

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Audit of the Energy)
Efficiency and Peak Demand Reductions) Case No. 19-0002-EL-UNC
Achieved by the Electric Distribution)
Utilities Pursuant to R.C. 4928.66.)

**COMMENTS OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC
ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY**

Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company (collectively, the “Companies”), hereby file their Comments regarding the Report of the Ohio statewide Independent Program Evaluator (“IPE”) for the Companies’ energy efficiency and peak demand reduction (“EE/PDR”) compliance years 2014 through 2018 (“IPE Report”). The IPE correctly concluded that there should not be any retroactive savings adjustments applied to the Companies’ reported savings. Accordingly, the Companies recommend that their 2014, 2015, 2016, 2017, and 2018 Compliance Reports be approved as filed.¹

While the IPE Report concluded that there should be no retroactive savings adjustments, the IPE provided certain recommendations for future program years² that are contrary to Ohio law or based on incorrect premises, and therefore should be rejected.

¹ The case numbers for the Companies’ annual compliance reports are: 15-0900-EL-EEC *et al.*; 16-0941- EL-EEC *et al.*; 17-1226- EL-EEC *et al.*; 18-0841- EL-EEC *et al.*; and 19-1020- EL-EEC *et al.*

² Consistent with the IPE’s conclusions that its recommendations are not applicable to savings reported for the previously approved program years 2014 through 2018, these Comments use “future program years” to refer to new portfolio plans only.

1. The Companies Calculate Compliance Savings in the Manner Prescribed by Ohio Statute.

The IPE Report opines that the Companies are not calculating compliance savings in a way that reflects what the IPE feels are current market conditions or best practices, and recommends changes to how savings in future program years are measured.³ However, the Companies are calculating compliance savings in the manner prescribed by the Ohio Revised Code. For example, the law requires that energy efficiency savings and peak demand reduction shall be measured on the higher of an as found or deemed basis.⁴ Therefore, the IPE's recommendation that savings in future program years should not be measured on the higher of an as found or deemed basis, but rather should include updated *ex ante* values based on evaluation results,⁵ contradicts the statute. Similarly, the law requires the Commission to measure energy efficiency and peak demand reductions on a gross savings basis.⁶ The IPE, however, recommends measuring EE/PDR compliance using net program impacts instead.⁷ Accordingly, these and the IPE's other recommended changes to how savings in future program years should be measured contradict Ohio law and must be rejected.

2. Customer Action Program ("CAP") Savings Achieved Through Customer Actions Are Permitted by Statute and Are Calculated Consistent with Industry Standards and Best Practices.

The IPE conducted a detailed review of the Companies' Customer Action Program ("CAP") savings and correctly concluded that no retroactive adjustments were warranted. However, the IPE recommends that going forward, "CAP savings not be counted unless direct

³ IPE Report, p. 19.

⁴ R.C. 4928.662 (B) states "Energy efficiency savings and peak demand reduction achieved on and after the effective date of S.B. 310 of the 130th general assembly *shall be measured on the higher of an as found or deemed basis....*" (emphasis added)

⁵ IPE Report at pp. 4, 11, 19.

⁶ R.C. 4928.662 (D) states "The commission *shall* count both the energy efficiency savings and peak demand reduction on a gross savings basis." (emphasis added)

⁷ IPE Report, p.4.

utility influence be proven.”⁸ Contrary to the IPE’s recommendation, Ohio law expressly permits savings achieved through actions taken by customers to count toward compliance.⁹ Indeed, the IPE Report acknowledges that this recommendation requires a change in law.

The IPE also expresses concern with savings estimations for commercial and industrial (“C&I”) CAP.¹⁰ This concern, however, is based on the mistaken belief that the Companies based their calculations on limited observations that may be unrepresentative of the C&I population.¹¹ To the contrary, the savings calculated by the Companies’ independent Evaluation, Measurement & Verification (“EM&V”) consultant were based on extensive observations and analysis. For example, in 2018 the Companies’ received 2,501 C&I survey responses. Of those responses, 383 premises claimed the installation of energy efficient equipment. Site visits were completed for 147 of those 383 sites. Extrapolating the entire survey response, including customers with no installations and zero savings, to the entire C&I population yielded an accurate representation of the estimated C&I savings from the installation of energy efficient measures, and was performed consistent with industry standard practices. Thus, the IPE’s concerns are misplaced.

The IPE also expresses concern with the C&I CAP payment of savings-based commitment payments to C&I customers.¹² The C&I CAP gives a commitment payment ranging from \$100 to \$1,000 to a customer that completes the program survey. The greater a customer’s energy efficiency savings, the greater the time and effort needed for the customer to gather necessary

⁸ IPE Report p. 4, 11.

⁹ R.C. 4928.662 (A) states “Energy efficiency savings and peak demand reduction achieved through actions taken by customers or through electric distribution utility programs that comply with federal standards for either or both energy efficiency and peak demand reduction requirements, including resources associated with such savings or reduction that are recognized as capacity resources by the regional transmission organization operating in Ohio in compliance with section 4928.12 of the Revised Code, shall count toward compliance with the energy efficiency and peak demand reduction requirements.”

¹⁰ IPE Report p. 3

¹¹ *Id.*

¹² IPE Report p. 31.

documentation and support the EM&V consultant’s site visit. In recognition of the increased time and labor required of customers with greater savings to complete the survey, the commitment payments are structured on a per kWh basis, up to the participant cap. The IPE opines that such savings-based commitment payments may result in overrepresentation of the largest customers with the greatest savings in the CAP survey, thereby inflating the calculation of average program savings per customer across the C&I class. This concern, however, overlooks the impact of the minimum \$100 commitment payment. The minimum payment encourages many small businesses with relatively small energy efficiency projects—businesses that would otherwise not participate in the survey—to participate in CAP reporting. The increased participation of small businesses puts downward pressure on the average program savings per customer. Accordingly, the use of commitment payments does not create upward bias in the results, and the IPE’s concern with commitment payments is misplaced.

3. The Draft Ohio Technical Reference Manual (“Ohio TRM”) Filed on November 29, 2019 Has Not Been Adopted and Should Only Apply to Future Proposed Portfolio Plan Programs.

The IPE report recommends that in future program years, the Companies should use the updated draft version of the Ohio TRM which was filed with the Commission on November 29, 2019.¹³ However, that updated draft Ohio TRM has yet to be reviewed and subjected to comments by interested stakeholders, much less approved by the Commission for use. Further, the current approved portfolio plan programs use the values in the currently-effective Ohio TRM; therefore, evaluations of those programs should continue to use the same version of the Ohio TRM. Use of the updated version of the Ohio TRM should only apply to future portfolio plans proposed after adoption by the Commission.

¹³ IPE Report p. 36.

CONCLUSION

The Companies respectfully request that the Commission approve the Companies' 2014 – 2018 Compliance Reports as filed. The Companies further request that the Commission reject the IPE's recommendations for future program years that are contrary to law and based on mistaken premises, and direct that the draft Ohio TRM become prospectively applicable to future proposed portfolio plan programs only after its formal review and adoption.

Respectfully submitted:

/s/ Robert M. Endris

Robert M. Endris (#0089886)
FIRSTENERGY SERVICE COMPANY
76 South Main Street
Akron, OH 44308
(330) 384-5728
(330) 384-3875 (fax)
rendris@firstenergycorp.com

CERTIFICATE OF SERVICE

On July 1, 2020, the foregoing document was filed with the Public Utilities Commission of Ohio's Docketing Information System. The PUCO's e-filing system will electronically serve notice of the filing of this document.

/s/ Robert M. Endris

*One of the Attorneys for Ohio Edison
Company, The Cleveland Electric
Illuminating Company and The Toledo
Edison Company*

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in

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Summary: Comments Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company electronically filed by Mr Robert M Endris on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company