

April 16, 2012

Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Reference: Act 129 Energy Efficiency and Conservation Program Phase Two
Docket No. M-2012-2289411

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Dear Secretary Chiavetta:

The Delaware Valley Regional Planning Commission (DVRPC) appreciates the opportunity to provide comments in response to the above referenced Secretarial Letter. Our comments are limited to two matters: *Length of second EE&C Program* and *Inclusion of a Reduction Target Carve-Out for the Government, Educational and Non-Profit Sector*.

Length of second EE&C Program

The Pennsylvania Public Utilities Commission (The Commission) seeks input from interested parties on the optimal length of a possible future EE&C Program.

DVRPC understands the need to properly balance program length, where a longer program signals customers with certainty and reduces administrative costs, while a shorter program is more able to accurately forecast economic and energy parameters that affect program elements. DVRPC believes the second EE&C program should be established for the maximum length feasible. A longer program length allows all ratepayers, including those who may require more time for project planning prior to implementation of energy efficiency activities, to more fully participate in the program. However, if the PUC's procedures allow, DVRPC would prefer that the program be designed with a built-in flexibility to respond to changes in the economy, technologies, and external factors without having to go through a full program redesign. This would allow the program to balance lower administrative costs with the ability to more accurately forecast energy and cost parameters.

Inclusion of a Reduction Target Carve-Out for the Government, Educational and Non-Profit Sector

The Commission seeks input on whether a 10% (or some other percentage) carve-out for the Government, Educational and Non-Profit sector should continue in any future EE&C program, and how that target might be structured.

DVRPC believes this carve out is critical to reducing energy use in municipal operations, which in turn reduces municipal expenditures, benefitting all residents of the Commonwealth.

DVRPC works very closely with municipal governments in PECO service territory to help them understand how they use energy in their operations, and how they can use that understanding to identify the most cost-effective opportunities to reduce that energy use, thus assuring their citizens' tax dollars are spent wisely. Our experience indicates this sector presents many opportunities exist in the government sector for cost-effective energy-efficiency retrofits. For example, PECO's most recent data indicates that over 30 percent of traffic signal lamps in its service territory outside of Philadelphia are incandescent rather than LED. In addition, a series of energy audits of municipal buildings conducted in almost 40 municipalities in PECO service territory identified indoor lighting upgrades in 97 percent of municipalities studied and HVAC equipment upgrades in 74 percent of municipalities studied.

Like many commercial electricity users, however, municipal governments are small, and managed by understaffed, overworked individuals who may not have the time to carry out the initial analysis needed to identify these cost-effective opportunities for energy efficiency. To remedy this, DVRPC suggests that PECO provide support for an energy-efficiency "circuit rider" program, similar to that currently run by DVRPC,¹ to assist municipal governments understand how they use energy in their operations, to identify—in a way not biased by sales potential—the most cost-effective ways to reduce energy use, and to identify and make use of Act 129 programs. This "circuit rider" would provide a Level 1/walk through audit, and provide direct one-on-one education on how to reduce energy use and expenditures through simple, cost-effective, data-informed means. The efforts of the circuit rider could help achieve economies of scale by identifying bulk quantities of common cost-effective energy efficiency measures that municipalities should be implementing (e.g., LED traffic signals and indoor lighting upgrades).

The Commission also requests comment on developing EDC on-bill financing programs to assist this sector, or requiring EDCs to partner with lending institutions to provide low-cost financing for these projects.

DVRPC's work with municipalities indicates that lack of financing can be a significant barrier to installing even the most cost-effective energy-efficiency measures. This is in part because capital budgets and operating budgets are developed separately. On-bill financing would allow energy-efficiency retrofit investments to be paid out of existing operating budgets, making them administratively much easier to undertake.

DVRPC understands the challenges that EDCs would face in developing on-bill financing programs from scratch. However, DVRPC believes that the Commission should consider requiring EDCs to partner with energy-efficiency financing programs developed by or in cooperation with Commonwealth agencies including the State Energy Office and the Governor's

¹ See www.dvrpc.org/EnergyClimate/CircuitRider for detailed information on this program.

Green Government Council, or by or in cooperation with other government entities, including counties, Local Development Districts, and Metropolitan Planning Organizations.

The EDCs' role in such program may be as minimal as simple convenience billing, which would allow the municipal customer to see clearly how energy efficiency investments make economic sense as they would present in a single bill both the cost of energy and the cost of energy efficiency investments.

Thank you for providing the opportunity to comment. If you have any questions about these comments, please contact me at 215-238-2826 or rgraff@dvrpc.org.

With best regards,

Robert Graff
Manager, Office of Energy and Climate Change Initiatives