



CITY OF PHILADELPHIA

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December 18, 2014

Via Electronic Filing

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
P.O. Box 3254
Harrisburg, PA 17105-3265

Re: Act 129 Energy Efficiency and Conservation Program - Phase Three
Docket No. M-2014-2424864

Dear Secretary Chiavetta:

Enclosed for filing please find comments of the City of Philadelphia in the matter referenced above. Thank you for providing the opportunity to comment.

Very truly yours,


Jocelyn Gabrynowicz Hill
Assistant City Solicitor

Enclosure

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Act 129 Energy Efficiency and Conservation Program Phase Three : Docket No. M-2014-2424864
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COMMENTS OF THE CITY OF PHILADELPHIA

Introduction

The City of Philadelphia (City) is submitting these comments in accordance with the Secretarial Letter dated October 23, 2014. The Pennsylvania Public Utility Commission (Commission) has requested comments on the design and implementation of Phase III to the Energy Efficiency and Conservation (EE&C) Program for the Commonwealth's largest Electric Distribution Companies (EDCs). The City's responses correspond to the numbered paragraphs of the Secretarial Letter.

1. Length of EE&C Phase III Program.

a. The City recommends a five (5) year program. The City believes that a longer program has several advantages that outweigh the countervailing concerns. Customer education about the value of energy efficiency programs takes time. A longer program term will allow customers to become better informed of revised/new program initiatives, evaluate them, budget for improvements and design and implement them. This process can take several years even for motivated customers. Program stability is essential for all customers to make informed decisions about significant expenditures. The worst outcome it to have customers become convinced of the program value and then learn that a program phase deadline has passed.

b. With a longer program phases incremental progress objectives become a more useful tool in gauging program effectiveness. Program targets should become progressively larger during the five year program. EDCs should be expected to make up shortfalls from earlier years over the remaining years of a phase.

2. Inclusion of Peak Demand Reduction Requirements. Until there is greater certainty about the fate of PJM-sponsored demand response programs, the City recommends that the Commission be conservative in setting Act 129 demand reduction targets and approving demand reduction programs. Certain programs, such as the residential and commercial direct load control programs could make modest demand reductions at reasonable costs. CHP, energy storage and energy management control

systems are more expensive measures that could provide for more dramatic and permanent demand reductions. These types of measures would be compatible with a wide array of future demand response initiatives. Measures like CHP and energy management devices that both reduce energy consumption and load management should be evaluated on both attributes.

- a) The City recommends that the peak demand reduction targets be maintained until the end of the program phase or until the Commission finds that the approved peak demand reduction programs are not effective or compatible with new initiatives by the Commonwealth or PJM.
- b) The budget share of peak demand reduction programs should be proposed by the EDCs in their program budgets so as to meet peak demand reduction targets.
- c) The budget share for peak demand should not be greater than 25% of total program resources.
- d) The Commission should consider effective demand response programs for any sector, but demand response should not have to include all sectors.
- e) The Commission should require demand response targets only for EDCs that have good potential. Not all EDCs must have a demand response target/program.
- f) If there is no demand response target, the Commission should allow EDCs to use all of their budgets for consumption reduction measures. EDCs should be permitted to include voluntary cost-effective demand response measures.

3. Inclusion of a Reduction Target Carve-Out for the Government, Educational and Non-profit Sector.

- a) The City recommends that the Commission continue its policy of requiring carve outs for the government, educational and non-profit sector. EDCs should structure and market EE&C programs to align with existing state program initiatives, such as the Guaranteed Energy Savings Act, which can bring expertise and financing to G/E/NP projects.
- b) Different EDC territories may have different potentials, and targets should be set based on the relative potential of the government, educational and non-profit sector to utilize the carve-outs. The City believes that the potential in the PECO territory remains very high with very high concentrations of eligible facilities.

c) Similar to our response in 3 b) EDCs may have varying potential for working with G/E/NP multifamily properties. EDCs should be encouraged to make outreach efforts to that sector consistent with the potential.

4. Inclusion of a Reduction Target Carve-out for the Low-income Sector.

a) The City recommends that the Commission include a target carve-out for the low-income sector.

b) The low-income carve-out should be proportional to the potential in each EDC's low-income sector.

c) The multi-family buildings may be included provided those buildings have also been included in the analysis of potential for energy savings.

5. Inclusion of Whole-House Measures. The City recommends that the Commission require at least on whole house measure for the residential sector. Electric heating customers should greatly benefit from comprehensive measures such as air sealing by qualified technicians.

6. EDC's Phase Three Budgets

a. Accumulated Savings in Excess of Reduction Requirements

a) The City recommends that the RDCs continue spending Phase II budgets after targets are met to provide program continuity and fairness to customers who would not otherwise be eligible for benefits that they have financially supported.

b) EDCs should be permitted to carry forward excess savings from Phase II into Phase III. EDCs should be rewarded for good program design and execution. The carry forward is an appropriate incentive to continue that good management until funds are exhausted.

b. Finalizing Phase II

a) EDCs should propose deadlines for their programs, as not all programs can be managed similarly in terms of inspections or verifications.

b) The Commission should set a deadline for application submissions at the end of a phase. 90 days from the end of the phase is appropriate.

c) The City has no comment.

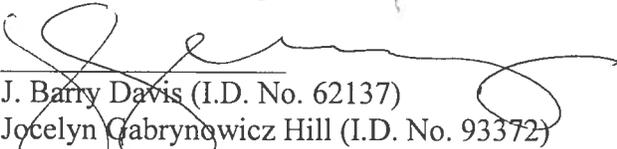
7. Updating of the Technical reference Manual. The Commission should continue to update the TRM annually or as necessary to ensure that the latest technology solutions are eligible to customers through the TRM. The Commission should work to align the commercial and industrial TRM and calculations with the information and requirements for PJMs permanent load reduction capacity payments. Alignment of these programs will maximize customer participation in both programs.

8. Updating of the Total Resource Cost Test. The Commission should update and review the TRC Test methodology on a least a three year basis regardless of the length of the phase. The Commission, on review of the TRC Test methodology should also review the decision to exclude of environmental, societal and other relevant non-energy impacts in the TRC Test.

The City respectfully requests that the Commission consider the foregoing comments.

Respectfully submitted,

The City of Philadelphia



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