



National Association of
Energy Service Companies

June 11, 2009

- ✓ EDC's must file a EE&DR Plan with the PUC by 7/1/09
- ✓ Energy Efficiency (Consumption)
 - Savings target of 1% by May 31, 2011 & 3% by May 31, 2013
- ✓ Demand Reduction (Demand)
 - 4.5% reduction (355MW) off of 100 hrs peak demand for each EDC by May 31, 2013
- ✓ Minimum of 10% of consumption reductions shall be obtained from federal, state and local government including:
 - Municipalities, school districts, institutions of higher education, non-profits
- ✓ Cost cap of 2% of EDC's revenue as of December 31, 2006 (~\$85M)

✓ Energy Efficiency (Consumption)

- Reduction target of 1% for each EDC by May 31, 2011
- 3% target by May 31, 2013
- Baseline set from forecasted usage for 6/1/09 to 5/31/10
- PUC to re-evaluate targets by 2013

✓ Demand Response (Demand)

- 4.5% reduction for each EDC by May 31, 2013 off of 100 hrs peak demand
- Baseline peak demand from June 1, 2007 – May 31, 2008

✓ EE&C measures include:

- Solar, Solar PV, EE windows ,doors, lighting (includes certain retrofits), geothermal heating, insulation, air sealing, reflective coating roofs, EE heating & cooling eq.,EE appliances, and other technologies/measures approved by the PUC

Energy Efficiency & Conservation

- ✓ Cost cap for EE&C measures is 2% of EDC's revenue as of December 31, 2006 (~\$87M)
 - Up to 2% of the funds shall be used for experimental eq./devices
- ✓ Cost recovery is full and current using 1307 mechanism
 - Lost revenues not included in full and current recovery but can be claimed in distribution base rate proceeding
- ✓ PUC to develop program by January 15, 2009
- ✓ EDC's to file plans with PUC by July 1, 2009
 - PUC has 120 days to approve or reject (Nov 1, 2009)
 - EDC has 60 days to file a revised plan (Dec 31, 2009)
 - PUC has 60 days to approve revised plan (Mar 1, 2010)
- ✓ PUC to evaluate targets every 5 years beginning November 30, 2013
- ✓ Penalties
 - Failure to file a plan - \$100k/day
 - Failure to achieve usage and demand reductions - \$1M to \$20M
 - Deposited in the LIURP funds of each EDC

- ✓ Minimum of 10% of consumption reductions shall be obtained from:
 - federal, state and local government including: muni's, school districts, institutions of higher education, non-profits
- ✓ Plan to include how QA and performance will be measured, verified and evaluated
- ✓ EDC must competitively bid out the implementation of plan to Conservation Service Providers (CSPs)
- ✓ Plan must include measures for Low Income Households (LIHs)
 - Number of measures must be proportionate the LIH's total energy usage in the service territory
 - LIH programs must be coordinated with other programs administered by the PUC or other federal and state agencies

- ✓ Within 9 months of effective date of the Act EDCs to file smart meter technology procurement and installation plan (i.e., 08/14/09)
- ✓ EDCs to furnish smart meters:
 - Upon customer request
 - New building construction
 - In accordance with depreciation schedule not to exceed 15 years
- ✓ Smart Meter data must be made available to 3rd parties
 - Note: Data exchange rules not specified in the Act
- ✓ Cost Recovery:
 - Base rates with deferral and carrying charges **or** full and current through use of a 1307 mechanism
 - Costs of the smart meter technology can be recovered less operating and capital cost savings realized

- ✓ “Smart Meter technology” means –
 - Technology, including metering technology and network communications technology capable of bi-directional communication, that records electricity usage on at least an hourly basis, including related electric distribution system upgrades to enable the technology
- ✓ “Smart Meter technology” –
 - Shall provide customers with direct access to and use of price and consumption information
- ✓ “Smart Meter technology” shall also:
 - a. Directly provide customers with information on their hourly consumption
 - b. Enable time-of-use rates and real-time price programs
 - c. Effectively support the automatic control of the customer’s electricity consumption by one or more of the following as selected by the customer
 - i. The customer
 - ii. The customer’s utility
 - iii. A 3rd party engaged by the customer or the customer’s utility

- ✓ EDC shall submit to the PUC one or more proposed time-of-use (TOU) rates and real-time (RT) price plans
 - By 1/1/10, or at the end of the applicable rate cap period, whichever is later
 - PUC shall approve or modify the TOU rates and RT price plan within six months of submittal
- ✓ EDC shall offer the TOU and RT rates/price plan to all customers that have been provided with smart meter technology
 - Residential or commercial customers may elect to participate in TOU rates or RT pricing

- ✓ Identify opportunities to utilize Stimulus funding, consistent with the intent of the legislation, to support necessary programs or investments
- ✓ Leverage funding under PA Act 129's Energy Efficiency and Demand Response program goals to help achieve legislative mandates
- ✓ Coordinate with state and local governments and stakeholder organizations to pursue potential joint projects that mitigate Post 2010 impacts, improve reliability, enhance service to low-income customers or promote economic development
- ✓ Ensure potential negative impacts on PECO system through additional highway relocation costs or other programs are minimized

✓ Application Placeholder Language

"Applicant has requested a financial contribution to this project from PECO. PECO has agreed to consider providing financial support to this project to meet its obligations under its Pennsylvania Act 129 energy efficiency and demand response compliance plan (depending upon the project meeting the Pennsylvania Public Utility Commission's Total Resource Cost (TRC) test, regulatory approval of PECO's Act 129 compliance filing and PECO's overall project review), and Applicant agrees to cooperate with PECO with respect to this project to the extent necessary for PECO to meet its Act 129 obligations. Any contributions received from PECO will be used to reduce the applicant's cost of implementing this project."

- ✓ **CNG vehicle and station maintenance grant to U.S. DOE through PA Clean Cities Consortium**
 - 6 Gas Crew, 2 Gas Dump and 6 Utility Service Trucks
 - Grant sought covers just under 50% of cost of CNG conversion
 - \$310,000 grant sought; PECO cost-share \$320,000

- ✓ **PHEV grant to U.S. DOE Transportation Electrification program through EPRI Consortium**
 - 25 Trouble Trucks
 - Grant sought covers 100% of cost of PHEV conversion
 - \$2.5 million grant sought; PECO cost-share \$2.5 million

- ✓ **Chester Natural Gas Infrastructure Replacement Program grant to PA Energy Development Authority (PEDA) for Federal Stimulus funding**
 - Supplement existing PECO budget with focused program in City of Chester to inspect and replace bare steel main and services
 - \$1.4 million grant sought; PECO commits \$300K to Chester

- ✓ **U.S. DOE grants of up to \$200 million to support accelerated deployment of Smart Grid and Smart Meter technologies**
- ✓ **First round of grant applications are due July 29th; 2nd and 3rd rounds scheduled, but no funding is reserved for these rounds**
- ✓ **PECO sees this grant program as an opportunity to reduce the costs of delivering mandated Smart Meter technologies to our customers while learning which capabilities and rate structures deliver the most benefits to our consumers**
- ✓ **Our goal is to develop a grant application that supports a broad array of policy goals and the unique needs of our region**

- ✓ PECO is coordinating with a range of governmental and community-based organizations that are receiving direct Stimulus funding to support low-income weatherization, homeless assistance and expansion of its energy assistance offerings
- ✓ We will continue looking at our internal operations to determine if Stimulus provides other opportunities to support energy efficiency projects