

CITIZEN POWER

Public Policy Research Education and Advocacy

Fuel Switching Working Group Comments of Citizen Power February 16, 2010

Citizen Power is a regional nonprofit, public policy research, education and energy advocacy organization based in Pittsburgh. Since 1996, Citizen Power has worked for safe, clean and affordable energy. We would like to thank the Fuel Switching Working Group for this opportunity to submit comments in response to the cost-benefit analysis of fuel switching programs dated January 25, 2010.

First, Citizen Power believes that the analysis provided is reflective of a situation where the current equipment is no longer operating. Specifically, the analysis calculates a net measure cost by subtracting the cost of the alternate fuel equipment from the cost of the measure cost. This is appropriate in situations where the original equipment is no longer operational. However, in cases where functioning equipment is being replaced, the remaining life of the existing equipment needs to be accounted for in the calculation. We recommend that the Fuel Switching Working Group provide an additional cost benefit analysis that reflects a situation where operational equipment is being replaced.

Second, Citizen Power does not understand why the primary fuel costs jump significantly between 2019 and 2020 in the model. If this assumption is based upon the likelihood of a carbon tax, we believe that the increases should reflect the current generation mix being used in the state and the probable impacts of such a tax. In addition, the increases should be phased-in based on a probabilistic assessment of the likelihood of a carbon tax in each individual year. This phase-in would begin significantly before 2020. If the increase in 2020 is based upon another reason, it should be clarified in a footnote.

Third, Citizen Power supports the comments of the Pennsylvania Utility Law Project (PULP). Specifically, PULP addressed fuel switching when an electric heating system is broken down in a low-income residence, repairing or replacing an inoperable gas furnace to discourage the use of electric space heaters, and replacing highly inefficient baseboard heat.

Citizen Power believes that the Fuel Switching Working Group should include an analysis of these measures in a future report.

Respectfully Submitted,

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