Before The
Public Utilities Commission of Ohio

Ohio Edison Company
The Cleveland Electric Illuminating Company and
The Toledo Edison Company

Energy Efficiency & Peak Demand Reduction Program Portfolio Status Report

For the Period January 1, 2009 through December 31, 2009

March 8, 2010

Docket No. 10-227-EL-EEC
Docket No. 10-228-EL-EEC
Docket No. 10-229-EL-EEC

I. INTRODUCTION

Pursuant to Section 4901:1-39-05, O.A.C., Ohio Edison Company ("Ohio Edison" or "OE"), The Cleveland Electric Illuminating Company ("CEI") and The Toledo Edison Company ("Toledo Edison" or "TE") (collectively, "Companies") submit their Portfolio Status Report ("Report") for the period January 1, 2009 through December 31, 2009 ("Reporting Period"). This Report addresses the Companies' compliance with the energy efficiency ("EE") and peak demand reduction ("PDR") benchmarks set forth in R.C. § 4928.66(A) for the Reporting Period.

Pursuant to the January 7, 2010 Finding and Order issued by the Public Utilities Commission of Ohio ("Commission") in Case No. 09-1004-EL-EEC *et al.*, the Companies' 2009 statutory benchmarks for EE were amended to zero, contingent on the completion of certain requirements between 2010 and 2012.[1] Therefore, for purposes of this Report, the Companies are in compliance with their statutory EE requirements for 2009 as amended by said Order. Further, as more fully discussed below, the Companies also have met their 2009 PDR benchmark requirements, having collectively achieved 267.7 MWs of demand reduction capabilities/results.

The Companies are challenged, however, by the fact that Section 4901:1-39-05(C), O.A.C., requires that this Report include "all *approved* energy efficiency and peak demand reduction programs in [the Companies'] program portfolio plan[s]." (Emphasis added.) Inasmuch as the Companies' respective initial EE and PDR Program Portfolio Plans (the "EE&PDR Plans") were filed on December 15, 2009, in Case No. 09-1947-EL-POR *et al.,* and are the subject of an evidentiary hearing that commenced on March 2, 2010, the Commission has not yet approved any of the Companies' proposed EE&PDR programs that are included in the EE&PDR Plans. Accordingly, this Report cannot address these proposed programs and, instead, will focus on those individual EE&PDR programs approved by the Commission prior to January 1, 2010: (i) The Home Energy Analyzer; (ii) Direct Load Control; (iii) Interruptible Demand Reduction Program; (iv) Community Connections; and (v) the Companies' Mercantile Self-Direct Program, which currently includes six mercantile customer self-directed projects filed during 2009 and approved on February 11, 2010[2] (the "Approved Mercantile Projects") (collectively, the "2009 Programs").[3] The aforementioned 2009 Programs resulted in actual energy savings during the Reporting Period of 22,614 MWh[4] and peak demand reduction

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[1] *See In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company to Amend Their Energy Efficiency Benchmarks*, Jan. 7, 2010, Finding and Order, ¶¶ 9, 10.

[2] *See* Feb. 11, 2010 Finding and Orders issued in Case Nos. 09-0595-EL-EEC, 09-1100-EL-EEC, 09-1101-EL-EEC, 09-1102-EL-EEC; 09-1200-EL-EEC, 09-1201-EL-EEC.

[3] The Companies also conducted two other programs in 2009, which achieved relatively nominal results. The Home Performance with Energy Star Program resulted in approximately 10,000 kWh of energy savings and was terminated in June 2009. The Online Efficient Products Catalog Program began in 2009 and resulted in 79 customer orders. The Companies have proposed that this Program be expanded, as set forth in the Companies' EE&PDR Plans.

[4] The Companies have calculated the actual 2009 energy savings based on the Commission's use of pro-rated savings for partial-year participation (*see* Entry on Rehearing, Case No. 08-888-EL-ORD, Finding 17). However, as recommended in the Direct Testimony of John E. Paganie and George L. Fitzpatrick in Case No. 09-1947-EL-POR

capabilities/results of 267.7 MWs. A summary of the 2009 results for each Company by program is attached hereto as Exhibit 1.

It is also important to note that the Companies submitted applications during the Reporting Period for projects that, if approved, would result in significant additional EE and PDR savings. In fact, in addition to the six Approved Mercantile Projects included in the 2009 Programs, the Companies have submitted applications for approval of 39 additional mercantile customer self-directed projects that have been committed to the Companies.[5] The Companies also filed on October 14, 2009, an application for approval of their 2009 Transmission and Distribution ("T&D") projects.[6] All of these applications remain pending. If approved, these various projects would result in additional energy savings of 328,035 MWhs and peak demand reduction capabilities/results of 28.2 MWs. While the expected savings resulting from these pending applications is not included in the totals reported for 2009, the projected savings from all such applications also are summarized in Exhibit 1.[7]

II. 2009 COMPLIANCE DEMONSTRATION

Section 4901:1-39-05(C)(1), O.A.C., requires that a utility demonstrate the actual energy savings and demand reductions, and the expected demand reductions that the utility's EE&PDR programs have achieved during the reporting period, relative to the utility's corresponding baselines. In doing so, a utility must provide: (i) an update to the initial benchmark report; (ii) a comparison with the applicable benchmark; and (iii) an affidavit of compliance. Each requirement as applicable to the Companies is discussed below.

A. Benchmark Update

The Companies' Initial Benchmark Reports (for the years 2009 through 2012) were submitted for Commission approval as part of their respective EE&PDR Plans.[8] The initial

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et al., the Companies recommend that the Commission allow Full Year savings to mitigate costs to consumers to achieve the statutory benchmarks.

[5] *See* Applications filed in Docket Nos. 09-1103-EL-EEC, 09-1117-EL-EEC, 09-1109-EL-EEC, 09-1116-EL-EEC, 09-1120-EL-EEC, 09-1105-EL-EEC, 09-1107-EL-EEC, 09-1118-EL-EEC; 09-1300-EL-EEC, 09-1301-EL-EEC, 09-1302-EL-EEC, 09-1303-EL-EEC, 09-1305-EL-EEC, 09-1306-EL-EEC, 09-1307-EL-EEC, 09-1309-EL-EEC, 09-1315-EL-EEC, 09-1317-EL-EEC, 09-1318-EL-EEC, 09-1320-EL-EEC, 09-1321-EL-EEC, 09-1326-EL-EEC, 09-1202-EL-EEC, 09-1203-EL-EEC, 09-1204-EL-EEC, 09-1205-EL-EEC, 09-1206-EL-EEC, 09-1207-EL-EEC, 09-1208-EL-EEC, 09-1209-EL-EEC, 09-1210-EL-EEC, 09-1212-EL-EEC, 09-1214-EL-EEC, 09-1216-EL-EEC, 09-1217-EL-EEC, 09-1224-EL-EEC, 09-1226-EL-E EC, 09-1228-EL-EEC, 09-1231-EL-EEC.

[6] *In the Matter of the Energy Efficiency and Peak Demand Reduction Program Portfolio of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company*, Case No. 09-951-EL-EEC *et al.*

[7] As indicated in Exhibit 1, the combination of the results of the 2009 Programs with the pending applications, should they be approved, would bring the Companies into compliance with their 2009 statutory benchmark requirements, without amendment.

[8] Each Company's Initial Benchmark Report was included in the Companies' respective EE&PDR Plan as Section 1.0, Table 4. *See* Application, Case Nos. 09-1947-EL-POR *et al*. The Benchmark Report for CEI as set forth in its Plan was corrected during the evidentiary hearing in that proceeding.

benchmarks included in the EE&PDR Plans incorporated projected amounts contributed by mercantile customer self-directed projects filed for approval by December 1, 2009. Therefore, those benchmarks have been updated, as shown in Exhibits 2, 7, and 8, to reflect only the amounts contributed by the Approved Mercantile Projects. The Companies' EE benchmarks are also updated to reflect the Commission's amendment of the Companies' EE benchmarks to zero.[9] No other adjustments to the initial benchmarks have been made.

B. Comparison of Actual Savings to 2009 Benchmarks

The Companies have satisfied their 2009 EE (as amended) and PDR benchmarks. The Companies' EE benchmarks were amended to zero, pursuant to the Commission's January 7, 2010 Finding and Order in Case No. 09-1004-EL-EEC *et al.*, contingent on the completion of certain requirements between 2010 and 2012. Notwithstanding, Ohio Edison, CEI and Toledo Edison achieved actual EE savings during 2009 of 7,815, 14,371 and 428 MWhs, respectively. Accordingly, for purposes of 2009 reporting, the Companies exceeded their 2009 amended EE benchmarks. Similarly, Ohio Edison, CEI and Toledo Edison reduced, or had the capability to reduce, their peak demand by 52.7, 69.5 and 145.5 MWs, respectively, thus meeting and exceeding their 2009 PDR benchmarks via the 2009 Programs.

It is also important to note that, if the Commission approves the pending 2009 applications, the Companies would realize savings that would exceed the EE benchmarks without application of the amendment discussed above. The Companies' savings from both the approved 2009 Programs and the pending 2009 applications as compared to the 2009 benchmarks are set forth in Exhibit 2.

C. Affidavit of Compliance

Attached hereto as Exhibit 9 is an affidavit of the Companies' compliance with their 2009 EE and PDR benchmarks, executed by John E. Paganie, Vice President of Customer Service and Energy Efficiency.

III. PROGRAM PERFORMANCE ASSESSMENT

Section 4901-1-39-05(C)(2), O.A.C., requires a demonstration by an electric distribution utility of the successful implementation of "the energy efficiency and demand-reduction programs *approved* in its program portfolio plan[s]" (italics added), which should include: (i) a description of each approved EE&PDR program implemented in the previous calendar year; (ii) an evaluation, measurement and verification ("EM&V") report documenting the actual EE&PDR results and the cost effectiveness of each program; and (iii) recommendations concerning the continuation of each program. Inasmuch as the Companies' EE&PDR Plans are the subject of an evidentiary hearing at the time of the filing of this Report, the Companies cannot provide information on *approved* programs included in the Companies' respective EE&PDR Plans.

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[9] *See In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company to Amend Their Energy Efficiency Benchmarks*, Case No. 09-1004-EL-EEC *et al.*, Jan. 7, 2010 Finding and Order, ¶¶ 9, 10.

Therefore, the Companies provide the following information regarding those programs that have received Commission approval as of December 31, 2009 – the 2009 Programs.

A. Description of the 2009 Programs

The 2009 Programs include: (i) The Home Energy Analyzer; (ii) Direct Load Control; (iii) Interruptible Demand Reduction Program; (iv) Community Connections Program; and (v) the Companies' Mercantile Customer Self-Direct Program, which currently includes six approved projects. A description[10] of each of the 2009 Programs is attached as Exhibit 3, including a summary of the key activities,[11] and program recommendations.[12] In Exhibit 4, the Companies present more detailed Company-specific information regarding the 2009 Programs, including the number and type of participants,[13] a comparison of forecasted to actual savings for each Company and each 2009 Program,[14] and anticipated savings over the life of the program.[15] In Exhibit 5, the Companies also present a summary of all EE and PDR results attributable to the Approved Mercantile Projects, along with the anticipated results should the remaining applications currently pending before the Commission be approved.[16] Finally, while not yet approved, a list and description of the Companies' 2009 T&D projects that are the subject of a separate application pending before the Commission is included as Exhibit 6.[17]

B. Evaluation, Measurement and Verification Report

Pursuant to Rule 4901:1-39-05(C)(2)(b), an electric distribution utility must include an Evaluation, Measurement and Verification ("EM&V") report that documents "the energy savings and peak-demand reduction values and the cost-effectiveness of each energy efficiency and demand-side management program reported in the electric utility's portfolio status report," including (i) "documentation of any process evaluations and expenditures"; (ii) "measured and verified savings"; and (iii) the "cost-effectiveness of each program." The EM&V Report must confirm that the measures were actually installed, the installation meets reasonable quality standards, and the measures are operating correctly and are expected to generate the predicted savings. Inasmuch as the Technical Reference Manual for Ohio (the "TRM") remains under development,[18] specific guidelines for program EM&V for the information required by Section 4901:1-39-05(C)(2)(b) are not yet available. Nevertheless, the Companies have included the information available for the 2009 Programs, including the actual EE and PDR results, as well as

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[10] Section 4901:1-39-05(C)(2)(a), O.A.C.

[11] Section 4901:1-39-05(C)(2)(a)(i), O.A.C.

[12] Section 4901:1-39-05(C)(2)(c), O.A.C.

[13] Section 4901:1-39-05(C)(2)(a)(i), O.A.C.

[14] *Id.*

[15] *Id.*

[16] Section 4901:1-39-05(C)(2)(a)(ii), (iii), O.A.C.

[17] Section 4901:1-39-05(C)(2)(a)(iv), O.A.C.

[18] *See, generally*, docket for Case No. 09-512-GE-UNC.

the cost effectiveness of each of the programs, all of which is included in Exhibit 4. In addition, a description of the EM&V processes for each of the 2009 Programs is set forth below:[19]

- Direct Load Control Program

The Companies are able to verify the functioning and results of the Direct Load Control Program through the equipment itself and feedback from the installation and technical contractor. First, the thermostats used in connection with the Direct Load Control Program are capable of two-way communication. Therefore, the Companies are able to verify that thermostats are responding to messages through data transmitted from the thermostats to a Company-accessed website. The Companies also can verify that each thermostat was actually installed and working. The Companies periodically call randomly selected participants to verify measures were installed appropriately. Second, the thermostats are obtained through reputable suppliers and installed by GoodCents®, a respected contractor with extensive experience in this field. GoodCents® provides detailed reports on a monthly basis that summarize the number of installations and customer service calls. To-date, the Companies have experienced no quality issues.

The information provided by the Companies' installation contractor and verified through the program website and communications from the thermostats was combined with deemed savings values from the proposed TRM[20] to calculate the MWs of savings associated with the Direct Load Control program. Based on the standard cooling season energy savings for Akron, Ohio from Energy Star's Programmable Thermostat Savings Calculator,[21] the Companies were able to calculate the MWh savings associated with customers who used the programmable features of the thermostat. The Companies excluded any customers who were not communicating on a two-way basis and customers that overrode curtailment signals from their calculation of MWh savings and MWs of peak load reduction.

- Interruptible Demand Reduction Program

The technology associated with the Companies' Interruptible Demand Reduction program also assists in the EM&V of this 2009 Program. The Companies' interruptible customers receive service under the current interruptible service tariff (Rider ELR) or long-term special contracts. The Companies use the Varolii Corporation notification system to notify customers of required demand response hours. This system employs

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[19] The Home Energy Analyzer program was implemented in December 2009. Due to this recent implementation date, the Companies do not have information available regarding savings achieved by this program in 2009. Accordingly, no EM&V information is provided for this 2009 Program.

[20] While not yet final, the Companies determined that the proposed TRM, set forth in Case No. 09-0512-GE-UNC, would be the most appropriate proxy under the circumstances. The Companies' use of the values included in the proposed TRM should not be construed as a waiver of the Companies' rights to challenge any aspect of the TRM once finalized.

[21] The Calculator can be found at: http://www.energystar.gov/index.cfm?c=thermostats.pr_thermostats.

two-way communication technology and is tested every month. These customers also all have interval metering, which records the customers' demand and energy usage on a 30-minute basis, every hour of the year.

Each customer has a specific contractual firm load that they must operate at or below if called on by the Midwest Independent Transmission System Operator ("MISO") or the Companies in an emergency. In 2009, this amount was equal to 258 MW of interruptible capability ("Interruptible Capability"). Interruptible Capability was calculated by comparing the customers' actual metered data over several periods of time to their firm load. This Interruptible Capability is registered as capacity with MISO in accordance with Module E requirements.

- Community Connections Program

EE and PDR impacts associated with the Community Connections Program[22] will rely on data and evaluation processes utilized by program manager Ohio Partners for Affordable Energy ("OPAE"), consistent with its EM&V processes, which are used throughout Ohio. OPAE uses its service agencies to install the measures within each territory. It provides the Companies with detailed reports, on a monthly basis, from each individual service agency regarding the measures installed and the location of installations.

The Companies have used this information to develop the partial year savings as well as for information regarding the mix of measures installed. Deemed values from the proposed TRM for measure life and coincident factor were used. The savings contained in this report have been validated by OPAE.

- Mercantile Self-Direct Program

As the name suggests, the Companies' Mercantile Customer Self-Direct Program includes projects that are coordinated and installed by mercantile customers. The mercantile customers must provide proof that the project has been installed and is in service. The documentation provided is reviewed by the Companies to validate that the information supports the calculation of energy efficiency and peak demand reduction savings. A participating mercantile customer also is required to validate the documented EE and PDR savings it achieves through its projects. In doing so, the customer must verify its savings using protocols outlined in the International Performance and Measurement and Verification Protocols or, when finalized, to the TRM. Once the customer has met these requirements, the applicable Company and the applicable customer file a joint application with the Commission, requesting approval of the customer's commitment of its project to the Company and requesting authorization to exempt the customer from paying the amounts due under the applicable Company's

[22] The Community Connections Program is implemented in accordance with the ESP Stipulation approved in Case No. 08-935-EL-SSO.

EE&PDR cost recovery mechanism (Rider DSE) as permitted in R.C. § 4928.66(A)(2). Further detail regarding savings achieved by the Approved Mercantile Projects is provided in Exhibit 5.

C. Recommendations Concerning 2009 Programs

The Companies have been able to achieve significant energy savings and peak demand reduction capabilities that warrant a continuation of the 2009 Programs, as set forth in Exhibit 3 and in the pending application for approval of the Companies' EE&PDR Plans. Specifically, the Companies recommend that the Community Connections Program, the Interruptible Demand Reduction Program, the Home Energy Analyzer Program, and the Mercantile Self-Direct Program continue as currently operational. The Companies also recommend that the Interruptible Demand Reduction Program continue as anticipated in the ESP Stipulation, Case No. 08-935-EL-SSO, through May 2011. The Companies will update their recommendation regarding this program in their 2010 Status Report. Finally, the Companies recommend that the Direct Load Control Program continue with modifications, as set forth in the Companies' EE&PDR Plans.

IV. REQUEST FOR WAIVERS

The requirements of Section 4901:1-39-05(C), O.A.C., are particularly challenging in this first year of implementation. The foundation for the requirements of that section is a reporting on programs "approved" by the Commission in a utility's three-year program portfolio plan. Due to the only recent implementation of the rules as set forth in Section 4901:1-39-01 *et seq.*, O.A.C., and the workload faced by the Commission and its Staff, the Companies' EE&PDR Plans are pending before the Commission and are the subject of a contemporaneous evidentiary hearing as of the date this Report has been filed. Therefore, the Commission has not yet had the opportunity to approve any of the programs proposed in the Companies' EE&PDR Plans, and it is extremely unlikely that the Commission will issue any decision on the EE&PDR Plans and the programs included therein prior to the regulatory deadline for this Report. The challenges with the submission of this Report are further illustrated by the requirements of Section 4901:1-39-05(C)(2)(b), which seeks an EM&V report for those approved programs. The TRM has not been finalized, which limits the Companies' ability to provide the information requested under the rules, even if any programs had been approved by the Commission. The Companies have instead presented the best information available regarding the 2009 Programs. But, in light of the foregoing constraints, the Companies respectfully request a waiver of Section 4901:1-39-05(C), O.A.C., to the extent the information available and presented does not conform to the unattainable requirements of that Section.

V. CONCLUSION

The Companies' 2009 Programs achieved significant EE savings and PDR results and capabilities. These actual results comply with the Companies' respective benchmarks, as amended by the Commission. The Companies look forward to the approval of the pending 2009 applications involving both the mercantile self-direct projects and the Companies' 2009 T&D

projects, as well as the programs included in the Companies' EE&PDR Plans, all of which will provide benefits to the Companies and their customers in the years to come.

Respectfully submitted,

/s/ *Kathy J. Kolich*

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