April 27, 2015

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, Pennsylvania 17120

RE: Act 129 Energy Efficiency and Conservation Program Phase III Comments
Docket No. M-2014-2424864

Dear Secretary Chiavetta:

On March 11, 2015, the Commission issued a Tentative Implementation Order seeking comments on the implementation of Phase III of the Act 129 Energy Efficiency and Conservation Program. Duquesne Light Company’s comments regarding Phase III are enclosed for consideration.

Should you have any questions, please feel free to contact me or David Defide at (412) 393-6107.

Respectfully,

Tishekia E. Williams
Senior Counsel, Regulatory

Enclosures
cc: Certificate of Service
On March 11, 2015, the Pennsylvania Public Utility Commission ("Commission") issued a Tentative Implementation Order ("Phase III Tentative Implementation Order") to continue the process of evaluating the Phase III of Act 129’s Energy Efficiency and Conservation ("EE&C") Programs for electric distribution companies ("EDCs"). In the Phase III Tentative Implementation Order, the Commission sought comments on incremental energy efficiency reduction targets, peak demand reduction targets, and other requirements set out therein. On April 8, 2015, the Commission held a stakeholder meeting to gather input on the Statewide Evaluator’s energy efficiency and demand response potential studies supporting the Phase III Tentative Implementation Order. Duquesne Light Company ("Duquesne Light" or "Company") appreciates the opportunity to provide input regarding the Phase III planning, and hereby submits its comments regarding the Phase III Tentative Implementation Order and statement issued by Commissioner Witmer.
Background

Act 129 of 2008 ("Act 129" or the "Act") became effective on November 14, 2008. Among other things, Act 129 requires electric distribution companies ("EDC") with at least 100,000 customers to develop and adopt an EE&C plan to reduce retail customer energy consumption. Specifically, Act 129 requires EDCs to achieve certain consumption reductions spanning over several phases. On June 30, 2009, Duquesne filed its EE&C plan with the Commission pursuant to Act 129 and related Commission orders. Duquesne's EE&C plan was approved by the Commission on October 27, 2009, with certain modifications. The EE&C plan was further revised by Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation Plan, Docket No. M-2009-2093217 (Order entered January 28, 2011).


Duquesne Light’s EE&C plan includes a broad portfolio of programs targeted at each customer segment and is designed to achieve the consumption and demand reduction requirements established by the Act. Duquesne Light has made significant strides toward achieving its Act 129 goals with programs that are cost effective and achieve significant verified savings with high customer engagement and satisfaction. As the EE&C phases have progressed, the Commission has prescribed additional energy consumption and demand reduction targets for
the EDCs. Duquesne Light has considered each issue that has been raised in the Phase III Tentative Implementation Order and offers comments on select issues discussed below. Although each issue will not be addressed substantively in these comments, the comments are arranged consistent with the Phase III Tentative Implementation Order.

1. Demand Reduction

   A. Prescriptive Program Planning for Demand Reduction Programs

   The Commission’s proposed demand reduction program design unnecessarily restricts the programmatic options for EDCs. The Phase III Tentative Implementation Order specifies the DR potential, acquisition costs, measurement approach, curtailment period, number of events, and duration of events. Even if Duquesne Light follows the prescriptive measures from the Phase III Tentative Order, it could still fail to meet the requirement of 42 MW per year in Phase III, which could result in a penalty.¹

   Though Act 129 requires EDCs to file EE&C Plans to reduce electric energy consumption and peak demand in prescribed amounts, it does not direct EDCs to implement demand response programs. The implementation of energy efficiency measures often results in

---
¹ Duquesne Light notes that 66 Pa.C.S.§2806.1(d) related to “peak demand” provides By November 30, 2013, the commission shall compare the total costs of energy efficiency and conservation plans implemented under this section to the total savings in energy and capacity costs to retail customers in this Commonwealth or other costs determined by the commission. If the commission determines that the benefits of the plans exceed the costs, the commission shall set additional incremental requirements for reduction in peak demand for the 100 hours of greatest demand or an alternative reduction approved by the commission. Reductions in demand shall be measured from the electric distribution company’s peak demand for the period from June 1, 2011, through May 31, 2012. The reductions in consumption required by the Commission shall be accomplished no later than May 31, 2017. [Emphasis added]. Because Act 129 provides for reductions to be accomplished by 2017, the Company questions whether the provisions of 66 Pa.C.S.§2806.1(f) related to penalties may be lawfully applied to EDCs unable to meet the demand reduction targets outlined in the Phase III Tentative Implementation Order.
an additional benefit of a reduction in demand. In Phase I, Duquesne reported 139 MW of verified peak demand reductions, 47% resulted from the implementation of energy efficiency measures. The remaining 53% of the verified peak demand reduction came from implementing demand response programs. Duquesne has previously innovated programmatic approaches necessary and capable of achieving the mandated reductions. However, the limitations set forth in the Phase III Tentative Order would significantly hinder such an innovative approach. The Company is greatly concerned that it would not be able to achieve the aggressive demand reduction targets set forth in the Phase III Tentative Implementation Order with such a prescriptive program design.

B. 10% Budget Allocation

The Commission’s proposed 10% DR budget allocation is seemingly arbitrary. Of the scenarios considered in the Phase III Tentative Order, 5% was omitted, however all other increments of 5 percentage points were considered up to 20%. Duquesne Light is concerned that the 5% budget allocation was not evaluated and that it may have provided a more feasible result. The specified application of this 10% allocation of portfolio budgets to DR programs will ultimately result in lower customer benefits.

References to Phase I DR program cost allocation (16%) as a basis for the 10% budget allocation are inappropriate since Phase I DR programs were not cost-effective and the imposed measurement approach was abandoned. Phase I measurement addressed actual load reductions occurring during the top 100 hours, which is not comparable to the measurement criteria for Phase III. The methodology employed in Phase I was expensive and also negatively impacted the existing functional DR market operated by PJM.
While the Company is not mandated to spend 10% of its budget on DR, the Company’s ability to achieve the demand reductions at or below 10% of the budget directly impacts its available budget for energy conservation. Duquesne Light notes that its Phase I demand reduction program were tremendously expensive and questions the feasibility and accuracy of the 10% budget allocation.

C. Feasibility of Annual Demand Reduction Targets of 42 MW

Duquesne Light understands the Phase III Tentative Order as requiring the Company to achieve 42 MW of peak load reduction per year, deliverable from a contracted pool of DR capacity. There is a significant difference between the cost of achieving such an annual target and a cumulative requirement of 168 MW of reductions by Year Five of Phase III. Duquesne Light requests clarification as to whether the targets are annual or cumulative in nature prior to determining the feasibility of such targets. Preliminarily, the Company believes that the DR targets set forth Duquesne Light are potentially overly aggressive whether annual or cumulative given the prescriptive nature of the requirement and other programmatic elements discussed herein.

D. Mutual Exclusivity of Participation in Act 129 and PJM DR Programs

The largest single barrier to achieving either of the aforementioned annual or cumulative outcomes is the Commission’s proposal requiring mutual exclusivity of participation in Act 129 DR programs and PJM DR markets. Increased funding made available by adding Act 129 DR programs to the established PJM DR markets has been shown to drive greater customer participation and larger aggregate demand reduction. The mutual exclusivity advanced in the Phase III Tentative Order limits prospective Act 129 DR program participants to one of two
types of customers: 1) Customers that are not participating in PJM DR markets, or 2) existing PJM DR market participants that discontinue PJM DR program participation to participate in Act 129 DR programs. Customers not participating in PJM DR markets necessarily will include higher concentrations of customers having operational characteristics rendering them incapable of participating in PJM's programs such as the inability to shed load or where curtailable loads are limited and the costs outweigh the benefits.

Pursuing the second type of prospective participant requires EDCs to advance competitive offers in an effort to entice customers away from existing PJM DR market programs. EDCs will be hard pressed to enroll significant amounts of DR capacity, under terms customers must first terminate often multi-year Curtailment Service Provider (“CSP”) agreements to participate in PJM DR markets. The customer base available for Act 129 programs will be significantly limited, which will result in greater difficulty for the EDCs to meet the Phase III targets.

A fundamental challenge for EDCs tasked with pulling customers away from PJM programs is the relative value of DR, as measured by PJM compared to SWE’s projected marginal T&D avoided costs. The RPM capacity market for years 2016-2017 and 2017-2018 is approximately $120 per MW-Day, this converts to $43.80 per kW-Year. Per the DR Potential Study Table 1-3, the statewide average T&D avoided cost is $39.17/kW-Year, Duquesne Light’s Table 1-3 value is $40.88 per kW-Year. These avoided cost values indicate PJM’s valuation of DR resources is, on average, higher than the proposed Act 129 DR resource valuation. If the program costs must remain less than benefits, it is unlikely Act 129 programs can offer more attractive inducements to switch programs.
Duquesne Light recommends against adopting the aforementioned mutual exclusivity of Act 129 DR programs and PJM DR market programs as it will drastically impact the available customer pool in a negative fashion.

E. Generation versus Capacity Resource Treatment

In the early days of Act 129 implementation, during a series of Technical Working Group meetings, choices were made to measure DR impacts as if it were a generation resource consistent with the PJM wholesale Economic Markets. In this way, Act 129, “Demand Response” came to be measured as an energy resource. Duquesne Light contends this was an error and it is more appropriate for DR to be treated as a capacity resource, consistent with PJM’s Reliability Pricing Model (“RPM”) Base Residual Auction (“BRA”) for capacity. Further, Duquesne Light asserts treating demand reduction as a capacity resource is equally consistent with Act 129’s objective to reduce the market cost of electric capacity.

Fundamentally, generation resources will be operated at a capacity factor, typically between 30 and 90%, or as necessary to offset plant capital and carrying costs. Capacity resources, such as peaking plants, operate rarely as required to supply power during extreme peak periods, primarily to support grid reliability. DR, a load management option, is like the peaking plant, operated rarely having a very low capacity factor of 0.2%. For such capacity products Duquesne Light believes that an appropriate model for DR implementation exists under the PJM RPM-BRA where DR resources are paid to be available for a period of one year beginning on June 1 and ending on May 31 of the following year. Protocols for assessing the availability of DR capacity vary as to the amount of rigor needed and applied to a continuum of capacity products (e.g., DR capacity for load management in the RPM or DR capacity in
Ancillary Services such as Synchronized Reserve, Day Ahead Scheduling Reserve of Regulation reserve). For such capacity resources, participants are paid to ensure the associated load reduction is available for a period of one year. If the resource is called, the participant also receives energy related payments. However, these capacity resource energy payments comprise a minor element of total DR compensation, and not the total basis for compensation as it is under past Act 129 treatment.

Duquesne Light contends the majority of problems Pennsylvania experienced with its Act 129 DR program implementation and measurement relate to the mischaracterization of resources as energy products. DR, treated as a capacity resource, is easier to package, promote, contract and measure. Given compliance with specified availability protocols, measurement becomes a simple tabulation of contracted capacity. Another significant barrier to DR Program implementation lies in its proposed measurement approach wherein actual load reductions are measured and averaged over each hour of called events.

The Statewide Evaluator’s (“SWE’s”) stated premise that Act 129 DR functions to exert downward pressure on peak demand forecast and PJM DR fills the requirement as generation capacity, does not serve to differentiate the two activities. The SWE’s contention that because the Commission did not direct EDCs to bid their programs to bid their programs into PJM’s forward capacity markets somehow proves DR is not a capacity resource, and therefore a generation resource, is not fact based.

In Phase II, there were no DR programs authorized. However, the Commission determined that EDCs could elect, but were not required, to bid savings from energy efficiency measures into PJM. In its DR Potential Study, SWE attempted to differentiate Act 129 DR from
PJM DR partially based on the fact that EDCs will not be required to bid their programs into PJM’s forward capacity market. However, the record indicates EDCs may bid program capacity into PJM markets, at their election. The SWE’s DR Potential Study goes on to state that actual reductions during peak conditions appear to be the most viable mechanism for an Act 129 program to produce tangible avoided costs. Duquesne Light disagrees with this conclusion and asserts that actual reductions might be the most viable means to show tangible avoided costs for a generation resource, as shown above DR is primarily a capacity resource.

Additionally, the SWE’s assumption that the programmatic activities and impacts of Act 129 DR and PJM DR are different is not supported. PJM protocols for measuring available versus actual DR capacity are in place and have been tested for a significant amount of time. The atypical DR treatment, ushered in during the early days of Act 129 implementation, recommended by SWE in its DR potential study, and adopted by the Commission in the Phase III Tentative Order, is inappropriate for implementation and measurement of DR capacity resources. Imposing measurement of actual load reductions will continue to distort the market for DR resources and perpetuate expensive and difficult to measure DR programs.

In summary, Duquesne Light asserts Act 129 DR program and PJM DR program participation should not be mutually exclusive, measurement should follow proven standard practice for available DR capacity.

2. Energy Efficiency Targets

A. Measure Decay

The Energy Efficiency Potential Study Table ES-3 incorporates what the SWE has called measure savings “decay.” However, nationally as a matter of standard practice, energy
efficiency phase cumulative savings amount to the tabulation of incremental, annualized kWh savings and peak period load reductions. Duquesne Light disagrees with the proposed treatment where the "cumulative" tabulation of annual savings removes the annualized savings from energy efficiency measures that have reached the end of their useful life before the end of the program period or "Phase." To illustrate the implications of adopting this nonstandard approach, Duquesne advances a simple example of a measure with a four year expected life. The example could be any measure where the useful life is less than five years, the proposed duration of the Phase III program period.

Example measure: Strip Curtain infiltration barriers installed on walk-in cooler doors; grocery store application, measure life 4-years, reported savings 17,658 kWh, peak period demand reduction 2.3 kW.

<table>
<thead>
<tr>
<th>kWh Savings</th>
<th>kW</th>
</tr>
</thead>
<tbody>
<tr>
<td>S-On-Peak</td>
<td>S-Off-Peak</td>
</tr>
<tr>
<td>Profile (Grocery Refrigeration)</td>
<td>16.0%</td>
</tr>
<tr>
<td>Savings</td>
<td>2,830</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Avoided Cost</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S-On-Pk</td>
<td>S-Off-Pk</td>
</tr>
<tr>
<td>2016</td>
<td>181.93</td>
<td>243.49</td>
</tr>
<tr>
<td>2017</td>
<td>192.85</td>
<td>251.84</td>
</tr>
<tr>
<td>2018</td>
<td>201.21</td>
<td>260.79</td>
</tr>
<tr>
<td>2019</td>
<td>209.80</td>
<td>269.98</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Present Value</td>
<td>$710.14</td>
<td>$928.29</td>
</tr>
<tr>
<td>(discount rate 6.9%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Benefit</td>
<td>$4,068.21</td>
<td></td>
</tr>
</tbody>
</table>

Under the proposed treatment, such a measure, implemented in year-1 of Phase III, would have its energy and demand removed from the Phase cumulative savings total in the fifth year of Phase III, the measure having reached the end of its useful life. In the example above, measure
life-cycle avoided costs amount to $4,068.21. These costs do not suddenly become un-avoided when the measure wears out. Energy and demand resource costs were avoided at the time the measure was functional. Economic benefit is comprised of annual streams of avoided costs, extending forward a number of years equal to the measure’s useful life. In the example above the measure life is four years and it produces four streams of annual avoided costs that are brought to present-value, using an authorized discount rate. This comprises the life-cycle claimed benefit of the measure reported quarterly, annually and in Phase totals. The basis for the proposed cumulative accounting that would omit these energy savings and economic benefits is unclear. Such a requirement would cause EDCs to not implement measures with lives shorter than the Phase period and hampers program planning and delivery.

For the reasons stated above, the proposed cumulative Phase tabulation would be an incomplete tabulation of program energy savings, an incomplete tabulation of economic benefit, and full tabulation of program costs. The proposed cumulative tabulation, where “decayed” measures savings are removed from the running total, conflicts with the aforementioned cost-effectiveness structure. Duquesne Light asserts cost-effectiveness determination, and program impact reporting should not be decoupled. In the alternative, Duquesne Light recommends the Commission remove any such “decay” and “replenishing” language and adopt the industry standard practice of tabulating incremental, annualized kWh savings and peak period load reductions to affect cumulative Phase III reporting.

B. Low-Income Targets

Duquesne Light asserts that proposed low income direct install targets of 2% of Phase III portfolio savings are not achievable and are therefore unreasonable for two reasons: 1) low
electric space and water heating end-use saturations in Duquesne Light’s service territory, and 2) extensive activity by Duquesne Light’s Low Income Usage Reduction Program (LIURP) over the past ten years that has significantly reduced associated low income direct-install achievable potential.

1. Low Electric Space Heating and Water Heating End-Use Saturations:

The 2014 PA Statewide Act 129 Residential Baseline Study states that in Duquesne Light’s service territory electric space heating and electric water heating end-use saturations are 9% and 17%, respectively.² Accordingly out of every 100 homes treated, only nine will have electric space heating and only 17 will have electric water heating. Duquesne’s ability to implement direct-install electric energy efficiency measures is necessarily constrained by existing dwelling electric loads. The following is the associated and applicable prototypical household measures and 2014 PA TRM deemed savings:³

<table>
<thead>
<tr>
<th>Measure</th>
<th>Quantity</th>
<th>Unit</th>
<th>Saturation</th>
<th>Unit Savings (kWh)</th>
<th>Total Savings (kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I3W CFL</td>
<td>5</td>
<td>Lamp</td>
<td>100%</td>
<td>32.1</td>
<td>160.50</td>
</tr>
<tr>
<td>23W CFL</td>
<td>5</td>
<td>Lamp</td>
<td>100%</td>
<td>42.1</td>
<td>210.50</td>
</tr>
<tr>
<td>Refrigerator Recycling - Replace</td>
<td>1</td>
<td>Appliance</td>
<td>100%</td>
<td>738.98</td>
<td>184.75</td>
</tr>
<tr>
<td>Faucet Aerator ROI</td>
<td>2</td>
<td>Aerator</td>
<td>17%</td>
<td>65.8</td>
<td>22.37</td>
</tr>
<tr>
<td>High Efficiency Showerhead (1.75 gpm)</td>
<td>1</td>
<td>Showerhead</td>
<td>17%</td>
<td>259</td>
<td>40.63</td>
</tr>
<tr>
<td>Water Heater Tank Wrap</td>
<td>1</td>
<td>Wrap kit</td>
<td>17%</td>
<td>139</td>
<td>23.63</td>
</tr>
<tr>
<td>Water Heater Pipe Wrap</td>
<td>4</td>
<td>linear ft</td>
<td>17%</td>
<td>10</td>
<td>6.80</td>
</tr>
<tr>
<td>Smart Strip (7 plug)</td>
<td>1</td>
<td>Strip</td>
<td>100%</td>
<td>58.70</td>
<td>58.70</td>
</tr>
<tr>
<td>LED Nightlight</td>
<td>1</td>
<td>Nightlight</td>
<td>100%</td>
<td>22</td>
<td>22.00</td>
</tr>
<tr>
<td>Insulation - Ceiling (R27 to R38) - Heating</td>
<td>1200</td>
<td>Sq ft</td>
<td>9%</td>
<td>0.44</td>
<td>23.74</td>
</tr>
<tr>
<td>Insulation - Ceiling (R27 to R38) - Central A/C</td>
<td>1200</td>
<td>Sq ft</td>
<td>64%</td>
<td>0.01</td>
<td>4.37</td>
</tr>
<tr>
<td>Insulation - Ceiling (R27 to R38) - Room A/C</td>
<td>1200</td>
<td>Sq ft</td>
<td>56%</td>
<td>0.01</td>
<td>1.93</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>759.91</td>
</tr>
</tbody>
</table>

² Space heating end-use saturations: 2014 PA Statewide Act 129 Residential Baseline Study, page 95, Section 5.4.2 Space Heating Table 5-29 Fuel Type of Primary Space Heating Systems by EDC. Water heating end-use saturations: Page 110, Section, Section 5.6.1 Equipment Saturations by Fuel/Type; sample size 70.
³ The example prototypical dwelling is based on regional building stock and assumes a 1,500 ft² dwelling, where 80% of the total ceiling or 1,200 ft² covers conditioned space.
Per the Tentative Implementation Order (pages 56-57) Duquesne's low income direct-install mandate of 2% of total portfolio savings equates is 9,414 MWh. Given regional residential building stock, and associated opportunities for electric efficiency gain described above, achieving the mandate will require an estimated 12,388 participating households in Phase III. This an extremely aggressive requirement, made more difficult when we consider decades of program activity under Duquesne Light's LIURP.

Duquesne Light operates the LIURP that implements projects or "jobs", where more than 96% of direct-install measures contain no space heating or water heating measures, shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending</th>
<th>Space Heating</th>
<th>Water Heating</th>
<th>Baseload 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Jobs</td>
<td>Avg Cost</td>
<td>Jobs</td>
</tr>
<tr>
<td>2003</td>
<td>$1,852,000</td>
<td>16</td>
<td>$1,125</td>
<td>4</td>
</tr>
<tr>
<td>2004</td>
<td>$1,021,250</td>
<td>31</td>
<td>$1,910</td>
<td>4</td>
</tr>
<tr>
<td>2005</td>
<td>$1,092,425</td>
<td>20</td>
<td>$1,734</td>
<td>3</td>
</tr>
<tr>
<td>2006</td>
<td>$1,090,935</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>2007</td>
<td>$1,393,083</td>
<td>97</td>
<td>$1,479</td>
<td>3</td>
</tr>
<tr>
<td>2008</td>
<td>$1,230,237</td>
<td>3</td>
<td>$752</td>
<td>0</td>
</tr>
<tr>
<td>2009</td>
<td>$2,405,138</td>
<td>178</td>
<td>$3,888</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>$2,265,746</td>
<td>367</td>
<td>$2,743</td>
<td>1</td>
</tr>
<tr>
<td>2011</td>
<td>$1,584,272</td>
<td>3</td>
<td>$2,325</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>$1,560,620</td>
<td>210</td>
<td>$2,867</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>$1,707,828</td>
<td>161</td>
<td>$3,784</td>
<td>0</td>
</tr>
<tr>
<td>2014 2</td>
<td>$1,364,600</td>
<td>100</td>
<td>N/A</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>$12,118,441</td>
<td>1,186</td>
<td>19</td>
<td>38,088</td>
</tr>
<tr>
<td>Average</td>
<td>$1,731,206</td>
<td>99</td>
<td>$2,261</td>
<td>2</td>
</tr>
</tbody>
</table>

Percent Jobs | 3.0% | 0.0% | 96.9%  

---

4 Annual Reports on Universal Service Programs & Collections Performance
Baseload jobs contain very few or no heating or water heating measures.

Projected.

The LIURP production statistics (above) shows the vast majority of households served are receiving direct-install measures other than electric space and water heating. The 39,293 job population referenced above is a much larger sample than the 2014 Residential Baseline Study sample of 70 sites and serves to confirm very low space and water heating end-use saturations. Moreover, the LIURP activity reflects aggressively installing non-space heating and non-water heating measures, which seriously reduces the number of accessible projects available to an Act 129 low income direct-install initiative.

As shown above, Duquesne Light estimates it will need to implement direct install measures at more than 12,000 low income households to achieve the proposed 2% mandate. The Commission reports that there are 58,171 confirmed low income accounts in Duquesne Light’s service territory. To achieve the 2% mandate set out in the Phase III Tentative Order, the Act 129 direct-install program will need to achieve a 21% penetration into a hard-to-reach confirmed low income population where LIURP has penetrated 64% of these during the previous decade. The combine effect of very low electric space heating and very low electric water heating end-use saturations and decades of aggressive LIURP activity, render an additional 21% population penetration very doubtful. Duquesne Light requests that the Commission consider its unique circumstances before requiring a 2% direct install mandate on all EDCs.

---

1 Baseload jobs contain very few or no heating or water heating measures.  
2 Projected.
D. G/N/P Carve-Out

Duquesne Light does not recommend a carve-out for the Government, Educational, and Non-Profit Sector. If the Commission determines that there should be a carve-out as prescribed in Phases I and II, Duquesne Light advocates for the flexibility to conduct its programming in a cost-effective manner. Historically, Duquesne Light has implemented programs successfully in Phases I and II to address the needs of this sector and therefore believes it should continue to have the flexibility to design a cost effective program.

E. Multi-Family Carve-Out

Duquesne Light agrees with the Commission and does not support a carve-out for the multi-family housing market segment and instead the Commission should continue its Phase II provisions whereby qualification for reporting impacts can be shown under the low-income or Government, Educational, and Non-Profit sectors. However, if a working group is formed to explore cost-effective solutions and program designs that could be established as potential pilots, Duquesne Light is willing to participate.

F. Plan Flexibility

Duquesne Light has filed comprehensive plans meeting Commission’s criteria since Phase I began and will continue to do so through Phase III. Unique territories across the Commonwealth requires flexibility in the development of future plans to ensure that there exists the best opportunity to work towards meeting the individual company’s specific targets within the budgets allotted to them. That flexibility should include rebate application deadlines and number of programs within the plan for each customer class.
Flexibility should be afforded the Company to ensure that the Company develops the best plan for the selection of Conservation Service Providers based upon the program design. If that warrants keeping certain providers that have been previously bid and used, each Company should have that option.

The Company commits to filing their CSP bidding Plan by August 31, 2015.

Conclusion

Duquesne Light appreciates the opportunity to comment on the issues raised regarding the implementation of Phase III of the EE&C Program.

Sincerely,

Dave Defide
Manager, Customer Programs
Duquesne Light Company
411 Seventh Avenue, 15-1
Pittsburgh, PA 15219
Email - Ddefide@duqlight.com
Phone – (412) 393-6107

Tishokia E. Williams
Sr. Counsel, Regulatory
Adrienne Kurtanich
Attorney
Duquesne Light Company
411 Seventh Avenue, 16-1
Email - Twilliams@duqlight.com
Akurtanich@duqlight.com
Phone - (412) 393-1541
(412) 393-1482
CERTIFICATE OF SERVICE

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

First Class Mail

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101

Office of Small Business Advocate
Suite 1102, Commerce Building
200 North Street
Harrisburg, PA 17101-1923

Date: April 27, 2015

Tisheka Williams, Esquire
Senior Counsel, Regulatory
Duquesne Light Company
411 Seventh Avenue, 16-1
Pittsburgh, PA 15222
412-393-1541
twilliams@duqlight.com

APR 27 2015
RECEIVED