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December 23, 2013

VIA EFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor (filing room)
PO Box 3265
Harrisburg, PA 17105-3265

RE: Petition of PPL Electric Utilities Corporation for Approval of an Energy Efficiency and Conservation Plan; Docket No. M-2012-2334388; **COMMENTS OF THE SUSTAINABLE ENERGY FUND OF CENTRAL EASTERN PENNSYLVANIA**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the Comments of the Sustainable Energy Fund of Central Eastern Pennsylvania. This filing has been served in accordance with the attached Certificate of Service.

If you have any questions concerning this filing, please do not hesitate to contact my office.

Very truly yours,

Craig R. Burgraff
*Counsel for The Sustainable Energy Fund of
Central Eastern Pennsylvania*

CRB/das

Enclosures

cc: Administrative Law Judge Dennis J. Buckley (via email and via first class mail)
Per Certificate of Service

MAILING ADDRESS: P.O. BOX 1778 HARRISBURG, PA 17105

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA ELECTRONIC AND FIRST CLASS MAIL

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Dated: December 23, 2013

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities :
Corporation for Approval of Changes to its : Docket No. M-2012-2334388
Phase II Act 129 Energy Efficiency and :
Conservation Plan :

**COMMENTS OF THE
SUSTAINABLE ENERGY FUND OF
CENTRAL EASTERN PENNSYLVANIA**

The Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”), by and through its attorneys in this matter, Hawke McKeon & Sniscak LLP, files the following Comments in the above-captioned proceeding.

I. INTRODUCTION

On November 15, 2012, PPL Electric Utilities Corporation (“PPL Electric”) filed its Phase II EE&C Plan with the Pennsylvania Public Utility Commission (“Commission”) pursuant to Act 129 of 2008¹ (“Act 129”) and various related Commission orders. The SEF was an active participant in the proceeding in that case, filing Comments, submitting testimony and briefing discrete issues. Following examination of PPL Electric’s Phase II EE&C Plan and an evidentiary hearing, the Commission approved the Phase II EE&C Plan, with modifications, on March 14, 2013. The Commission approved PPL Electric’s compliance filing on July 11, 2013.

¹ Act 129 of 2008, P.L. 1592, 66 Pa.C.S. §§ 2806.1 and 2806.2.

On November 21, 2013, PPL Electric filed its Petition of PPL Electric Utilities Corporation for Approval of Changes to its Phase II Act 129 Energy Efficiency and Conservation Plan (“PPL Petition”).² In its Petition, PPL Electric requested Commission approval of forty (40) modifications to its Phase II EE&C Plan. PPL Electric posits that the aggregate impact of the proposed modifications, if approved, will not impact the Company’s overall Phase II EE&C Plan budget. PPL Electric also posits that the proposed modification will result in increased long-term benefits largely to the Residential, Low-income and government, non-profit and institution (“GNI”) customer sectors. While resulting in a net increase in the cost to these customer sectors, the modifications will decrease the costs to the Small Commercial and Industrial (“Small C&I”) and the large commercial and industrial (“Large C&I”) customer sectors.³

II. COMMENTS

The SEF supports or does not oppose the majority of the modifications proposed by PPL Electric. However, it opposes and does not support several of the proposed modifications since it believes that these modifications are counter-productive to the goals of Act 129 and the Phase II EE&C Plan. SEF urges the Commission to approve those measures that SEF does not oppose and conduct an investigation and hearings or otherwise approve the recommendations advanced by SEF relative to the measures SEF opposes.

A. Modifications supported or not opposed by SEF.

SEF supports the following modifications proposed by PPL Electric: 1-6, 9-10, 12, 14, 16-27, 29, 31-33 and 35-39. SEF offers no comment on the following modifications proposed by PPL Electric: 8, 39 and 40.

² On November 22, 2013, PPL Electric refiled the identical Petition and redlined EE&C Plan with a corrected docket number.

³ PPL Petition at 2-3.

With regard to proposed modification 13, SEF supports increasing the incentives for heating and cooling measures for Rate RTS Residential Service – Thermal Storage (“RTS”) customers, but not as proposed by PPL Electric. PPL Electric proposes to increase the incentives for RTS customers who install eligible air source heat pumps and/or ductless heat pumps. By increasing this rebate, the Company’s Phase II EE&C Plan will provide RTS customers with a better incentive to use more energy-efficient options such as a high-efficiency air source heat pump and ductless heat pumps.

While SEF supports the increase in incentives for RTS customers, those incentives should not be limited to certain options. The RTS customer should have the right to choose the fuel source of this future heating system; not PPL Electric. Pennsylvania has significant natural gas, biomass and solar resources that can cost effectively displace the same or greater electric load than electricity options. SEF recommends the measure be modified to include fuel sources other than electricity.

B. Modifications not supported by SEF.

SEF cannot support several modifications proposed by PPL Electric and makes the following recommendations relative to those proposed modifications.

1. Proposed Modification 7.

PPL Electric offered an incentive for strip curtains as part of its Phase I EE&C Plan and maintained it as a component of its Phase II EE&C Plan. It proposes to discontinue this incentive at this time due to low customer participation.⁴

SEF opposes the proposed elimination of this measure based upon low customer participation. According to the ENERGY STAR Guide for Restaurants, restaurants use 5 to 7 times more energy per square foot than other commercial buildings. Strip curtains are an easy

⁴ PPL Petition at 15.

way to install a measure that can cut outside air infiltration for walk-in refrigerators by about 75%. SEF submits that this measure should not be discontinued due to poor uptake.

2. Proposed Modification 11.

PPL Electric proposes to increase the incentive for schools in the direct discount component (primarily lighting) of the Prescriptive Rebate Program from \$0.17 per annual kWh saved to \$0.33. The basis for this proposed increase is to encourage and better position schools to implement energy-efficient measures at a lower out-of-pocket, front-end cost. As PPL Electric notes, many school districts are experiencing growth, have constrained funding and have a long funding cycle, thereby supporting increased incentives.⁵

SEF does not support this modification since it is unjust and unreasonable to other ratepayers in the small and large commercial and industrial customer segments. Many small commercial and industrial ratepayers have capital constraints or access to capital issues that are equal to or greater than school districts, and it is unreasonable to offer a rebate that is almost twice the rebate paid to other ratepayers in the same rate class.

SEF appreciates PPL Electric's attempt to overcome the capital constraints of school districts by increasing the rebate amount, but the almost doubling of the incentive is unwarranted. Other, less unreasonable mechanisms such as education of school districts on performance contracting or exploration of alternative financing such as on-bill repayment are better suited to overcome the capital cost barrier without burdening non-participating ratepayers by providing excessive incentives for one specific customer type within a rate class.

3. Proposed Modification 15.

PPL Electric proposes to offer free light-emitting diode ("LED") exit signs to schools participating in the School Benchmarking Program. This provides an additional incentive for

⁵ PPL Petition at 17.

schools to participate in the program, brings attention to the benefits of the program and provides additional energy savings for schools.⁶

SEF does not support this modification as proposed. All commercial ratepayers that are willing to participate in a building benchmarking program should be eligible to participate in the free LED exit sign measure. As in PPL Electric's proposal to increase the direct discount incentive for schools, PPL Electric proposes to single out a specific type of customer for special treatment while socializing those costs across all ratepayers in that class.

SEF proposes that the free LED exist sign measure be open to all commercial entities that are actively participating in benchmarking their building or buildings.

4. Proposed Modification 28.

PPL Electric proposes to change the pre-approval requirements for C&I measures in the Prescriptive Equipment and Custom Programs. The Phase II EE&C Plan requires customers to obtain pre-approval of custom projects before their project goes in-service. PPL Electric's proposal requires pre-approval of custom projects before the customer orders its efficient equipment. In addition, PPL Electric proposes to require pre-approval of C&I prescriptive measures before the customer orders their efficient equipment.⁷

PPL Electric posits that the proposed change will provide the Company with more advanced notice of possible projects which should significantly help PPL Electric manage the program and provide better and earlier coordination among the Company, trade allies and customers. PPL Electric also posits that the modification will assist trade allies in their sales

⁶ PPL Petition at 19.

⁷ PPL Petition at 24.

process. At least with regard to the Custom Program, the modification appears to be driven by free-ridership.⁸

SEF opposes this proposed modification. At the stakeholder meeting, there was significant concern among contractors as to the impact this modification would have. Additionally, although PPL Electric admits that free-ridership in the prescriptive program is significant, this change may not reduce free-ridership but merely cloak it.

5. Proposed Modification 30

PPL Electric proposes to decrease the number of participants in the Student and Parent Energy Efficiency Program. The reduction in estimated participation from 79,000 to 65,000 appears to be based solely upon PPL Electric's proposed inclusion of LEDs instead of CFLs in energy efficiency kits. Since this would increase the cost of the program, PPL Electric's response is to reduce the number of kits, i.e., customer participation.

SEF opposes this modification. Education of the next generation is essential to Pennsylvania's energy future and permanently reducing electric consumption and demand. Without energy education, Pennsylvania's future consumers will lack the knowledge to make informed energy decisions.

PPL Electric's proposed modification is a classic example of being penny wise and pound foolish. It is SEF's belief that this program should be expanded in scope, not reduced.

⁸ Id.

III. CONCLUSION

The Sustainable Energy Fund respectfully requests that the Commission consider and adopt the foregoing Comments and take any other actions that are deemed appropriate.

Respectfully submitted,



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