



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

IN REPLY PLEASE
REFER TO OUR FILE
M-00061984

TO ALL INTERESTED PARTIES:

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

The Pennsylvania Public Utility Commission (PUC) will hold a public *en banc* hearing on Thursday, November 13, 2008, 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. This hearing is an opportunity for the Commission to obtain additional information before acting on pending staff recommendations. The hearing will solicit comments from parties on topics in the attached list of questions. The Commissioners will question the speakers after their testimony; no other cross-examination of a witness will be permitted.

The hearing will be held at 12:30 p.m. in Hearing Room 1 of the Commonwealth Keystone Building in Harrisburg. 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.

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 10, 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

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

the likelihood of technical difficulties, an electronic copy of a PowerPoint presentation must be submitted to Tom Charles by 4 p.m. on November 10, 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. If your issues of interest are not noted on the attached list of questions, please contact Mr. Charles by October 15, 2008, to request inclusion on the agenda or the opportunity to file comments. Such requests must include a description of one's organization and the issues that would be addressed. Expansion of the agenda will, however, be at the discretion of the Commission.

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
Docket No. M-00061984, *Investigation of Conservation, Energy Efficiency Activities, & DSR by Energy Utilities & Ratemaking Mechanisms to Promote Such Efforts*

ENERGY EFFICIENCY *EN BANC*

QUESTIONS

1. The Electric Distribution Companies (EDCs) currently have some Demand Side Reduction (DSR) programs available to various customer classes. They have developed these programs voluntarily without any mandates.
 - a. Should the EDCs' existing DSR programs provide the starting point or baseline from which new offerings could be developed?
 - b. Should new/expanded programs be developed?
 - c. Should EDCs re-open closed programs in order to fill in the gaps of the existing EDC DSR programs?
 - d. Examples of existing EDC DSR Programs (2007):
 - 1) Duquesne, FirstEnergy, PECO, PPL and UGI have load reduction programs requiring use of an interval meter for Commercial & Industrial (C&I) customers.
 - 2) Duquesne and FirstEnergy have load control programs for residential and small C&I customers.
 - 3) FirstEnergy has a distributed generation program for C&I customers.
 - 4) PennPower has an hourly pricing program available to C&I customers.
 - 5) Most of the EDCs already have some Time of Use (TOU) or Billing Demand programs available to various customer classes.
 - 6) UGI offers to audit customer facilities as well as provide a rebate program for high-efficiency heat pumps.
 - 7) 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.
2. Should the DSR/Energy Efficiency (EE) programs be combined to have the greatest impact? For example, should an education campaign combined with an offer to install frequently-used EE measures be one program?
3. Should DSR and/or EE programs be fully recoverable in rates if demonstrated to be cost effective by satisfying the Total Resource Cost (TRC) benefit test? Are there other cost/benefit tests the Commission should use? Should the Commission use multiple tests in evaluating programs?
4. Should the Commission specify smart meter capabilities or standardize meter interoperability for new meter installations? If so, what should those standards be?
5. Should time-of-use rates and other load-management type rates be introduced as a

cost-saving measure? Should these programs be launched prior to rate cap expiration or to coincide with rate cap expirations?

6. Should some or all DSR/EE programs be coordinated across the Commonwealth to act as one program? If so, what types of programs? What types of programs should be utility specific?
7. Should statewide energy and demand-reduction (DR) targets be identified and set? How would these targets be set, and what are reasonable targets?
8. Should utility-specific EE and DR reduction goals be established?
 - a. If yes, how should such cost-effective reduction goals be determined?
 - b. If yes, how should this be accomplished?
9. How many and what types of programs should be selected?
10. How should the programs be selected?
11. Should these programs be subjected to rigorous program evaluation?
 - a. Is a determination of cost-effectiveness based on a TRC test sufficient? Is there a need to conduct classical program evaluation where net impacts are actually measured?
 - b. What is the likely cost to properly evaluate these programs?
 - c. How often should the programs be evaluated?
 - d. Should the programs undergo process evaluations to determine if they are being implemented and targeted as designed, or is there is a need for early implementation adjustments to increase their effectiveness?
12. Who should (1) select, (2) develop, and (3) administer the EE and DR programs? The utility, the PUC or a third-party administrator?
13. What level of costs is reasonably required to administer these programs successfully, expressed as a percent of total costs? What types of costs should be considered “administrative” costs?
14. Should the Commission establish standardized rules for meter and meter data access to facilitate third-party DSR programs and other energy-management services by Curtailment Service Providers and other energy-management providers?