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May 31, 2016

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, Pennsylvania 17105-3265

Re: Proposed Policy Statement on Combined Heat and Power
Docket No. M-2016-2530484

Dear Secretary Chiavetta:

Enclosed for filing please find the Comments of PPL Electric Utilities Corporation on the Proposed Policy Statement in the above-referenced proceeding.

Respectfully submitted,

Kimberly A. Klock

Enclosure

cc: Office of Consumer Advocate
Office of Small Business Advocate
Bureau of Investigation and Enforcement
Joseph Sherrick
Kriss E. Brown

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Proposed Policy Statement on Combined :
Heat and Power : Docket No. M-2016-2530484

**COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

By its Order entered March 9, 2016, the Pennsylvania Public Utility Commission (“Commission”) requested comments on its proposed policy statement requiring electric distribution companies (“EDCs”) and natural gas distribution companies (“NGDCs”) to submit biennial reports on their efforts to encourage the development of combined heat and power (“CHP”) in Pennsylvania.¹ PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) herein submits these Comments on the Commission’s *Proposed Policy Statement*.

I. INTRODUCTION

PPL Electric supports the Commission’s efforts to encourage CHP development in Pennsylvania and appreciates this opportunity to provide input on the Commission’s proposed reporting requirements concerning CHP projects. PPL Electric has provided incentives for five CHP projects under its Act 129 Energy Efficiency and Conservation (“EE&C”) Plans and currently has a total of 10 CHP projects operating in its service territory. An additional 20 CHP projects have submitted applications for Act 129 EE&C incentives for projects that are scheduled

¹ *Proposed Policy Statement on Combined Heat and Power*, Docket No. M-2016-2530484 (Order Entered Mar. 9, 2016) (“*Proposed Policy Statement*”).

for completion after June 2016. For these reasons, the Company believes that its Comments will provide the Commission with a valuable perspective regarding the *Proposed Policy Statement*.

II. COMMENTS ON THE PROPOSED POLICY STATEMENT

A. SECTION 69.3202²

Although the Company supports the Commission's initiative to track the success of CHP projects in Pennsylvania, PPL Electric has concerns regarding the language proposed for 52 Pa. Code § 69.3202. In general, PPL Electric believes its ability to provide some of the information in the CHP biennial reports may be limited due to practical difficulties in obtaining the information and confidentiality concerns. The Commission requests some information that PPL Electric does not have in its possession and, therefore, would have to obtain directly from the customer. Consequently, PPL Electric only can provide that information if the customer voluntarily discloses it to the Company. Moreover, some of the requested information could be used to identify specific customers and reveal details of the customers' operations that they consider confidential. Given PPL Electric's responsibility to protect its customers' confidential and proprietary information, the Company requests that EDCs be permitted to take appropriate steps to prevent the public disclosure of such information.

As explained in more detail below, the Company maintains that the Commission should take these concerns into account when preparing its final CHP policy statement and reviewing the EDCs' biennial reports.

1. Subsection (a)

Under the proposed 52 Pa. Code § 69.3202(a), an EDC's biennial report on CHP projects would need to include the following:

² PPL Electric's comments are limited to the proposed 52 Pa. Code § 69.3202(a)-(b), (d). The Company has no comments on the proposed 52 Pa. Code §§ 69.3201, 69.3202(c), (e), 69.3203, or 69.3204.

- (a) Identification and description of all CHP systems interconnected with the EDC or NGDC, including:
- (1) The location, the nameplate capacity (MW) and basic operation of each system.
 - (2) Projected cost savings for CHP customers, if known.
 - (3) Any system reliability benefits. The description shall include specific benefits to critical customers, including but not limited to federal, state, and local government facilities, educational institutions, hospitals, nursing homes, and retail and wholesale suppliers of food, wastewater facilities, and water distributors.
 - (4) Any transmission or distribution related savings or avoided costs as the result of a CHP facility. NGDCs shall also report on any revenue impacts.
 - (5) All CHP systems are to be included in the initial report. In subsequent reports, the companies need only identify new CHP systems interconnected (or disconnected) during the prior twenty-four month period.

PPL Electric is concerned about providing the information requested by subsection (a)(1)-(2) because the Company considers such information confidential and proprietary. Collectively, this information could be used by a third party, such as a customer's competitor, to identify a specific customer and uncover confidential and proprietary details of that customer's operations. Indeed, there are only 10 CHP projects in PPL Electric's service territory. If the specific location and basic operations of these systems are disclosed, a third party would likely be able to deduce the customer's identity. Notwithstanding, PPL Electric would be willing provide the information requested by subsection (a)(1)-(2), provided that it is able to generalize the "location" and "basic operation of each system" information. Doing so would provide the Commission with useful information about the CHP projects in an EDC's service territory while at the same time mitigating the risk that a customer's identity or the confidential and proprietary details of a customer's operations would be revealed to the public.

In addition, the Company may have difficulty providing the “[p]rojected cost savings for CHP customers,” transmission and distribution (“T&D”) savings or avoided costs, and the “system reliability benefits” information requested by subsection (a)(2)-(4). All of these items include information that is not in the Company’s possession. First, PPL Electric does not have information regarding the projected cost savings or avoided T&D costs for CHP projects unless those projects received incentives under the Company’s EE&C Plans, as all such projects are screened for cost-effectiveness using the Commission’s approved Total Resource Cost (“TRC”) Test. Accordingly, for any CHP projects that have not received an EE&C Plan incentive, the Company would need to obtain the projected cost savings and avoided T&D cost data directly from the customer. Customers may view projected cost savings and avoided T&D cost data as competitive information and not share it with PPL Electric, making it impossible for the Company to provide that data in its biennial reports. Second, as written, subsection (a)(3) appears to request “system reliability benefits” information from a customer perspective, particularly “critical customers” such as “government facilities, educational institutions, [and] hospitals.” However, PPL Electric does not have this information and would have to rely on its customers to provide it. Nevertheless, to the extent that there are any “system reliability benefits” from a utility perspective, the Company would be able to detail them in its biennial reports.

2. Subsection (b)

Under the proposed 52 Pa. Code § 69.3202(b), an EDC’s biennial report on CHP projects would need to include “[a] description of all future CHP projects that are scheduled to come on line or are under discussion.”

PPL Electric requests that the Commission clarify what information is included in the “description” of future CHP projects under subsection (b). It is unclear whether this description

must include all of the information requested under subsection (a). Moreover, if the information provided in response to subsection (b) can be utilized to identify a customer or reveal confidential and proprietary details of a customer's operations, the Company requests that EDCs be able to generalize such information to protect it from public disclosure, as explained in the preceding paragraphs.

3. Subsection (d)

Under the proposed 52 Pa. Code § 69.3202(d)(4), an EDC must report several other pieces of information about CHP projects, including the “[a]ctual electric generation delivered to all customers with CHP by the EDC on an hourly basis for the preceding twenty-four month period.”

PPL Electric requests that the Commission clarify whether subsection (d)(4) requires EDCs to provide each CHP customer's hourly load for the preceding 24-month period. If so, the Company notes that this is a voluminous amount of data that PPL Electric considers confidential and proprietary. Therefore, the Company requests that EDCs be permitted to aggregate all hourly load data and keep each CHP customer's identity anonymous.

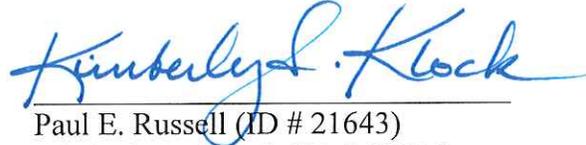
Further, PPL Electric asks that the Commission clarify whether the reference to subsection (a)(4) in subsection (d)(5) was meant to be a reference to subsection (d)(4). If so, PPL Electric raises its concerns about providing that confidential and proprietary data, as explained previously.

PPL Electric has no comments on 52 Pa. Code § 69.3202(d)(1)-(3), (6), or (7).

III. CONCLUSION

For all of the reasons stated above, PPL Electric Utilities Corporation requests that the Pennsylvania Public Utility Commission consider these Comments in the development of its final policy statement on Combined Heat and Power.

Respectfully submitted,



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