

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PECO ENERGY COMPANY'S ACT 129 ENERGY : DOCKET NO. M-2009-2093215
EFFICIENCY AND CONSERVATION PLAN :**

**PECO ENERGY COMPANY'S
PROPOSED PLAN REVISIONS**

EXECUTIVE SUMMARY

September 15, 2010

Introduction and Summary

Pursuant to the Commission's June 24, 2010 and September 1, 2010 Secretarial Letters directing electric distribution companies ("EDCs") to file proposed revisions to their approved Energy Efficiency and Conservation ("EE&C") Plans by September 15, 2010, PECO Energy Company ("PECO") hereby submits its proposed revisions to its approved EE&C Plan (the "Plan").

This filing is intended to modify certain existing Plan measures, to add new measures to the Plan that were not included in PECO's original filing, and to shift funds from certain programs to the Compact Fluorescent Lamp Program (the "CFL Program"). By proposing these revisions and additions, PECO is seeking to provide customers with greater opportunities to participate in and achieve energy savings through the Plan's measures.

We note that PECO only has included in its revised Plan the modifications proposed below and specifically blacklined in the enclosed copy of the revised Plan. No other changes to the Plan are currently being proposed.

As the Commission recognized in its June 24 Secretarial Letter, "this is the first year of EE&C programs, [and] the EDCs, along with the Statewide Evaluator, Commission Staff and other interested parties, are still developing, testing and finalizing the data collection, verification and reporting procedures and formats."¹ Consistent with this recognition, PECO's Plan revisions are based on the knowledge and experience it has gained from the Plan since it was filed, and information obtained from other EDCs concerning the implementation of their EE&C plans.

PECO's proposed revisions have been shared with key stakeholders for their review and comment. PECO is now submitting them to the Commission with the goal of further improving the Plan.

Key Elements of the Proposed Plan Revisions

The Commission and interested parties should note that PECO's proposed Plan changes will not impact the Energy Efficiency Program Charge ("EEPC") to customers or the total level of program dollars set forth in the Plan. In addition, the proposed revisions will not result in the reallocation of the Plan's funds or costs among the customer classes.

Another key element of this filing is PECO's request to shift funding within the residential class from existing but currently not implemented residential programs to the residential CFL Program. This request is a result of the success of the CFL Program, for which the Commission granted expedited implementation approval.²

As part of this filing, PECO is also requesting the flexibility going forward to add additional measures to the Plan that have kWh savings protocols and which have received preliminary

¹ June 24 Secretarial Letter at 1.

² *Petition of PECO Energy Company for Approval of its Act 129 Energy Efficiency and Conservation Plan and Expedited Approval of its Compact Fluorescent Lamp Program*, Docket No. M-2009-2093215, Order (Order entered Oct. 28, 2009).

approval by the Statewide Evaluator (“SWE”). As measures are approved for inclusion in the Technical Reference Manual (“TRM”), are added to the TRM, or as Custom Measure Protocols are approved, PECO requests the ability to incorporate these measures into the Plan without the need for re-filing the Plan.³ This will ensure that new measures for energy savings are provided to PECO’s customers promptly after they are added to the TRM, while at the same time conserving Commission resources.

Proposed Plan Revisions

Residential Programs

The Plan’s residential programs provide numerous energy efficiency opportunities for residential customers. Participating customers can learn about energy efficiency through various PECO informational offerings and then implement measures to enable them to save energy and money.

The Plan encourages customers to become more efficient in their use of energy through incentives (rebates) that fund a portion of the incremental costs they will incur to upgrade to more energy efficient appliances and equipment. Based on experience with customers since the launch of the programs, and changes to the recognized kWh savings for certain measures, PECO is recommending the following modifications to its incentive levels to better align the rebates to the incremental cost of the specific energy efficiency measure. The recommended changes to the incentive levels more closely match the targeted 30% - 50% of the incremental cost to purchase more efficient appliances/equipment and correlate to the program participation levels PECO realized during the first program year.

Proposed Changes to Existing Residential Measures

Home Energy Incentives Program (“PECO Smart Home Rebates”)

The PECO Smart Home Rebates program is currently being implemented as part of the Plan. Based on experience with the following PECO Smart Home Rebates measures in the first program year, the overwhelming popularity of the rebates, and the SWE’s recommendation of recognizable kWh savings, PECO requests the approval of the following changes to the incentive levels:

³ PECO plans to pursue separate approval for any future budget reallocations

Proposed Changes to Incentive Amounts

Measure	Current Incentive	Proposed Incentive	Approved Plan kWh savings	Revised kWh Savings	kW
Clothes Washer	\$100	\$50	258	93.7	0.015
Dishwasher	\$50	\$25	137	94.5	0.023
Refrigerator*	\$75	\$50	86	72-100	0.013
Freezer*	\$75	\$50	57	52-83	0.011
Room A/C	\$50	\$25	98	98	0.059

*Energy savings dependent on appliance model

The proposed changes to incentive amounts can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.4.I at pages 66-67.

Low Income Energy Efficiency Program (“LEEP”)

PECO will provide a limited number of low-income customers with an energy-efficient refrigerator, thus replacing and removing the customer’s existing inefficient unit. This measure is limited to customer locations that have not received Low-Income Usage Reduction Program (“LIURP”) or LEEP weatherization. The old unit will then be recycled and disposed of in an environmentally friendly way. At the time of PECO’s original EE&C filing kWh savings were not approved for this program. The kWh savings for the program have now been reviewed and approved by the SWE for future inclusion in the TRM and they are shown in the chart below:

Measure	Approved Plan kWh Savings	Approved Plan kW Savings	Revised Plan kWh Savings	Revised Plan kW Savings	Incentive
Refrigerator Replacement	N/A	N/A	1,102	0.137	100% of measure cost

The proposed measure can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.2.Q at page 45.

Whole Home Performance Program (“WHP”)

The WHP program has been designed to provide customers with a comprehensive education regarding the energy performance of their homes by demonstrating that effective efficiency actions and results require more than simply taking several unrelated steps. The WHP program follows the ENERGY STAR® model with an audit and installation of low-cost measures followed by the homeowner determining whether to implement additional measures recommended by the audit.

The WHP program included several components:

- Comprehensive, on-site inspections during which an auditor installs low-cost energy-saving measures;
- An audit report containing specific recommendations for additional energy savings opportunities;
- Rebates to audit participants who install specific weatherization measures recommended from the audit, as well as assistance on how to access rebates offered under other PECO programs for additional recommended measures; and
- Training and utilization of ENERGY STAR qualified auditors and contractors located within the community to help provide WHP program services.

Protocols for measuring the energy savings from this program have not yet been submitted to the SWE for approval, as illustrated on the following chart. However, PECO will work with the SWE in the coming months to obtain approval for appropriate protocols.

Whole Home Performance Program Measures—Per Unit Savings and Cost

Measure Package	Approved Plan Annual kWh Savings	Approved Plan kW Savings	Revised Plan Annual kWh Savings*	Revised Plan kW Savings*	Unit Definition
Low-Cost Measure Package:					
2 low-flow showerheads, 3 faucet aerators, 1 water heater blanket, hot water pipe insulation, 8 standard CFLs installed*	3,031	0.019	1,959	0.019	per audit
Weatherization Measures:					
Sealing Air Leaks*	917	0.174	917	0.174	per home
Duct Sealing & Insulation*	446	0.348	446	0.348	per home
Attic Insulation*	N/A	N/A	890	TBD	per home

* Protocols to be submitted to and approved by the SWE before moving forward

The proposed revisions to Whole Home Performance Program Measures can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.3.I at page 53.

Pending the development of appropriate protocols, PECO is proposing to modify the WHP program to include an initial pilot of 50 electric-heated homes with a focus on PECO rate Residential Heat (RH) customers. The purpose of the pilot is to assess potential program savings and to ascertain the breadth and depth of actions customers are taking around energy efficiency. The pilot will include pre- and post-testing consistent with the ENERGY STAR program. The results of the pilot will be used to structure the future program.

Currently, it is anticipated that WHP program protocols will be approved by the SWE and a vendor selected in the second quarter of 2011. Consistent with this projection, PECO plans to launch the WHP program during the third quarter of 2011.

In view of the timing for implementation of the WHP program, there is an opportunity to achieve savings more immediately by shifting a portion of its funding to the CFL Program. Accordingly, PECO is proposing to transfer \$1.8 million of the program's \$3.3 million budget to the CFL program.

The proposed changes to the Whole House Performance Program funding amounts can be found in the September 15, 2010 Redline Version of Plan in Section 3.2.3.Q at pages 59-60.

Residential New Construction Program

As originally proposed in PECO's Plan, the Residential New Construction Program had been designed to increase the use of energy efficiency measures and standards in the design, construction and operation of single family homes and renovated or reconstructed homes. Education and rebates would be offered to designers/builders and owner/builders for the installation of high efficiency end-use equipment and building envelope measures.

In the time that has passed since filing and approval of PECO's Plan, building codes and standards have changed and become more stringent, making it more difficult to achieve incremental energy savings. Some of the changes include codes requiring Insulated Ceiling (IC) rated recessed lighting fixtures be sealed and caulked, 50% of the permanent lighting fixtures be high-efficiency, expansion of the building thermal envelope sealing, and door and window u-factors changing from u-0.40 to u-0.35.

Since the new home construction activity has slowed and the 2009 building codes and guidelines make it more difficult to achieve incremental energy savings, as part of its plan revision, PECO is recommending transferring funds from the Residential New Construction Program to the CFL Program. Specifically, PECO recommends moving \$1.7 million of the program's \$2.4 million budget to the CFL Program. The remaining \$700,000 will be used to provide incentives to builders for installing high efficiency HVAC and appliances in residential new construction.

The proposed change to Residential New Construction Program funding can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.5.Q at page 88.

CFL Program (“PECO Smart Lighting Discounts”)

As noted previously, the CFL Program has been extremely successful. Since its inception in October 2009 through July 2010, over 3.3 million discounted CFL bulbs have been sold resulting in over 154,000 MWh savings. These results have exceeded the Plan’s projected 1.76 million in CFL sales and 88,000 in MWh savings.

The funding changes PECO proposed above can be summarized as follows. PECO proposes to transfer \$3.5 million into the CFL Program, with \$1.7 million coming from the Residential New Construction Program and \$1.8 million from the Whole Home Performance Program. This funding transfer will not impact the Energy Efficiency Program Charge (EEPC) or other rate classes as both the Residential New Construction Program and the Whole Home Performance Program are utilized and funded by the residential customer class.

The additional \$3.5M transferred to the CFL program is expected to result in an additional 3.2 million discounted bulbs sold at retailers, 144,000 MWh energy savings and demand reduction of 8 MW.

Proposed Funding Modifications to Residential Programs

Residential Energy Efficiency Program	Budget (\$ Millions)		
	Total	Proposed Budget	Variance
CFL Initiative	\$19.7	\$23.2	\$3.5
Residential Whole Home Performance	\$3.3	\$1.5	-\$1.8
Residential New Construction	\$2.4	\$0.7	-\$1.7
<i>Total -- Residential EE Program Proposed Revisions</i>	\$25.4	\$25.4	\$0.0

The proposed funding modifications to Residential Programs can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.1.Q at pages 33-34.

Proposed New Measures

Home Energy Incentives Program (“PECO Smart Home Rebates”)

The following measures were not included in PECO’s Plan, but are approved in the TRM, have Interim TRM Protocols, or are under final review with the SWE. PECO requests that these

measures be added to the Plan, as they are cost-effective and provide residential customers with additional opportunities to participate in energy efficiency programs.

Additional Measures to be added to Home Energy Incentives Program

Measure	Approved Plan kWh Savings	Proposed kWh Savings	Proposed kW Savings	Proposed Incentive
Ceiling Fan with ENERGY STAR® Light Fixture	N/A	180	0.01968	\$10
Outdoor ENERGY STAR Lighting Fixture	N/A	135	0	\$10
Ground Source Heat Pump Desuperheater	N/A	1,842	0.34	\$250
High-efficiency electric water heater .93 EF	N/A	133	0.0122	\$25
High-efficiency electric water heater .94 EF	N/A	175	0.0161	\$25
ENERGY STAR 5.0 Desktop Computer	N/A	77	0.010	\$7.50
ENERGY STAR 5.0 + 10% Monitor	N/A	14	0.0019	\$10
Smart Strips	N/A	184	0.013	\$10
ENERGY STAR - Laser Fax Machine	N/A	78	0.0105	\$10
ENERGY STAR – Copier – Monochrome	N/A	73-162	0.0098 – 0.0218	\$10
ENERGY STAR – Laser Printer - Monochrome	N/A	26-329	0.0035- 0.0443	\$10
ENERGY STAR Multifunction Laser Printer - Monochrome	N/A	78-730	0.0105- 0.0984	\$10
LED Nightlight (1W LED)	N/A	22	0	\$6
Electroluminescent Nightlight	N/A	26	0	\$2

Measure	Approved Plan kWh Savings	Proposed kWh Savings	Proposed kW Savings	Proposed Incentive
Faucet Aerator –Bathroom (with electric water heating)	N/A	350	0	\$3
Faucet Aerator – Kitchen (with electric water heating)	N/A	175	0	\$3
Shower Head (with electric water heating)	N/A	355	0	\$3
Residential Furnace Whistle (with electric heat)	N/A	111	0	\$3
ENERGY STAR 4.0 Televisions*	N/A	125	0.010	\$10
ENERGY STAR 5.0 Televisions*	N/A	150	0.010	\$15

* Protocols to be submitted to and approved by the SWE before moving forward

The proposed additional measures to be added to the Home Energy Incentives Program can be found in the September 15, 2010 Redline of the Plan in Section 3.2.4.Q at pages 73-74.

Appliance Recycling Program (“PECO Smart Appliance Recycling”)

Based on a review by the SWE, the kWh savings associated with a recycled room air conditioning (“A/C”) unit changed from 1,147 kWh, which was utilized in PECO’s approved Plan, to 353 kWh. Accordingly, PECO is proposing that the rebate amount for this measure be reduced to better align with the approved kWh savings.⁴

This proposed change can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.6.Q at pages 98.

⁴ Pursuant to the terms of PECO Plan, room A/C units are only picked up, recycled and eligible for a rebate when a qualifying refrigerator or freezer is picked up to be recycled at the same time.

Proposed Changes to Recycled Window A/C Unit Rebate Amount

Measure	Current Incentive	Proposed Incentive	Approved Plan kWh savings	Revised kWh Savings	kW
Appliance Recycling – Room Air Conditioner Pick up with refrigerator or freezer	\$25	\$10	1,147	353	0.6395

The proposed change to recycled window A/C unit rebate amount can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.6.I at page 92.

Commercial/Industrial/Governmental/Non-Profit Programs

Commercial/Industrial Equipment Incentives Program and Government/Public/Non-Profit Facility Energy Savings Program (“PECO Smart Equipment Incentives”)

Based on the analysis of, and PECO’s consultation with its Conservation Service Provider, KEMA Services, Inc. (“KEMA”), PECO is proposing to add several measures (outlined in the table below) to the Commercial/Industrial Equipment Incentives Program and the Government/Public/Non-Profit Facility Energy Savings Program. KEMA’s experience in executing energy efficiency programs in other jurisdictions has shown that adding the proposed set of measures extends the reach of energy efficiency efforts and savings to grocery stores, food service establishments, small business customers, and non-profit institutions. The addition of these measures to the Plan will not impact the total cost of the programs as the incentives can be funded under the approved budget.

Proposed Commercial/Industrial/Governmental/Non-Profit Measures⁵

Measure	Proposed Annual kWh Savings	Proposed Peak Period kW Savings	Proposed Incentive
Strip curtains on walk-in coolers / freezers	139	0.010	\$4/SF
Anti-sweat heater controls	402	0.007	\$45/LF
EC motor for walk-in coolers	401	0.044	\$50/Motor
EC motor for reach-in refrigerated cases	345	0.033	\$45/Motor
Evaporator fan controls	478	0.060	\$70/Motor

⁵ These measures are not currently in the TRM.

Measure	Proposed Annual kWh Savings	Proposed Peak Period kW Savings	Proposed Incentive
Automatic door closers for walk-in coolers	960	0.139	\$70/Closer
Automatic door closers for walk-in freezers	2,360	0.322	\$100/Closer
Refrigerated display case night covers	105	0.000	\$5/LF
LED refrigerated case lighting	375	0.061	\$50/Door
ENERGY STAR solid door freezer	1,725	0.057	\$150/Freezer
ENERGY STAR glass door freezer	5,923	0.676	\$400/Freezer
High efficiency ice maker 101-200 lbs/day	1,029	0.118	\$100/Ice Maker
High efficiency ice maker 201-300 lbs/day	1,551	0.177	\$150/Ice Maker
High efficiency ice maker 301-400 lbs/day	1,840	0.210	\$175/Ice Maker
High efficiency ice maker 401-500 lbs/day	2,004	0.229	\$200/Ice Maker
High efficiency ice maker 501-1000 lbs/day	3,176	0.363	\$300/Ice Maker

Measure	Proposed Annual kWh Savings	Proposed Peak Period kW Savings	Proposed Incentive
High efficiency ice maker 1001-1500 lbs/day	5,019	0.573	\$400/Ice Maker
High efficiency ice maker >1500 lbs/day	5,585	0.638	\$500/Ice Maker
Hot food holding cabinet	3,299	0.603	\$300/Unit
Beverage machine controls	1,612	0.000	\$100/Machine
Snack machine controls	387	0.000	\$30/Machine
ENERGY STAR refrigerated vending machine	1,576	0.180	\$150/Machine
Barrel wraps	50	0.010	\$1/Ton

The proposed revisions to Commercial/Industrial/Governmental/Non Profits measures can be found in the September 15, 2010 Redline Version of the Plan in Section 3.2.7.Q at pages 116-117.

Conclusion

PECO requests that the Commission approve its proposed revisions to its Energy Efficiency and Conservation Plan. By proposing these revisions and additions, PECO is seeking to provide customers with greater opportunities to participate in and achieve energy savings through the Plan's measures.