

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of Alternative Energy	:	
Portfolio Standards Act of 2004:	:	Docket Nos. M-2012-2313373
Standards for the Participation of	:	M-00051865
Demand Side Management Resources –	:	
Technical Reference Manual 2014 Update	:	

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**COMMENTS OF THE  
ENERGY ASSOCIATION OF PENNSYLVANIA  
TO THE 2014 TRM ANNUAL UPDATE  
TENTATIVE ORDER**

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On August 29, 2013, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) entered a Tentative Order proposing changes to the Technical Reference Manual (“TRM”) for the fifth consecutive year. Initially created to support the requirements of the Alternative Energy Portfolio Standards Act (“AEPS Act”), 73 P.S. §§ 1648.1 – 1648.8, the TRM has been adopted, expanded and updated as a component for use in the evaluation, measurement and verification process applied to Energy Efficiency and Conservation (“EE&C”) plans under Act 129 of 2008. The Commission utilizes an annual review of the TRM as a way to incorporate new technical information, changes to codes, regulations and statutes and additional energy efficiency measures. The Commission maintains that the annual update process assures the use of the most current studies and research so as to more accurately measure savings claimed in

support of Act 129 goals. It is anticipated that the 2014 update to the TRM, once finalized, will become effective on June 1, 2014.

On behalf of its electric distribution company (“EDC”) members subject to the provisions of Act 129<sup>1</sup> the Energy Association of Pennsylvania (“EAP”) submits the following general comments on the current proposed annual TRM update. With regard to the technical changes in assumptions, algorithms and deemed savings calculations which are proposed in the 2014 TRM update, the Association refers the Commission to the comments submitted by its individual member EDCs.

## **I. COMMENTS**

EAP supports the Commission’s efforts to improve the accuracy of the TRM through periodic updates intended to incorporate new energy efficiency and conservation measures, reflect changes to codes, regulations and statutes, and to correct algorithms and revise charts. Further, EAP appreciates the Commission’s collaborative approach to facilitate and to achieve a comprehensive and thoroughly vetted end-product.

With respect to the revisions being proposed in the 2014 TRM update, these are the most-extensive annual TRM revisions to date. The modifications touch every measure, changing fully-deemed savings values, algorithms and methodologies for determining measure savings, and baseline valuations. In some instances, fully stipulated savings are replaced with an algorithm and then, for other measures, the stipulated variables in the algorithm have been replaced with site-specific variables. Each of these changes will impact implementation of the current EE&C plans which have only recently been launched on June 1, 2013 and which are in

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<sup>1</sup> EAP members subject to Act 129 include Duquesne Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power Company, PPL Electric Utilities Corporation and West Penn Power Company.

place for a three year period, ending on May 31, 2016. The proposed changes in the 2014 TRM update will result in major implementation modifications for EDCs and will also change the type and amount of data collected from customers who choose to participate in Act 129 programs. The shift in data collection will, in turn, impact existing CSP contracts and EDC tracking systems, all of which adds to the cost and complexity of the evaluation, measurement and verification processes under Act 129.

The Association remains concerned that the Commission's efforts at finding the perfect way in which to measure savings through a process which requires an annual shift in implementation and new ways to calculate savings does not balance the desire for mathematical accuracy with considerations of cost-effectiveness and consumer confusion. The Association again suggests that the Commission consider timing application of future TRM revisions to coincide with the beginning of an EE&C phase rather than annually, recognizing that new plans are proposed, vetted and considered on a periodic basis in a process which itself provides a regular and meaningful opportunity for updating and refining EM&V protocol. The annual implementation of TRM changes, particularly the magnitude of the modifications proposed for the 2014 update, does little to advance consumer support and participation in energy efficiency programs and may in fact strengthen consumer ambivalence in a market where energy prices are relatively stable and low. Since one of the policy objectives of Act 129 is the transformation of consumer and market attitudes towards energy efficiency as a way to meet increasing demand, frequent changes in eligibility criteria, applications, rebates and the amount/type of customer supplied data would arguably discourage participation and prolong the time necessary to achieve the desired market transformation.

As noted in its prior comments, EAP contends that the annual update of the TRM is not only out of sync with the filing, review and implementation of EE&C plans, it unnecessarily increases the cost of EM&V and creates confusion in the marketplace. Tying implementation of TRM modifications changes to the beginning of a program phase will not only enable EDCs to more easily incorporate those changes into their EE&C plans, it will provide clear direction to participants in the marketplace looking to adopt energy efficiency tools into their lives and business plans. It will streamline and simplify implementation at both the program and measure levels, leading to cost efficiencies. Yearly changes to EM&V protocols and savings calculations increases costs to all ratepayers with no measurable incremental benefit. The Association supports the timely review of the TRM and the adoption of new research and methods to improve EM&V protocols and savings calculations but asks that implementation begin at the start of a new Act 129 EE&C plan phase.

Additionally, the Association continues to assert that the annual update and implementation process increases the risk that EDCs will not meet the reduction targets established by the Commission. Unnecessarily increasing that risk following implementation of Commission approved EE&C plans raises due process concerns which EAP does not believe are outweighed by an otherwise laudable desire to “more accurately” measure savings. It is appropriate to weigh the increased risk of penalty under the law which occurs with mid-phase adjustments to the manner in which savings are calculated against fundamental notions of fairness and due process. To the extent that the annual updates are applied mid-stream and then work to adjust the measurement of deemed savings which form the building blocks of Commission approved EE&C plans, due process would seem to support a reevaluation of the targets and/or the ability to adjust spending levels. Since the Commission has previously

rejected the argument to modify targets and the statute sets a spending cap, EAP contends that notions of fairness could be met by implementing TRM revisions at the start of a new Act 129 phase. The Act 129 targets are ambitious and the statute dictates penalties of not less than a million dollars for the failure to meet those targets, underscoring the importance and materiality of considering fairness and due process concerns before implementing modifications mid-stream to the manner in which savings are calculated.

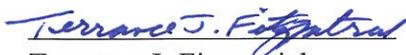
Also of significant concern to the Association is the proposal to increase the threshold for individual metering. The 2014 TRM update proposes that all non-residential lighting projects with an expected energy savings greater than 500,000 kWh/yr must be metered to determine hours-of-use (and energy savings). EAP suggests that the threshold as proposed is too low and will both increase cost and impact participation by subjecting EDCs to excessive and costly collection of site-specific data, primarily light logging, to determine hours-of-use (HOU). EAP asks the Commission to consider whether the proposed threshold strikes the proper balance between possible small gains in the accuracy of measuring savings and a likely reduction in cost effectiveness and decreased program participation.

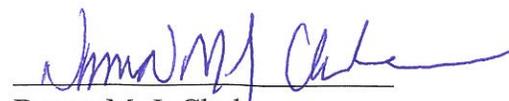
EAP recommends increasing the metering threshold from 500,000 kWh/yr to 1,000,000 kWh/yr. In addition, EAP requests that the Commission clarify whether the metering applies to all projects above the threshold or only to those projects in the evaluation sample (where the sample is selected from the population of projects above the threshold). The Association suggests that the time, resources and cost attributable to increased metering and additional evaluation rigor would be better spent on customer rebates and incentives.

## II. CONCLUSION

In conclusion, EAP requests the Commission to re-examine the benefit of continuing to implement annually the updates to the TRM to ongoing and approved EE&C plans. While timely updating the TRM is laudable, the process should be balanced and synced with the start of the EE&C program phase to reduce the costs of having to modify newly-approved EE&C plans and budgets. EAP continues to assert that the intended benefits to ratepayers through annual adjustments of the savings values are clearly outweighed by the inefficient use of resources to realign budgets and modify EE&C plans following most TRM annual updates. This is particularly true for the current proposed update which will become effective a year into the current three year plan and which will require major modifications to the manner in which data is collected and tracked by EDCs and their Act 129 CSPs. In addition, EAP recommends increasing the proposed metering threshold from 500,000 kWh/yr to 1,000,000 kWh/yr. so as not to achieve small gains in measurement accuracy at the expense of reduced cost effectiveness and decreased program participation.

Respectfully Submitted:

  
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