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April 20, 2009

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
200 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

RE: Smart Meter Procurement and Installation Plans; Docket No. M-2009-2092655

Dear Secretary McNulty:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are an original and fifteen (15) copies of the Comments of the Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA"), and West Penn Power Industrial Intervenors ("WPPII") (collectively, "Industrial Customer Groups") to the Draft Staff Proposal and Additional Questions issued in the above-referenced proceeding on March 30, 2009.

Please date stamp the extra copy of this transmittal letter and Comments and kindly return them for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By Pamela C. Polacek

Pamela C. Polacek

Counsel to Industrial Energy Users Group of Pennsylvania, Duquesne Industrial Intervenors, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance and West Penn Power Industrial Intervenors

SLK
Enclosure
c: Commission's Act 129 e-mail account (via E-mail)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Smart Meter Procurement and Installation Plans	:	Docket No. M-2009-2092655

COMMENTS OF INDUSTRIAL ENERGY CONSUMERS OF PENNSYLVANIA, DUQUESNE INDUSTRIAL INTERVENORS, MET-ED INDUSTRIAL USERS GROUP, PENELEC INDUSTRIAL CUSTOMER ALLIANCE, PENN POWER USERS GROUP, PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP, PP&L INDUSTRIAL CUSTOMER ALLIANCE, AND WEST PENN POWER INDUSTRIAL INTERVENORS

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Dated: April 20, 2009

I. INTRODUCTION

On March 30, 2009, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued a Secretarial Letter seeking comments on a Draft Staff Proposal and Implementation Order and posing questions regarding electric distribution company ("EDC") Smart Meter Procurement and Installation Plans. On April 9, 2009, the Commission issued a second Secretarial Letter extending the comment deadline to April 20, 2009. The Industrial Energy Consumers of Pennsylvania ("IECPA"), Duquesne Industrial Intervenors ("DII"), Met-Ed Industrial Users Group ("MEIUG"), Penelec Industrial Customer Alliance ("PICA"), Penn Power Users Group ("PPUG"), Philadelphia Area Industrial Energy Users Group ("PAIEUG"), PP&L Industrial Customer Alliance ("PPLICA") and West Penn Power Industrial Intervenors ("WPPII"), (collectively, "Industrial Customer Groups") submit this paper in order to address their preliminary position and concerns regarding the Commission's Staff Proposal on Smart Meter Procurement and Installation Plans.

IECPA is a 24 member ad hoc group of energy intensive industrial customers of electricity and natural gas. Members of IECPA consume 6 billion kWh of electricity, and more than 41,000 Pennsylvanians are employed by IECPA member companies. DII, MEIUG, PICA, PPUG, PAIEUG, PPLICA and WPPII are all ad hoc groups of commercial, institutional and industrial customers that participate in various proceedings before this Commission. As the PUC continues its process of fully implementing all the directives in Act 129 ("Act"), certain interests of large customers must be addressed. Several issues raised by the Commission's Draft Implementation Order may have a direct impact on the Industrial Customer Groups. Issues and proposals submitted in response to the additional related questions to the Commission's Smart Meter Procurement and Installation Program may also impact large customers. As a result, the Industrial Customer Groups reserve the opportunity to revise its position in response to other parties' comments through Reply Comments. The Industrial Customers continue to look forward to working with the Commission and other stakeholders to develop the procedures and requirements for the plans.

II. COMMENTS

The majority of the Industrial Customers' Comments will be made outside of the scope of the Commission's Additional Questions. Rather, and where necessary, specific language from the Commission's Draft Implementation Order will be addressed. As indicated above, the Industrial Customers also reserve the opportunity to address additional issues in subsequent phases of this process as necessary.

A. Smart Meter Capabilities

Act 129 defines smart meter technology as including metering technology capable of bidirectional communication that records electricity usage on at least an hourly basis, including related electric distribution system upgrades to enable the technology. See 66 Pa. C.S. § 2807(g). In addition, the technology must provide customers with direct access to and use of price and consumption information, such as: (1) information on a customer's hourly consumption; (2) the ability to enable time-of-use rates and real-time price programs; and (3) effectively supporting the automatic control of a customer's electricity consumption by either the customer, the customer's utility or a third party engaged by the customer or the customer's utility. Id.

As indicated in the Implementation Order, the Commission believes that the smart meter capability requirements set out in Act 129 are minimal requirements. See Draft Implementation Order at 8. Accordingly, as part of its Order, the Commission directs that a covered EDC's smart meter technology must support the following capabilities:

1. Bidirectional data communications capability;
2. Remote disconnection and reconnection;
3. Ability to provide 15-minute or shorter interval data to customers, EGSs, third-parties and the regional transmission organization ("RTO") on a daily basis, consistent with the data availability, transfer and security standards adopted by the RTO;
4. A minimum of hourly reads delivered at least once per day;

5. On-board meter storage of meter data that complies with nationally recognized non-proprietary standards such as ANSI C12.19 tables;
6. Minimum of 14 days storage capability;
7. Open standards and protocols that comply with nationally recognized non-proprietary standards;
8. Ability to upgrade these minimum capabilities as technology advances and becomes economically feasible;
9. Ability to monitor voltage at each meter and report data in a manner that allows EDCs to react to the information;
10. Remote programming capability;
11. Communicate outages and restorations;
12. Ability to support net metering of customer-generators;
13. Support service limiting and prepaid service programs;
14. Support automatic load control by EDC, customer and third-parties, with customer consent;
15. Support time-of-use and real-time pricing programs; and
16. Provide customer direct access to consumption and pricing information.

Draft Implementation Order at 9. In directing that an EDC's smart meter technology must support the above capabilities, however, the Commission must recognize that, in many cases, meters installed for Large commercial and industrial ("C&I") customers may, in whole or in part, already meet the definition of "smart meter technology" as articulated in Act 129. Before adopting a specific list of smart meter requirements, the Commission should assess the current meter technology deployed by the EDCs for Large C&I customers to confirm current capabilities and whether the meters meet the statutory requirements.

The Industrial Customer Groups also urge the Commission to be judicious in balancing the exuberance for the installation of the "most intelligent" smart meters for all customers against the costs that customers will bear, especially for customers that already have adequately intelligent meters that meet their needs and the statutory definition. The Commission should avoid being overly prescriptive in formulating additional requirements for smart meters in excess of those in Act 129 because it may result in the need to replace currently installed metering technology that meets the statutory definition.

B. Access to Smart Meters and Data

Act 129 requires EDCs to make available, upon customer consent, direct meter access and access to customer meter data to third parties. See 66 Pa. C.S. § 2807(f)(3). Accordingly, as part of the Draft Implementation Order, the PUC directs that all EDCs with more than 100,000 customers provide at least the following access to their smart meters and data:

1. Non-discriminatory access for retail electric suppliers and third-parties, such as EGSs, and conservation and load management service providers;
2. Open, non-proprietary two-way access for electric suppliers and third-parties, such as EGSs, and conservation and load management service providers; and
3. Full electronic access to customers and their representatives to meter data upon customer consent.

Draft Implementation Order at 10.

As is the case whenever issues relating to data access are examined, any Commission determination regarding data access must respect customer privacy concerns. Similar to the Comments made by the Industrial Customer Groups in Docket No. M-00072009, while furnishing information such as a customer's name, address and rate class may be acceptable, the Commission must ensure that other commercially-sensitive customer information, such as a customer's load profile information, be subject to the strictest confidence. Information such as that included in meter data may reveal to competitors highly proprietary information regarding aspects of a customer's business, such as production levels and efficiency. Providing potential competitors with real-time

access to this data is even more problematic because it shows current (rather than historic) manufacturing trends. Consequently, it is extremely important to large customers that information such as this be subject to stringent confidentiality constraints, and not be released without explicit customer authorization.

C. EDC Cost Recovery

Finally, as detailed more fully in the PUC's Draft Implementation Order, Act 129 allows EDCs to recover reasonable and prudent costs of providing smart meter technology. See Draft Implementation Order at 11-13. In addition, and as articulated in the Draft Implementation Order, measures associated with an EDC's smart metering plan will be financed by the customer class that receives the benefit of such measures. See Draft Implementation Order at 13. As such, if the meters for a particular class or rate schedule already qualify as "smart meter technology" under the Act or if a customer has already paid the costs prior to this program to install a smart meter, EDCs should not be able to recover any costs from those classes of customers. Such a result is consistent with the Commission's own observations as articulated in the Draft Implementation Order at pages 13-14. See Draft Implementation Order at 13-14. To memorialize this, Industrial Customer Groups recommend the following changes to this paragraph as indicated below:

> The Commission will require that all measures associated with an EDC's smart metering plan shall be financed by the customer class that receives the benefit of such measures. In order to ensure that proper allocation takes place, it will be necessary for the utilities to determine the total costs related to their smart metering plans, as discussed in E.1. Once these costs have been determined, we will require the EDC to allocate those costs to the classes whom derive the benefit from such costs. Any costs that can be clearly shown to benefit solely one specific class should be assigned wholly to that class. **Any customer that has previously paid to have a smart meter installed, and any customer class or rate schedule that already has smart meters deployed, should be exempted from paying all costs of the smart meter program.** Those costs that provide benefit across multiple classes should be allocated among the appropriate classes using reasonable cost of service practices.

See Draft Implementation Order at 13-14.

III. CONCLUSION

WHEREFORE, Industrial Energy Consumers of Pennsylvania, Duquesne Industrial Intervenors, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Penn Power Users Group, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance, and West Penn Power Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Comments.

Respectfully submitted,

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By _____

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Dated: April 20, 2009