights off, etc.)?
 - c. How will economic activity within Pennsylvania and an EDC's service territory be considered when measuring the performance of EE/DR programs? For example, an EDC's territory that is experiencing a recession may meet their goals from decreased economic activity from plant closures, business failures and worker migration out of the service territory.
3. Evaluation:

- a. Should the Commission establish a standardized total resource cost manual to evaluate projects? If so, is there a state or utility this Commission should use as a starting point for discussions?
 - b. What other cost benefit tests should the Commission use to achieve reduction in consumption requirements pursuant to Section 2806.1(C)(3).
 - c. Act 129 requires utilities to file a plan to assure quality assurance [includes evaluation, measurement and verification by independent parties to ensure quality of completed measures], and further requires an annual independent evaluation of cost effectiveness of the Plan. Given the exposure to penalties by EDCs for potential non-compliance on meeting statutory energy efficiency and conservation goals, what approaches are appropriate to ensure that such independent, third parties are free of coercion from the EDCs they evaluate?
4. Cost Recovery:
 - a. What are the appropriate time frames to expense or amortize energy efficiency and demand response expenditures?
 - b. How should this Commission ensure recovery of only “prudent and reasonable” costs? Is this established at the time of plan approval? Is it established only after quality assurance and performance is measured, verified, and evaluated, or is it established during the annual independent analysis?
 - c. If services are not competitively bid, how will this commission determine such costs are reasonable and prudent?
5. Program Design
 - a. How should the statutory requirement be interpreted and implemented that requires energy efficiency and conservation measures be equitably provided to all classes of customers?
 - b. Should all EDCs be required to implement the same type of EE/DR programs? Is it likely that programs will be equally cost effective in every EDC territory?
 - c. Which programs are more cost effective if implemented on a statewide basis?
6. Reporting Requirements
 - a. What additional information should the Commission require the EDCs to report under Section (I)(1)(IV)?
7. The EDCs already have some DSR Programs available to various customer classes. They have developed these programs voluntarily without any mandates*
 - a. Please provide a brief overview of current EDCs’ DSR programs.
 - b. What has been your experience with customer interest and participation levels in current programs?
 - c. What level of weather-normalized peak load and demand consumption reductions have been achieved under the current programs?

- d. What types of new programs or changes to existing programs, if any, would be needed to achieve the targets contained in Act 129?
- e. What is the projected level of customer interest or savings in these new programs?
- f. Please provide references to any market research pertaining to specific EDC programs in Pa.

Examples of existing EDC DSR Programs (2007):

- a. Duquesne, First energy, PECO, PPL and UGI have load reduction programs requiring use of an interval meter for Commercial & Industrial customers.
 - b. Duquesne and FirstEnergy have load control programs for residential and small C&I customers.
 - c. FirstEnergy has a distributed generation program for C&I customers.
 - d. PennPower has an hourly pricing program available to C&I customers.
 - e. Most of the EDCs already have some Time of Use (TOU) or Billing Demand programs available to various customer classes.
 - f. UGI offers to audit customer facilities as well as provide a rebate program for high-efficiency heat pumps.
 - g. FirstEnergy offers customers a web-based calculator. FirstEnergy is also currently considering two new programs: Power Factor correction for C&I and a Thermostat/Appliance Price Response Program for residential and small commercial customers.
8. In reference to question 1(e) above, the PA Treasury Department already offers the Keystone Home Energy Loan Program (Keystone HELP™). The Department refers to this as Pennsylvania's official streamlined, lower rate financing program for ENERGY STAR™ rated and other high efficiency and renewable energy improvements.
- a. To what extent will there be overlap and duplication between this program and Act 129 programs?
 - b. The Treasury Department already has an application process established for customer enrollment and contractor registry. To what extent could this process be used as a model under Act 129 compliance?
 - c. The Treasury already has a registry of certified contractors. Consumers are able to input a zip code to find certified contractors in their area. To what extent could these contractors' qualifications be used to register CSPs?