

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

**Reply Comments by The E Cubed Company, LLC
on behalf of Joint Supporters**

12-19-08

**Regarding the Energy Efficiency and Conservation Program and EDC Plans
Additional Questions Related to the Commission's Energy Efficiency and
Conservation Program**

In Docket M-2008-2069887

**Submitted
by:**

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The E Cubed Company, LLC on behalf of the Joint Supporters respectfully submits its reply comments to select answers to the questions posed by the Commission on November 26th, 2008 by various parties to this case. Please note that we have restricted our reply comments to those questions involving the TRC test.

As stated in our previous answers and in our statements at the working group meeting on Dec. 10, we believe that the Commission may limit costs to those incurred by the EDC, must include environmental benefits and should include any credits or the like the end-user may receive.

Regarding the question of limiting the costs to just those incurred by the EDC, what matters are the costs to the utility and by extension, the ratepayers, and not what costs an individual resident or business might face. While one rationale that is given is that this is the only way to know if a program is properly designed or not, that is not actually the case. There is, in fact, a wealth of information available on how to design successful energy efficiency programs. In particular, such material is available from the New York State Energy Research and Development Authority (NYSERDA), which has many years worth of experience developing and implementing some of the most highly regarded programs in the country. In addition, information is available from various other sources such as the California Energy Commission and groups such as the Northeast Energy Efficiency Partnerships (NEEP).

As to the issue of including environmental and other related issues on the benefit side of the equation, there is no other choice but to include them given the environmental issues the Commonwealth and the Nation currently faces. The residents of Pennsylvania

face increased medical costs and Pennsylvania businesses experience reduced productivity every year due to the health impact of power plant emissions. This is only exacerbated by the fact that upwards of 45% of the electric power consumed in the state is produced from coal-fired power plants (US EPA Fuel Mix Comparison), which generally speaking are the least environmentally friendly plants of all.

Furthermore, California has included environmental issues in their “Societal” version of the test and while it is not called a TRC test, the name is not important, but the concept is. Furthermore, Vermont includes a 5% adder for environmental costs in their version of the test.

As to the question of whether participant costs that are not paid by the EDC are included and therefore, whether these costs should be reduced by tax credits or credits under the AEPS Act received by the participants, we agree with PECO, PPL and others that they should be as they are part of the net benefits received by consumers.

Further with regards to the TRC test and whether the California model or some other model should be used and what should be included in the test, we believe that given the importance of the test and the influence it will have in the development of programs over the next few years in Pennsylvania, we respectfully recommend that the Commission hold a one day working group/stakeholder meeting so that all views and material in support of those views can be thoroughly presented. A one day session will allow for a complete review of the elements involved in determining which version of the TRC test would be best but not delay the development of the programs to be implemented per the Act.

