BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Portfolio Status Report on the Status of the Company's Energy Efficiency and Peak Demand Reduction Results for the Year Ended December 31, 2011 on Behalf of The Ohio Edison Company.	)	**Case No. 12-1533-EL-EEC**
In the Matter of the Portfolio Status Report on the Status of the Company's Energy Efficiency and Peak Demand Reduction Results for the Year Ended December 31, 2011 on Behalf of The Cleveland Electric Illuminating Company.	)	**Case No. 12-1534-EL-EEC**
In the Matter of the Portfolio Status Report on the Status of the Company's Energy Efficiency and Peak Demand Reduction Results for the Year Ended December 31, 2011 on Behalf of The Toledo Edison Company.	)	**Case No. 12-1535-EL-EEC**

COMMENTS
by the
SIERRA CLUB

I. INTRODUCTION

The Sierra Club files these initial comments to request supplemental information from the FirstEnergy electric distribution utilities ("EDUs") and to advocate for additional future reporting requirements in Energy Efficiency and Peak Demand Reduction Annual Portfolio

Status Reports. These comments are submitted to the Public Utilities Commission of Ohio ("PUCO" or "Commission") in accordance with Ohio Administrative Code Rule 4901:1-39-06(E), which provides a vehicle for comments from interested persons regarding annual energy efficiency and peak demand reduction portfolio status reports ("Reports").[1] The comments submitted are in response the Reports of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (jointly, "FirstEnergy" or the "Companies"). These comments are respectfully and timely submitted.[2]

In this proceeding, the Companies submitted their Reports on May 15, 2012, pursuant to Ohio Admin. Code 4901:1-39-05 and in accordance with a Commission-approved waiver request by Ohio EDUs for additional time.[3] The Reports address the Companies' compliance with the energy efficiency ("EE") and peak demand reduction ("PDR") benchmarks set forth in Ohio Revised Code §4928.66, for the period January 1, 2011, through December 31, 2011.

The purposes of these initial comments are to 1) Analyze the Companies' Reports and compliance with the EE/PDR benchmarks set forth in R.C. 4928.66; 2) Ensure that maximum energy efficiency and peak demand reduction is achieved by the Companies, and; 3) Assure that FirstEnergy's customers realize the benefits of cost-effective energy efficiency potential in FirstEnergy's service territory. Ohio Administrative Code 4901:1−39−05(C)(1) requires that each EDU present the expected demand reductions that the utility's EE&PDR programs were

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[1] Ohio Adm. Code 4901:1-39-06 states: "Any person may file comments regarding an electric utility's …annual status report filed pursuant to this chapter within thirty days of the filing of such report."

[2] *In the Matter of the Joint Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company, Columbus Southern Power Company, Ohio Power Company, The Dayton Power and Light Company, and Duke Energy Ohio, Inc., for Waiver with Regard to Rule 4901:1-39-05(C), Ohio Administrative Code*, Case No. 11-4627-EL-WVR, Commission Entry at 2 (December 14, 2011): The Commission Entry granted a waiver of comments until July 16, 2012.

[3] Id. at 2. The Ohio Electric Distribution Utilities were granted a waiver and allowed to file their individual benchmark reports on May 15, 2012.

reasonably designed to achieve, relative to the utility's corresponding baselines and demonstrate achieved energy savings and peak demand reductions. The report must include: (i) An update to the initial benchmark report; (ii) A comparison with the applicable benchmark; and (iii) An affidavit of compliance. FirstEnergy reported over-compliance for two of its three EDUs.[4] Sierra Club notes that FirstEnergy's over-compliance is less than that of the other three EDUs in Ohio.[5] In addition, FirstEnergy conducted the least amount of overall efficiency,[6] and generated the least amount of new utility-produced efficiency savings, as measured by percentage of over-compliance with the standard, through the first three years of reporting.[7] Sierra Club respectfully request that the Commission require the additional information for this reporting year from FirstEnergy as described below. Sierra Club also requests that additional information as recommended below be required for future reports, in order for the PUCO and interested persons to more accurately assess the Companies' performance.

II. COMMENTS

A. FirstEnergy's Annual Reports Should Include Incremental Annualized Savings in Order to Demonstrate Annual Savings Specific to the Current Reporting Year.

[4]According to information provided by the Companies, Cleveland Electric Illuminating and Toledo Edison achieved over compliance in both their annual and incremental benchmarks. FirstEnergy Report at 5, Table 2.1.

[5] See the DP&L Portfolio Report: 12-1420-EL-POR; the Duke Energy Efficiency Compliance Report: 12-1477-EL-EEC; the Ohio Power Company Energy Efficiency Compliance Report: 12-1537-EL-EEC.

[6] Id.

[7] Id.

In Table 2-2 (Summary of Portfolio Impacts of the Reports), the Companies provide cumulative pro-rata savings (i.e. Measures installed in December are only given 1/12 of a year's credit) which include installations occurring in 2009 and 2010. FirstEnergy also provides cumulative annualized savings (i.e. No matter when the measure was installed during that year, it is assigned 12 months worth of savings credit for that year) in Appendix A to the Reports. But the Reports lack information on incremental annualized savings, which details the annualized savings from only those measures the programs caused to be installed in 2011 (or only the most recent calendar year the Companies are reporting). Though the Companies' benchmarks are cumulative,[8] individual year performance should be presented for assessment, since these reports are meant to provide a yearly status, and provide the Companies, Commission and interested persons the opportunity to review individual program and overall portfolio program performance. This additional information would allow the Commission and interested stakeholders an opportunity to accurately evaluate the incremental savings value for measures were installed in the most recent year of program. The Commission should require the above-described additional current reporting year information along with cumulative Information in order to obtain a complete picture of the Companies' incremental and cumulative progress.

B. The Report does not Contain a Comparison of Forecasted Savings to Verified Savings as Required by 4901:1-39-05(C).

FirstEnergy's report appears to be missing some of the information required by the Ohio Administrative Code. Specifically, 4901:1-39-05(C)(2) reads as follows:

[8] Companies' status report at 3, citing PUCO Case Nos. 09-1947-EL-POR, et al.

> (2) Program performance assessment. Each electric utility shall include a section in its portfolio status report demonstrating whether it has successfully implemented the energy efficiency and demand-reduction programs approved in its program portfolio plan. At a minimum, this section of the annual portfolio status report shall include each of the following: (a) A description of each approved energy efficiency or peak-demand reduction program implemented in the previous calendar year including: (i) The key activities undertaken in each program, the number and type of participants, **a comparison of the forecasted savings to the verified savings achieved by such program, the magnitude of anticipated savings, and a trend analysis of how anticipated savings will be realized over the life of the program.** *(Emphasis added).*

There is no comparison of forecasted savings to verified savings, the magnitude of the savings, and/or a trend analysis of how anticipated savings will be realized over the life of the program in any part of FirstEnergy's filings. This is an express part of the rule governing reporting requirements for EE/PDR benchmarks. It is required so that the Reports of each utility provide a complete and accurate picture of program activity savings. As noted above, all EDUs, including FirstEnergy were provided additional time to produce complete reports. The Commission should require FirstEnergy to supplement the Reports with this information and require it in future annual reports

C. Information on the Companies' Participation in the PJM Base Residual and Incremental Auctions and Expected Transmission Upgrades Should be Added as a Requirement for the Reports.

Because of circumstances surrounding the PJM Base Residual Auction and the considerable additional cost to FirstEnergy customers that may result from the May, 2012, auction for capacity in the 2015-16 years, Sierra Club proposes that an additional section be added to each report discussing the EDUs' participation in the auction and effects of the auction on the applicable riders and capacity prices. The additional section would include a demonstration of changes in the EDUs' avoided cost levels due to the auction results for the ATSI service area. This section should detail, at a minimum, the following:

1. Amount of MWs of capacity acquired through efficiency,
2. How many MWs were qualified for bidding into PJM auctions (by auction)
3. How many MWs were actually bid into the PJM auction (by auction)
4. Explanations for any differences between points 2 and 3 above
5. How many MWs actually cleared the auction
6. Explanations for any differences between points 3 and 5 above

This section should also present the expected cost of additional transmission upgrades PJM has approved, and any other relevant issues identified by the Commission in order to illuminate any barriers to expanded efficiency program activity that would assist to avoid or ameliorate those costs. Sierra Club has two objectives in advocating for the addition of this section: First, this information will assist the Commission in ensuring that FirstEnergy customers realize the full value of their energy efficiency investments from bidding efficiency resources into the PJM auction. Second, it will assist FirstEnergy's customers in the determination of the value of efficiency savings as a tool to offset any rate increases that may occur as a result of the high auction prices and expensive transmission upgrades.

D. Other Requirements and Considerations for Future Reporting Years.

a) The Commission Should Require More Complete Reporting on Program Changes and Revisions and the Impact on Savings and Customer Participation.

Program costs and MWH savings should be presented on an individual program basis that reflects a change in incentives. In FirstEnergy's case, there was a change in one or more program incentives.[9] As a part of this presentation, the change in per unit measure, the KWH saved and the timing of the change relative to the full year and full cumulative costs should be

[9] FirstEnergy Report at 9 (the "Reapproved Budget Allocations" referred to were accompanied by a change in the Commercial lighting incentive amount).

provided. This information is important in order to provide an assessment of how the change affected forecasted saving any impacts on customer participation can be identified and considered.

b) The Companies Should Present the Total Resource Cost Test Results to the FirstEnergy Collaborative for Discussion Given the Peculiarities of the Results.

FirstEnergy reports Total Resources Cost ("TRC") test scores for all of its program activity since 2009 as: 3.92, 2.62, and 3.60 for Ohio Edison, Cleveland Electric Illuminating, and Toledo Edison respectively.[10] This means that its combined total efficiency efforts cost approximately less than a third of the alternative resources identified by FirstEnergy in its TRC analysis. However, these TRC results include unusually high TRC scores from self-direct mercantile programs that have been questioned in the past.[11] Therefore, the Companies should also report the TRC score results minus the self-direct mercantile programs to provide a better measure of total portfolio cost-effectiveness of programs within the control of the Companies. As noted in the Chairman's consenting opinion in Case No. 09-1947-EL-POR, the impacts from these programs are expected to decline over time. It is important to consider the TRC values of the programs when not including pre-existing savings.

c) Barriers to Expanded Over-Compliance

As presented in Case No. 12-1230-EL-SSO, FirstEnergy failed to bid in to the May 2012 PJM Base Residual Auction the energy efficiency savings that it could reasonably have bid in, leaving significant savings on the table for its customers. In addition, FirstEnergy procured less

[10]Table 3.1 of the 12-1534 Report filing.

[11] See OCEA comments in Case No. 11-2956-EL-EEC, In the matter of the Report of the Status of 2010 Energy Efficiency and Peak Demand Reduction Benchmarks at 3-4 (June 22, 2011).

efficiency (as a percentage of sales) than any of the other Ohio distribution companies.[12] Instead, the Companies relied on pre-existing mercantile efficiency measures and suspect transmission and distribution projects[13] more so than any other Ohio EDUs. FirstEnergy has not provided interested stakeholders any clear indication of the reasons it might not be willing to save its customers more money, or potential solutions to that problem. Therefore Sierra Club requests the PUCO to consider requiring EDUs to identify "barriers to expanded over-compliance" as a supplement for the current year reports or for future annual benchmark status reports.

d) Consistent Format for Reporting

Sierra Club encourages the PUCO to adopt a consistent format for reporting which affects the four Ohio distribution utilities. FirstEnergy's "report" contains no data which allows an assessment of their 2011 calendar-year performance. The recommendations provided herein should be adopted and made consistent across all distribution utilities in Ohio.

e) Other Recommended Future Requirements

Sierra Club requests the Commission to require that Reports include the following information for each year dating back to 2009, or for ten years, whichever is less:

1. Total Program Spending
2. Total MWH's saved per year
3. Estimated lifetime MWH's saved by the current year's installed efficiency measures
4. Estimated Net Present Value of current year program activities

[12] See footnote 6.

[13] See Joint comments by OCC, NRDC, and Citizen Power in Case No. 10-3023-EL-EEC et al, In the matter of the application for approval of 2010 Transmission and Distribution Improvement Projects for Inclusion Towards the Company's Compliance With 2010 Energy Efficiency Benchmarks, June 2, 2011.

5. Estimated lifetime savings of current year program activities (using current rates to identify the value of savings is sufficient, but should be specified, and if any other method is used, it should be specified)
6. First year savings for program year being reported

Requiring this additional information will provide foundational material for a complete evaluation by the Commission and interested stakeholders. The inclusion of these values will assist in the development, maintenance and expansion effective energy efficiency and peak demand programs. Effective programs will provide long-term economic and environmental benefits to all customer classes and forward Ohio policy of offsetting generation with substantive energy efficiency and peak demand reduction efforts.[14]

III. CONCLUSION

Sierra Club respectfully request that the Commission consider and adopt the above recommendations found in these comments. Adoption of these recommendations will provide information needed to properly and completely assess the FirstEnergy EE/PDR programs, and will support the development and maintenance of effective programs, allowing FirstEnergy's customers to realize all of the potential benefits of cost-effective economic and environmental energy efficiency available in FirstEnergy's service territory.

[14] R.C. 4928.66

Respectfully Submitted,

_/s/ Christopher J. Allwein_____________

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing *Comments by the Sierra Club* has been filed with the Public Utilities Commission of Ohio and has been served upon the following parties via electronic mail on July 16, 2012.

_/s/ Christopher J. Allwein____
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