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FILE NO: 11616/2

June 25, 2012

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

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

Dear Secretary Chiavetta:

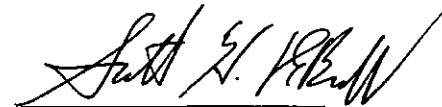
Enclosed herewith please find the original and three (3) copies of the “**Comments on Behalf of EnerNOC, Inc. in Response to the Act 129 Energy Efficiency and Conservation Program Phase Two Tentative Implementation Order**” in the above-captioned proceeding. Please enter this into the docket and timestamp the additional two (2) copies.

Should you have any questions, please do not hesitate to contact me at (717) 237-6716.

Sincerely,

RHOADS & SINON LLP

By:



Scott H. DeBroff, Esq.

Alicia R. Duke, Esq.

Counsel for EnerNOC, Inc.

Enclosures

cc: Megan Good at megagood@pa.gov
Kriss Brown at kribrown@pa.gov

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

ACT 129 ENERGY EFFICIENCY AND
CONSERVATION PROGRAM PHASE
TWO

Docket No. M-2012-2289411

COMMENTS ON BEHALF OF ENERNOC, INC. IN RESPONSE TO THE ACT
129 ENERGY EFFICIENCY AND CONSERVATION PROGRAM PHASE TWO
TENTATIVE IMPLEMENTATION ORDER

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Dated: June 25, 2012

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AND NOW COMES, **EnerNOC, Inc.** ("EnerNOC") by and through its counsel, **Scott H. DeBroff, Esquire** and **Alicia R. Duke, Esquire**, of Rhoads & Sinon LLP, for the purpose of these "Comments" with respect to this proceeding before the Commonwealth of Pennsylvania Public Utility Commission ("PUC" or the "Commission") pursuant to 52 Pa. Code §§ 5.71-5.74. In support of this docket, EnerNOC avers the following:

1. EnerNOC is a leading provider of clean and intelligent energy management applications and services for the smart grid, which include comprehensive demand response and energy efficiency applications and services. EnerNOC manages a demand response (DR) portfolio of over 7,000 MW from over 4,000 commercial, institutional, and industrial end-use customers across more than 11,000 sites. EnerNOC actively participates in a range of capacity, energy, and ancillary services markets, and is an active Aggregator of Retail Customers (ARC) in the demand response programs of ISO New England, the New York ISO, ERCOT and PJM. In addition, EnerNOC partners with utilities both inside ISO/RTO regions and in traditionally

regulated utility territories to provide cost-effective and reliable demand-side management services to utilities and their customers.

2. EnerNOC operates specifically in the Commonwealth of Pennsylvania as a Conservation Services Provider (CSP). As a CSP, EnerNOC provides commercial, industrial and institutional organizations with demand response and energy efficiency services. By letter dated July 2, 2009, the PUC approved EnerNOC's Application to register as an Act 129 Conservation Services Provider.

3. EnerNOC has participated in the other related Act 129 proceedings before this Commission. EnerNOC participated as a party in all of the Energy Efficiency and Conservation (EE&C) Plan proceedings for each Pennsylvania investor owned utility.

4. On March 1, 2012, the Commission issued a Secretarial Letter seeking Comments on a number of important topics that are instrumental in designing and implementing any future phase of the EE&C Program.

5. On April 17, 2012, EnerNOC filed Comments in response to the Act 129 Energy Efficiency and Conservation Program Phase Two Secretarial Letter.

6. On May 11, 2012, the Commission entered a Tentative Implementation Order seeking Comments on the evaluation of the EE&C Program, the proposed additional required incremental reductions in consumption and the proposals addressing the design and implementation of the next round of EE&C Programs.

7. EnerNOC would like to submit the following Comments in response to the issues presented in the Tentative Implementation Order.

8. EnerNOC's counsel and parties to whom all correspondence and pleadings in this docket should be directed to are:

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**COMMENTS TO THE ACT 129 ENERGY EFFICIENCY & CONSERVATION PROGRAM PHASE TWO
TENTATIVE IMPLEMENTATION ORDER**

Introduction

EnerNOC respectfully submits these Comments in response to the Commission's Tentative Implementation Order in the above-referenced dockets. In its comments submitted to the Commission regarding the Act 129 Energy Efficiency and Conservation Program (EE&C) Phase Two Secretarial Letter, EnerNOC noted that another benefit to demand response programs that is not currently considered in the Pennsylvania TRC methodology is the avoided cost of new transmission and distribution (T&D) infrastructure. From our decades-long experience assisting utilities around the world to plan, develop and implement both demand response (DR) and energy efficiency (EE) programs, we have learned that the associated reductions in peak demand resulting from these programs also reduce the need to expand the T&D system. A portion of T&D investment is driven by the need to have enough capacity available to move electricity to where it is needed during peak times while maintaining a sufficient level of reliability. Additionally, geographic expansion of the system requires T&D investment, and that is often correlated to growth in peak demand.

EnerNOC reviewed the Act 129 EE&C plan filings from each of the Electric Distribution Companies (EDCs). In no instance did EnerNOC observe that the EDCs appropriately considered the benefits associated with avoided T&D investments for their TRC assessments of DR and EE program cost-effectiveness. EnerNOC believes that this was an incorrect interpretation of the PUC's direction regarding the treatment of T&D costs for the TRC test. Further, exclusion of T&D avoided costs is inconsistent with common industry practice. As a result of excluding T&D avoided costs, EDCs have significantly undercounted the benefits associated with avoided T&D investments as a result of the Act 129 DR and EE programs. This

is particularly important for many DR programs which would have been more cost-effective had the EDCs included T&D benefits.

Application of T&D Avoided Costs in Other Jurisdictions

Table 1 provides several examples of the use of avoided T&D costs for the purposes of DR and EE program cost-effectiveness in other states. When compared to the avoided T&D figures cited in Appendix 1 of the recently-completed market potential study, it is clear that the EDCs have largely ignored the full benefits associated with many of their Act 129 programs, particularly DR programs.¹ Only a few EDCs reported avoided T&D values in their Act 129 filings, and these values were typically averaged around \$0.12/kW-year.²

Table 1: Representative Avoided T&D Costs in Other Jurisdictions

State/Utility	Avoided T&D Cost (\$/kW-year)	Source
Connecticut/CL&P	29.2	Connecticut Light and Power Company, Assessment of Avoided Cost of Transmission and Distribution. October 2009 at p. 1.
Wisconsin/statewide	30.0	Energy Center of Wisconsin, Energy Efficiency and Customer-Sited Renewable Resource Generation in Wisconsin, August 2009 at p. EE-13.
New York/upstate	33.5	New York Public Service Commission, Order Approving "Fast Track" Utility-Administered Electric Energy Efficiency Programs with Modifications, January 2009 (Case # 08-E-1003, et al) at p. 36.
California/SCE	54.6	California Public Utilities Commission, Decision Adopting a Method for Estimating the Cost-Effectiveness of Demand Response Activities, December 2010 (Docket # R07-01-041) at p. 37.
California/SDG&E	74.8	Id.
California/PG&E	76.6	Id.
New York/Con Edison	100.0	New York Public Service Commission, Order Approving "Fast Track" Utility-Administered Electric Energy Efficiency Programs with Modifications, January 2009 (Case # 08-E-1003, et al) at p. 37.

¹ GDS Associates, Electric Energy Efficiency Potential for Pennsylvania, May 2012, Appendix 1 Avoided Cost and Model Inputs by EDCs.

² Only MetEd, Penn Power, West Penn, and Penelec reported avoided T&D costs. The other EDCs did not include T&D avoided costs in their filings.

Cost-Effectiveness Results with T&D Benefits

Based on the data provided in Table 1, EnerNOC conducted an analysis of the cost-effectiveness of each EDC C&I DR program, assuming that \$30/kW-year is added to the avoided costs to represent the avoided T&D costs.³ Table 2 summarizes the results of that assessment. As can be seen, by 2012, three of the four DR programs are clearly cost-effective.

Table 2: TRC Ratios with Avoided T&D Costs

Company	Program	2009	2010	2011	2012	2013	2014	2015
PECO	DR Aggregator Contracts	0.00	1.42	1.10	1.24	1.28	1.32	1.37
PPL	Load Curtailment Program	0.00	0.00	0.0	3.18	3.12	3.06	3.01
Duquesne	Curtailable Load Program	0.00	4.40	5.35	5.84	5.83	5.82	5.81
West Penn	Customer Load Response	0.00	0.27	3.93	0.94	0.93	0.91	0.90

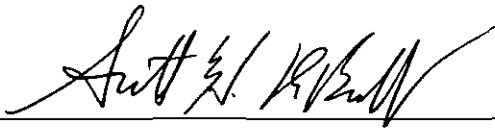
Conclusion

EnerNOC appreciates the opportunity to comment on Phase Two of the Energy Efficiency and Conservation Programs. The Commission should consider avoided T&D costs as a factor in assessing the cost-effectiveness of current Pennsylvania DR programs. Doing so will make already cost-effective programs even more so.

³ There was insufficient data to reproduce the cost-effectiveness results for the FirstEnergy companies.

WHEREFORE, EnerNOC, Inc. respectfully requests that the Pennsylvania Public Utility Commission enter these Comments to the May 11, 2012 Tentative Implementation Order in this proceeding into the record. We look forward to participating in the process going forward and contributing our experience and expertise. Thank you again for the opportunity to comment on this important matter.

Respectfully submitted,

By: 

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DATED: JUNE 25, 2012

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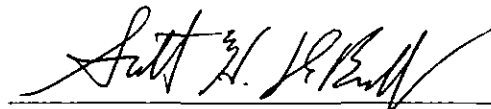
DOCKET NO. M-2012-2289411

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document “**Comments on behalf of EnerNOC, Inc. in Response to the Act 129 Energy Efficiency and Conservation Program Phase Two Tentative Implementation Order**” in hand to the Commission and electronically to Megan Good at megagood@pa.gov and Kriss Brown at kribrown@pa.gov.

Dated: **June 25, 2012**

By:



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