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January 6, 2011

VIA OVERNIGHT DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
400 North Street
Harrisburg, PA 17105-3265

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JAN 06 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

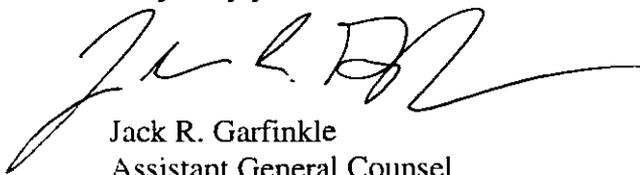
**Re: Implementation of the Alternative Energy Portfolio Standards Act of 2004:
Standards for the Participation of Demand Side Management Resources –
Technical Reference Manual 2011 Update – Docket No. M-00051865**

Dear Secretary Chiavetta:

Pursuant to the November 24, 2010 Tentative Order in the above-referenced docket and the related Notice published in the *Pennsylvania Bulletin* on December 4, 2010, enclosed please find an original and fifteen (15) copies of PECO Energy Company's Reply Comments on the Commission's proposed update to its Technical Reference Manual. The Reply Comments have also been electronically mailed to Gregory A. Shawley and Kriss Brown.

Kindly return a time-stamped copy of this letter in the self-addressed envelope that is enclosed. Please do not hesitate to contact me should you have any questions regarding this filing.

Very truly yours,



Jack R. Garfinkle
Assistant General Counsel

Enclosures

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Implementation of the Alternative Energy :
Portfolio Standards Act of 2004: Standards :
for the Participation of Demand Side : Docket No. M-00051865
Management Resources – Technical :
Reference Manual 2011 Update :

**REPLY COMMENTS OF PECO ENERGY COMPANY ON THE
PROPOSED UPDATE TO THE TECHNICAL REFERENCE MANUAL**

Pursuant to the November 24, 2010 Tentative Order entered by the Pennsylvania Public Utility Commission (the “Commission”) in the above-referenced docket, PECO Energy Company (“PECO” or the “Company”) hereby replies to comments submitted by other parties on the Commission’s proposed 2011 update to its Technical Reference Manual (“TRM”).

I. SPECIFIC REPLY COMMENTS

A. Timeframe For Implementation Of Changes To Baseline Data

In PECO’s Comments to the proposed TRM update, filed on December 22, 2010, the Company recommended that the Commission phase-in baseline revisions over a 12-month period to allow electric distribution companies (“EDCs”) an adequate amount of time to: (1) assess the impact of those revisions on their ability to meet mandated savings goals and stay within established budget constraints; (2) determine whether energy efficiency and conservation (“EE&C”) plan modifications are required; and (3) obtain Commission approval of any modifications. *See* PECO Comments, p. 2. Several other EDCs recommended that material baseline revisions in the proposed TRM update become effective June 1, 2013, the start of the next Act 129 EE&C compliance cycle. *See* Duquesne Light Company Comments, p. 2; Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Comments, p. 5; PPL Electric Utilities Corporation Comments, pp. 46-47; West Penn

Power Company Comments, pp. 3-4; Energy Association of Pennsylvania Comments, p. 23; *see also* Office of Consumer Advocate (“OCA”) Comments, pp. 5-7 (expressing support for providing EDCs with adequate time to make necessary EE&C plan changes before applying updated baseline data). PECO believes that the June 1, 2013 implementation timeframe is reasonable and addresses the Company’s concerns regarding changes to TRM baseline data. *See* PECO Comments, pp. 1-3. The Company would therefore support the adoption of either its proposed 12-month phase-in or the June 1, 2013 effective date proposed by other EDCs.

B. Baseline Data For Low-Income Households

The OCA has recommended that consideration be given to whether a separate set of baseline data should be developed for the low-income residential sector, particularly for certain appliance and lighting measures. *See* OCA Comments, pp. 2-7. The OCA notes that low-income household savings for certain measures may be significantly different than the average residential household savings because of different usage patterns and appliance age. *Id.* PECO agrees that possible distinctions between low-income household savings vs. average residential household savings warrant additional consideration. The Company believes, however, that identifying customers as low-income through rebate applications will likely be a significant challenge in the development of separate baseline data. PECO therefore recommends that the Technical Working Group (“TWG”) be charged with determining: (1) whether there is a material difference between baseline data for particular EE&C measures for low-income households and the average residential household; and (2) whether there is a cost-effective process for capturing reliable low-income baseline data to support the development of separate baseline values in future revisions of the TRM.

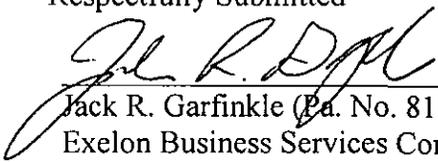
C. Revisions To Demand Coincidence Factors

Citizen Power has recommended that the demand coincidence factor be lowered for measures where customers enrolled in time-of-use (“TOU”) rates would be able to shift use to non-peak hours, such as TRM measure 2.2 involving the use of an electric clothes dryer with a moisture sensor. *See* Citizen Power Comments, pp. 1-2. PECO believes that revising TRM demand coincidence factors at this time would be premature. Representative data does not currently exist to reliably quantify the impact on demand coincidence factors of TOU customers shifting their discretionary electricity usage to off-peak periods. Once the impact can be reliably quantified, PECO would support the revision of demand coincidence factors for all measures influenced by discretionary consumption shifts by TOU customers. PECO recommends that the TWG be charged with reviewing the demand coincidence factors and identifying any appropriate revisions.

II. CONCLUSION

PECO appreciates the opportunity to participate in this important proceeding and believes that the Company’s recommended revisions can improve the effectiveness of the Technical Reference Manual.

Respectfully Submitted



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For PECO Energy Company

