

December 21, 2012

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Bldg., 2nd Fl.
400 North Street
Harrisburg, PA 17105-3265

RE: Petition of Duquesne Light Co. for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan; Docket No. M-2012-2334399

Dear Secretary Chiavetta:

Enclosed for electronic filing are Comverge, Inc.'s Comments in the above-referenced matter. Copies have been served in accordance with the attached Certificate of Service.

Very truly yours,


Tracy Caswell

Enclosure

cc: Hon. Charles E. Rainey Jr. (w/enc)
Certificate of Service (w/enc)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF DUQUESNE LIGHT COMPANY FOR APPROVAL OF ITS ACT 129 PHASE II ENERGY EFFICIENCY AND CONSERVATION PLAN	:	
	:	Docket No. M-2012-2334399
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**COMMENTS OF COMVERGE, INC.
TO DUQUESNE LIGHT COMPANY'S
ACT 129 PHASE II
ENERGY EFFICIENCY AND CONSERVATION PROGRAM**

I. INTRODUCTION

Comverge, Inc. ("Comverge") hereby offers its Comments in the above-captioned docket to the Act 129 Phase II Energy Efficiency and Conservation ("EE&C") Plan ("Phase II Plan" or "Plan") of Duquesne Light Company ("Duquesne" or "Company").

On or about November 15, 2012, Duquesne filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") their Phase II Plan, pursuant to Act 129 of 2008, 66 Pa . C.S. § 2806.1 ("Act 129) and the PUC's Implementation Order entered on August 3, 2012, at Docket Nos. M-2008-2069887 and M-2012-2289411. On December 21, 2012, Comverge filed its Petition to Intervene in this proceeding.

Comverge is one of the nation's leading providers of energy management products and services. Comverge has been an active Conservation Service Provider ("CSP") in Pennsylvania¹ and has served several electric distribution companies ("EDCs") who are in the Act 129 Phase II Programs. Comverge has provided complex energy management programs and related services to small business, large commercial, and industrial customers throughout Pennsylvania, including those customers in Duquesne service territory. Comverge has a unique business model, and extensive experience in providing energy management solution services to all types of customers.

CHP technologies generate electric and thermal energy from a single fuel source, e.g., natural gas. Customers with steady base load electricity usage coupled with steady thermal demand can realize significant efficiencies and savings by incorporating CHP. In this proceeding, Comverge promotes the development of behind-the-meter cogeneration with combined heat and power ("CHP") technologies as a supported energy efficient and conservation measure to provide stability in reliability planning, capture significant benefits, and avoid waste at little added cost.

II. DUQUESNE SHOULD INCLUDE CHP IN ITS EE&C PLAN

Duquesne has not included CHP as an energy efficiency and conservation measure in any significant way in its Phase I and Phase II EE&C Plans. Comverge believes that Duquesne's

¹ Comverge is registered as a CSP on the PUC's Registry of CSPs. *Petition of Comverge, Inc.*, Docket No. A-2009-2113604, Secretarial Letter dated Nov. 3, 2011 approving the company's application to re-register as a Conservation Service Provider. Comverge's wholly owned subsidiary, Enerwise Global Technologies, is also registered as a CSP. *Petition of Enerwise Global Technologies, Inc.*, Docket No. A-2012-2297625, Secretarial Letter dated April 11, 2012 approving the company's application to register as a Conservation Service Provider.

Phase II Plan should include CHP as a major energy efficiency measure. Comverge provides the following points and suggestions:

1. CHP systems have a higher degree of certainty in the hours of operation, energy costs and savings over their lifetime. For example, the CHP hours of operation can be continuous, thereby allowing the estimated costs to be easier to define and manage. Other referenced custom measures can be more impacted by weather, occupancy levels, project load and non-energy benefits. With CHP, any upfront capital investment can be recouped quicker with the savings from the generation of on-site electricity.
2. Although CHP technologies can utilize a variety of fuels, most CHP systems utilize natural gas. With the availability and abundance of low-cost natural gas throughout the Marcellus Shale² and Utica Shale regions, the implementation of distributed generation with gas makes financial, economic and environmental sense.
3. CHP distributed on-site generation of electricity reduces transmission and distribution losses, reduced grid congestion, improves reliability, reduces base-load (presumably coal-fired) generation requirements, reduces capacity requirements and provides enhanced national security by becoming less dependent on foreign oil. Since CHP is more efficient, less fuel is required to produce a given energy output than with separate heat and power. Higher efficiency translates into: lower operating costs, reduced emissions of

² “Challenges Facing Combined Heat and Power Today: A State-by-State Assessment,” by Anna Chittum and Nate Kaufman, September 2011, American Council for an Energy-Efficient Economy, Report Number IE111, at 64.
See: <http://www.uschpa.org/files/public/ie111.pdf>

all pollutants, increased reliability and power quality, reduced grid congestion and avoided distribution losses.³

4. To mitigate the risks of variable energy costs associated with the implementation of CHP, the contractual parties can enter into long-term power purchase agreements to lock in the costs.
5. Duquesne's Plan does not fully consider the societal impacts and benefits of reducing the carbon footprint and implementing CHP projects which help minimize externalities including NO_x (nitrous oxide), SO_x (sulfur oxides) and or VOC (volatile organic compounds) emissions.⁴
6. Duquesne's Plan does not fully consider the other non-energy benefits of implementing CHP which include comfort, health and safety, aesthetics, financial savings, water savings, sustainable job creation and economic development.⁵

III. COMVERGE'S SUPPORT OF CHP IN PECO'S PHASE II PLAN

Unlike Duquesne, in PECO's Phase II Plan, its Smart On-Site Program ("the PECO Program") sets forth the Company's interest in developing CHP technologies in its service territory.⁶ In its Petition for Approval of its Phase II Plan, PECO states that the PECO Program

³ For more information regarding the benefits of CHP technologies and the differentiation between generation efficiency and on-site efficiency, see: <http://www.epa.gov/chp/basic/efficiency.html>.

⁴ Id. at 8-10.

⁵ Id. at 9.

⁶ PECO's Phase II Plan refers to cogeneration CHP on pages 147-154; *see also*, PECO St. No. 1 (Jiruska) at 16, and PECO St. No. 2 (Galvin) at 12. The Program cost by rate Class is set forth in Exhibit RAS-2.

is designed to encourage installation of CHP projects that “maximize operational savings and minimize operational and maintenance costs. It offers incentives to customers who install CHP technologies to reduce facility energy use.”⁷ For all of the reasons PECO has outlined in their Phase II Plan and testimony, Comverge generally supports PECO’s Program and specifically recommends that Duquesne adopt the PECO Program element that supports CHP, and then implement CHP technologies in the Duquesne service territory.

IV. PECO’S SMART ON-SITE PROGRAM AND CHP

In its Phase II Plan, PECO sets forth its Smart On-Site program objectives:

1. Increase consumers’ awareness and understanding of CHP technologies and opportunities in their facilities.
2. Assist customers interested in acting on opportunities to install various types of CHP systems.
3. Overcome financial barriers to allow customers to integrate CHP technologies into their facilities energy systems.
4. Make a significant contribution to attainment of PECO’s energy savings goals.
5. Demonstrate PECO’s commitment to and confidence in innovative energy savings technologies.
6. Strengthen customer trust in PECO as their partner in saving energy.⁸

⁷ *Petition of PECO Energy Company for Approval of its Phase II Energy Efficiency and Conservation Plan* at 10.

⁸ PECO’s Phase II Plan, at 147.

For the PECO Program, PECO's target customer market includes all existing commercial and industrial accounts, including government, public, and non-profit facilities. The Company's focus for the PECO Program is customers installing any type of CHP technology that helps offset facility demand. The Program offers incentives to customers who install CHP technologies to reduce facility energy use.⁹ The PECO Program will be designed to ensure participating customers install economic CHP projects that maximize operational savings and minimize operational and maintenance costs.¹⁰

PECO's Phase II Plan also sets forth measures that demonstrate the PECO Program's proposed per-unit gross annual deemed savings, costs and potential incentives.¹¹ The PECO Program encourages installation of CHP projects that maximize operational savings and minimize operational and maintenance costs. It offers incentives to customers who install CHP technologies to reduce facility energy use.

The PECO Program offers custom incentives paid on a fixed per kWh basis (up to a set amount) based on the projects' first year energy savings. PECO projects that its Program will produce 135,002 MWh in energy savings over the course of the Plan.¹² Duquesne should adopt the PECO Program elements that promote the development of CHP technologies and then implement those technologies in the Duquesne service territory.

Comverge's unique offering of a CHP cogeneration strategy can assist Duquesne in meeting their Act 129 goals and objectives. Comverge believes that the Commission should

⁹ Id.

¹⁰ Id.

¹¹ Id. at 151.

¹² PECO St. No. 1 (Jiruska) at 16.

continue such efforts and program elements without delay. The development of CHP technologies is in the public interest since the CHP technologies and opportunities will make a significant contribution to attainment of Duquesne's energy savings goals under Act 129 by providing innovative ways to be energy efficient and conserve energy.

V. CONCLUSION

Comverge appreciates the opportunity to offer comments to Duquesne's Act 129 Phase II Plans, and looks forward to working cooperatively with all interested stakeholders in this proceeding.

Comverge supports the use of CHP as a cost effective, energy efficient energy use that supports the goals and objectives of Act 129. Comverge believes CHP should have an important role in Duquesne's Phase II Plans.

Respectfully submitted,



Tracy Caswell, Esquire
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Date: December 21, 2012

Attorney for Comverge, Inc.

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VERIFICATION

I, RAYMOND G BERKEBILE hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the facts. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to falsification to authorities.

Date: DECEMBER 20, 2012


Name:

Company: CONVERGE

Title: DIRECTOR OF PROFESSIONAL
ENGINEERING

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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