

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Smart Meter Procurement  
and Installation Plan

:

Docket No. M-2009-209655

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COMMENTS OF  
THE ENERGY ASSOCIATION OF PENNSYLVANIA

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## **I. Introduction**

Pursuant to Act 129 of 2008, P.L. 1592, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued a Secretarial Letter on March 30, 2009, circulating for comment (1) a draft staff proposed Implementation Order regarding Smart Meter Procurement and Installation Plans which certain Pennsylvania electric distribution companies ("EDCs")<sup>1</sup> must file by August 14, 2009; and (2) a list of Additional Questions related to the procurement and installation of smart meters. Thereafter, on April 9, 2009, a second Secretarial Letter was issued extending the comment and reply comment due dates to April 20, 2009 and April 29, 2009, respectively. The Energy Association of Pennsylvania ("EAPA" or "Association") files the instant comments focusing primarily on the draft staff proposed Implementation Order (Attachment B to the March 30, 2009 Secretarial Letter) and reserves its right to provide reply comments on the Additional Questions if warranted.

## **II. Comments**

The Association generally commends the Commission Staff for the approach to the filing and contents of Smart Meter Procurement and Installation Plans ("SMPI Plan") articulated in Attachment B to the March 30, 2009 Secretarial Letter. This filing will provide comments by section to the draft staff proposed Implementation Order.

### **A. Plan Approval Process**

The Association agrees with the process established under this section for plan approval and supports the use of distinct "key milestones and measurable goals" for each EDC.

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<sup>1</sup> The Pennsylvania EDCs subject to Act 129 include Allegheny Power, Duquesne Light Co., Metropolitan Edison Co., PECO Energy Co., Pennsylvania Electric Co., Pennsylvania Power Co., and PPL Electric Utilities Corp. These EDCs are members of the Energy Association of Pennsylvania, a trade association, and it is on behalf of these members that the instant comments are filed.

Pennsylvania EDCs are in varying starting positions with respect to smart meter procurement and installation. This applies not only to choice of technology but to the development and installation of an underlying communication network that links the meter and the customer location to the utility and provides access to data not only to the customer and the utility but to third parties as directed by the customer. Thus, it is to be expected and anticipated that dates established for "key milestones and measurable goals" in SMPI Plans may be markedly different from one EDC to another. It is important that the final Implementation Order provide flexibility and discretion to each EDC to procure and install smart meter technology under a SMPI Plan which provides tangible customer benefits in a cost-effective manner.

### **B. Smart Meter Deployment**

The Association and its members appreciate the recognition that smart meter deployment "involves an entire network, to include the meter, two-way communication, computer hardware and software, and trained support personnel...[along with the recognition] that it may take time for EDCs to select and install the required smart meter network components, and to train support personnel." See p. 4 of Attachment B, Staff Proposed Implementation Order. In fact, it will take time and varying amounts of time for each EDC to plan, develop and install the entire "smart meter system".

The Association believes that the 18 month grace period suggested in the draft Implementation Order may not provide sufficient time for both development and installation of the network, particularly if the starting point is plan approval which could be as early as January 2010. For example, choice of metering technology is necessary prior to installation of a network and the EDCs contemplate using an RFP or RFI process and obtaining Commission approval for the choice of vendor. Time must also be allowed for contract negotiation and for

manufacture/delivery of equipment given the reality that all companies will essentially be going to “market” under the draft Implementation Order in the same timeframe. Installation of the network could only occur after vendor choice, Commission approval, contract negotiation and manufacture/delivery of network components. Additionally, time must be allotted during installation for testing of the network components. Accordingly, the Association suggests that either the 18 month grace period not commence until after a vendor is approved by the Commission or allow for each EDC to establish its own grace period as part of its proposed SMPI Plan.

The EDCs understand and support the direction “to expedite the deployment process if it will provide increased customer benefits in a cost effective manner.” See p. 7 of Attachment B, Staff Proposed Implementation Order. It is suggested that sufficient time for planning and development is crucial given the size of the investment and the role smart meters can play in reducing energy usage and demand over the long term. By requesting this change in the draft Order, the Association is not advocating a delay but a measured approach that “balances the overall efficiency and timeliness of smart meter installation with the costs incurred.” Id.

### **C. Smart Meter Capabilities**

The question of smart meter capabilities involves issues relating to current and developing technology, customer needs and cost. While the Association agrees that Act 129 establishes basic requirements, it cautions against mandating specific capabilities without first allowing for stakeholder discussion, including input on current technology, on cost of procurement and installation and on the benefit of specific capabilities for certain customers or classes of customers. Accordingly, the Association suggests changing the word “must” to “may” in the first line of page 9 of the draft Staff implementation Order and holding a technical

conference prior to issuance of a final Implementation Order to allow for a better understanding of why the specific capabilities listed on page 9 were chosen and to receive input from stakeholders with respect to the need for specific capabilities and the cost associated with the function.

#### **D. Access to Smart Meters and Data**

The Association agrees with the statement “that the true usefulness of smart meters is to provide information to empower customers to control their electric use.” See page 10 of the draft Staff Implementation Order. The key is access to data by the customer and, with consent, to third parties such as electric generation suppliers, conservation service providers and load management service providers. The Association believes that the availability of the data is what will enable both the customer and those who provide energy services to the customer to maximize efficient use of energy and to levelize cost increases in a volatile energy market. Information can be provided without direct meter access. The Association believes that, timely access to data by the customer or a third party will enable the energy service sought by the customer and meter access need not be mandated.

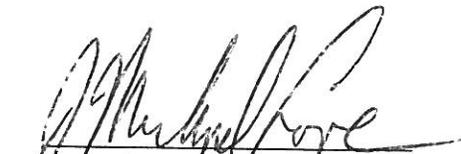
#### **E. EDC Cost Recovery**

The Association contends that to the extent installation of smart meters under Act 129 results in the early retirement of existing metering equipment, cost recovery must allow for the recovery of those stranded costs.

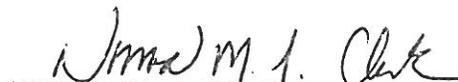
### III. Conclusion

Act 129 provides for the filing of a smart meter procurement and installation plan on or before August 14, 2009, and deployment in accordance with a deprecation schedule not to exceed fifteen (15) years. The framework for the SMPI Plan as set forth in the draft Order with the added flexibility suggested here by the Association will enable additional stakeholder input, balance smart meter benefits and technology choice with overall cost, and meet the aggressive timelines established by the General Assembly for Act 129 implementation.

Respectfully Submitted,



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