March 11, 2010

VIA E-FILE

James J. McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary McNulty:

Enclosed for filing are the original Comments of PPL Electric Utilities Corporation in the above-referenced proceeding.

Respectfully Submitted,

Paul E. Russell

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PER/jl

Enclosures

cc: Gregory A. Shawley (via e-mail – gshawley@state.pa.us)
Kriss Brown (via e-mail – kribrown@state.pa.us)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

By Tentative Order entered February 2, 2010, the Public Utility Commission ("PUC" or the "Commission") requested comments on the proposed update of the *Energy-Efficiency and DSM Rules for Pennsylvania's Alternative Energy Portfolio Standard, Technical Reference Manual* ("TRM"). The TRM was initially created to fulfill requirements of the Alternative Energy Portfolio Standards Act ("AEPS Act") and subsequently updated and revised to fulfill the requirements of the Energy Efficiency and Conservation provisions of Act 129 of 2008, P.L. 1592 ("Act 129"). The Tentative Order invites comments from interested parties on several changes and additions to the 2009 version of the TRM as identified by the Commission's Act 129 Statewide Evaluator in conjunction with the Technical Working Group.

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") has actively participated in all of the proceedings instituted by the Public Utility Commission ("PUC" of the "Commission") to implement Act 129. The Company appreciates this opportunity to comment on the Commission's proposed revisions to the TRM. The Company does not object to the proposed revisions, and, therefore, is not submitting any comments on them. However, PPL

Electric is offering comments about the impact of these revisions on the implementation of PPL Electric's Act 129 Energy Efficiency and Conservation Plan ("EE&C Plan") and proposals regarding the process for identifying and implementing future changes to the TRM.

II. COMMENTS OF PPL ELECTRIC

A. IMPACT OF TRM CHANGES ON EDC EE&C PLANS

One of the Commission's goals in proposing these modifications is "to appropriately balance the integrity and accuracy of savings estimates with costs incurred to measure those savings." Tentative Order at 3. PPL Electric believes that the proposed changes to the commercial lighting, motors, and HVAC programs may improve the technical accuracy of the savings estimates from a "theoretical" perspective. However, PPL Electric believes it is important to recognize the impact those changes will have on the Company's Commission-approved EE&C Plan. Specifically, these changes have significantly increased the complexity and cost of PPL Electric's EE&C Plan program enrollment applications and processes, data collection and verification, and tracking system design.

In particular, when a draft of the proposed TRM changes was initially released in December 2009 and PPL Electric realized these changes would likely be submitted to the Commission for approval, PPL Electric started to redesign its commercial lighting program systems and processes to conform to the proposed TRM changes. These changes to the program, systems, and processes were significant, delayed the launch of this program by approximately two months, and will add cost to the program and its EM&V process. In addition, the Company is concerned that the proposed changes to the commercial lighting program may cause confusion for customers, especially small commercial customers, who will now be required to provide much more information to PPL Electric as part of their application for a rebate than would have been required under the previous version of the TRM.

For example, in the previous version of the TRM for commercial lighting, all lighting used a simple, deemed savings calculation and common baseline (e.g., T12 lamps) as the reference for determining savings. Based upon this previous version of the TRM, PPL Electric designed a simple prescriptive lighting rebate program as part of its EE&C Plan. Pursuant to the Company's rebate program, a customer merely had to provide information about the type (e.g., T8), quantity, and wattage of its new lighting fixtures on a simple rebate application form. PPL Electric's administrative Conservation Service Provider ("CSP") had to verify that information and enter it into a processing system, calculate and process the rebate based on the number of new fixtures, and download the information into PPL Electric's tracking system. The Company's tracking system would then calculate the gross reported savings based simply on the difference between the wattage of each new light fixture and a standard baseline (T12 lamp), and the operating hours of the facility.

Under the proposed changes to the TRM, those processes are much more complex. As proposed under the revised TRM, the baseline condition for estimating savings differs depending on whether the lighting was installed as part of a facility renovation, new construction, or a lighting retrofit type of project. There are also three different project size thresholds (projects with estimated demand savings < 20 kW, between 20 and 50 kW, and > 50 kW), each requiring different information from the customer. For lighting retrofit projects, the savings will now be determined based on the difference between each new fixture (with hundreds of possible combinations of fixture type, lamp types, wattages, ballasts, and other features) and similar information for each existing fixture. This new approach requires: (1) the customer to provide all this information for each new and existing fixture; (2) PPL Electric to collect and input all this information; and (3) results in complicating the calculation of savings to the point that PPL

Electric's current tracking system will be unable to perform the task or, at the very least, the Company will not be able to complete the necessary programming in time for Program Year 1 and possibly part of Program Year 2 of its EE&C Plan. Instead, the savings will be computed from the PA Lighting Form (prepared by the customer or the customer's lighting contractor) and the resulting savings value will be recorded in PPL Electric's tracking system (associated with a project, instead of calculated for each measure).

PPL Electric's original EE&C commercial lighting program design had a one-step application process under which the customer would submit the application after the new lighting was installed. The customer was not required to providing information regarding existing equipment. Under the proposed TRM revisions, if PPL Electric is required to verify customer-provided information relative to existing equipment, the Company will need to verify this information before the customer completes its lighting project. Therefore, a two-step application process will be required. In step one, the customer will submit an application to "reserve" the rebate, provide a lighting inventory form with a complete list of the existing and new equipment, and PPL Electric will need to conduct a site visit to verify the information about the existing equipment. In step two, the customer will notify PPL Electric that the project is complete, PPL Electric will have the opportunity to conduct a site visit to verify the information about the new equipment, and PPL Electric then will process the rebate payment.

For lighting retrofit projects whose projected demand savings exceed 50 kW, a pre- and post- lighting audit is required (to be performed by the customer's lighting contractor) and forms the basis for the savings. This new approach also led to changes in PPL Electric's enrollment process, tracking system design, and M&V processes.

Pursuant to the proposed TRM, if the lighting project is new construction or part of a major facility renovation, then different information must be collected from the customer and the savings are computed differently than for lighting retrofit projects. The savings for new construction and facility renovations are based on the difference between the lighting power density (watts per square foot) of the new equipment and the lighting power density of code requirements.

In summary, PPL Electric's EE&C Plan contemplated a simple, prescriptive lighting program (part of its Efficient Equipment Program) where there was a list of measures, prescriptive rebates for each measure, and prescriptive savings (simple deemed savings method). After these TRM changes, the only simple prescriptive aspect of lighting is the rebate calculation. Therefore, even though the technical accuracy of the savings estimate may be improved by the TRM changes, PPL Electric is concerned that the value of increased accuracy may not merit the additional cost to achieve this accuracy.[1] There are similar, but somewhat less severe, impacts caused by changes to commercial HVAC and motors programs.

B. PROPOSED PROCESS FOR FUTURE CHANGES TO THE TRM

PPL Electric recognizes that these TRM changes were developed on a compressed schedule with the intent of providing electric distribution companies with sufficient time to incorporate the changes into their individual EE&C Plans before launching programs. However, such a compressed schedule makes it difficult for EDCs to fully evaluate the proposed changes and to thoroughly assess the implications the changes on program design and delivery details. In designing its current EE&C Plan, PPL Electric relied upon the existing TRM. Therefore when

[1] PPL Electric notes that it has not analyzed these TRM changes to determine if they are likely to impact program savings favorably or unfavorably compared to the original TRM which was the basis for the savings estimates in PPL Electric's EE&C Plan.

the proposed TRM changes were initially released, the Company had to expend considerable effort to revise its commercial lighting program to conform to the TRM changes. PPL Electric requests that to the extent possible, that the TRM Technical Working Group allow more time to evaluate the impact of future proposed TRM changes on EE&C Plan program design and delivery processes including trade-offs between "front end" (enrollment) and "back end" (EM&V and rebate processing) impacts, program cost, and the value of the changes before submitting those changes to the Commission for approval.

C. APPLICABILITY OF PROPOSED TRM CHANGES

The Commission's Tentative Order requests comments on whether some or all of the proposed changes should be applied prospectively beginning June 1, 2010 or applied retroactively to June 1, 2009. Tentative Order at 5. In its Order approving the 2009 version of the TRM[2], the Commission concluded that changes to the TRM must be approved by December 31 for use effective June 1 of the following year. 2009 TRM Order at 17. The currently proposed changes were not approved by December 31, 2009 and, consistent with the 2009 TRM Order, would not become effective until June 1, <u>2011</u>. Under normal circumstances, PPL Electric would support a June 1, 2011 effective date for these TRM changes. However, PPL Electric does not object to applying the proposed changes retroactively to June 1, 2009 for this unique situation (the initial launch of all EDC EE&C Plan programs). However, PPL Electric believes that this unique situation should not establish a precedent for the effective date of future TRM changes. The intent of approving TRM changes at least six months <u>before</u> their effective date is very clear—it provides sufficient time for EDCs to revise their programs to accommodate the TRM changes. As described above, TRM changes can have a significant impact on an

[2] *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual Update*, Docket No. M-00051865, (Order entered June 1, 2009) ("2009 TRM Order").

EDC's program design, systems, processes and other implementation details. Moreover, in many situations, TRM changes can impact (favorably or unfavorably) the kWh/yr or kW savings and the EDC's likelihood of being able to comply with Act 129 EE&C savings, cost-effectiveness, and other targets.

III. CONCLUSION

PPL Electric Utilities Corporation does not object to the proposed changes to the Technical Reference Manual. However, for the reason stated above, PPL Electric Utilities requests that future changes to the Technical Reference Manual take into consideration the impact of such changes on the Commission-approved electric distribution company Energy Efficiency and Conservation plans and allow sufficient time for evaluation of proposed changes in advance of their implementation.

Respectfully submitted,

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Date: March 11, 2010

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