

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Energy Efficiency and
Conservation Program – 2016
PA Total Resource Cost (TRC)
Test**

**Public Meeting: March 11, 2015
2468992-LAW
Docket No. M-2015-2468992**

STATEMENT OF COMMISSIONER JAMES H. CAWLEY

Before the Commission today is a Tentative Order containing proposed adjustments to the Pennsylvania Total Resource Cost Test for use in proposed Phase III of Act 129 that, if approved, would begin June 1, 2016. This further revised version of the TRC Test for use in proposed Phase III will be designated the 2016 TRC Test.

The proposed order (at page 4) states, *inter alia*, “that the purpose of using a TRC test to evaluate EE&C programs is to track the relationship between the benefits to customers and the costs incurred to obtain those benefits. Sections 2806.1(c)(3) and 2806.1(d)(2), as well as the definition of the TRC test in Section 2806.1(m) of Act 129, provide that a TRC test be used to determine whether ratepayers, as a whole, received more benefits (in reduced capacity, energy, transmission, and distribution costs) than the implementation costs of the EE&C plans.”

The actual language of the referenced definition of the TRC test is:

A standard test that is met if, over the effective life of each plan not to exceed 15 years, the net present value of the avoided monetary cost of supplying electricity is greater than the net present value of the monetary cost of energy efficiency conservation measures.

Concerns have been raised about limiting the benefits obtained in the calculation of the “monetary costs” to those of reduced capacity, energy, transmission, and distribution costs. Some states have a more expansive definition that includes other benefits, and other commentators have recognized other monetized benefits when analyzing the Total Resource Cost.*

* UNDERSTANDING COST-EFFECTIVENESS OF ENERGY EFFICIENCY PROGRAMS: *Best Practices, Technical Methods, and Emerging Issues for Policy-Makers* (EPA, Nov. 2008), available at <http://www.epa.gov/cleanenergy/documents/suca/cost-effectiveness.pdf>.

Therefore I request commenters to focus on the following issues relating to the Tentative Order:

Does Act 129 prohibit the inclusion of O&M benefits, such as reduced fossil fuel or water costs, into the TRC calculations related to such measures as insulation, weatherization, or other related programs? Is the inclusion of O&M costs related to fuel switching measures consistent with this treatment of similar fossil fuel costs in the TRC calculations? Please respond with reference to the specific statutory language.

I look forward to reviewing comments on this and other issues related to the Tentative Order,


James H. Cawley
Commissioner

March 11, 2015