

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, PA 17105-3265**

**Energy Efficiency and Conservation Program**

**Public Meeting – May 10, 2012**  
**2289411-LAW**  
**Docket No. M-2012-2289411**

**STATEMENT OF**  
**COMMISSIONER PAMELA A. WITMER**

Before the Pennsylvania Public Utility Commission (Commission) today is the Tentative Implementation Order for Phase II of the Energy Efficiency and Conservation Programs (EE&C Programs) required pursuant to Act 129 of 2008. The Tentative Order finds that an additional phase of EE&C Programs would be cost effective, proposes that the Phase II program length be three years, establishes draft targets for each Act 129 electric distribution company (EDC), and proposes other various changes to the program's implementation.

I am a strong advocate of EE&C programs and commend the work of Commission Staff and stakeholders to date. I firmly believe that the cheapest, most efficient kilowatt hour is the one you never have to use. These programs, when cost-effectively run, provide numerous positive benefits to all customers.

Understanding the importance of this proceeding and with a sincere desire to design the most cost effective and beneficial EE&C program possible, I request commenters to focus on the following issues in response to the Tentative Order:

1. While Act 129 requires the Commonwealth's largest EDCs to meet the reductions in electric consumption and peak demand, the competitive environment in Pennsylvania presents unique opportunities for electric generation suppliers (EGS) to offer innovative products bundling traditional EGS services with energy efficiency such as incorporating building envelope solutions instead of only considering systems type offerings. Commenters are encouraged to identify ways the Commission can develop EE&C Program measures to encourage such innovation.
2. For various reasons, the Tentative Order proposes to exclude required peak demand reduction obligations in Phase II; however, the Order encourages EDCs to develop interim programs outside the context of Act 129 in an effort to prevent current demand response programs from going "dark." Notably, the Commission received various comments in response to its March 1, 2012, Secretarial Letter containing innovative and creative suggestions for more optimal program designs to achieve required peak demand

reductions. In response to this Tentative Order, I encourage these parties to further discuss optimal program design and cost recovery issues to pilot the alternative designs they are contemplating. These pilot programs, if successfully run and studied in the next three years, could give the Commission invaluable information when looking forward to design cost-effective peak demand reductions in a possible Phase III Program. Accordingly, it would be helpful for commenters to explain how an EDC could structure a cost-effective peak demand reduction program outside the auspices of Act 129 and how the EDC could recover costs related to such a program.

3. The Tentative Order contemplates granting EDCs "credit" for exceeding their Phase I targets that can be applied to their Phase II target. The rationale for granting this credit is to ensure that EE&C programs that reach their target before the end of the plan period do not go "dark." While I share the concern that EDC EE&C programs not end prematurely because a target has been reached, I also have a desire to ensure that ratepayer dollars are spent in an efficient and effective way. In addition, and while noting that Act 129 requires EDCs to design plans that "achieve or exceed" the reduction targets, Commenters are requested to address the appropriateness of the credit as contemplated within the Tentative Order and provide alternative designs for a credit that will encourage continuation of the programs and cost-effective use of ratepayer dollars throughout the duration of Phase II.
4. The Tentative Order recommends continuing the low-income carve-out, which requires a specific number of energy measures for households at or below 150% of the Federal poverty income guidelines. Additionally, the Commission proposes that each EDC's Phase II EE&C Plan obtain a minimum of four-and-a-half (4.5%) reduction from this sector and simultaneously suggests allowing EDCs to voluntarily expand the low-income threshold from 150 percent to 250 percent of Federal Poverty Income Guidelines in order to achieve this 4.5% reduction. Commenters are encouraged to explain whether these modifications are consistent with the policy goals of Act 129 and in the public interest.

I look forward to reviewing comments on these and other issues related to the Tentative Order, and continuing the dialogue on optimal EE&C Program design for Pennsylvania.

DATE: May 10, 2012

  
PAMELA A. WITMER, COMMISSIONER