BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of Protocols for the Measurement and Verification of Energy Efficiency and Peak Demand Reduction Measures.	)))))	CASE NO. 09-512-GE-UNC

COMMENTS OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND THE TOLEDO EDISON COMPANY ON APPENDIX B

Introduction

In its June 24, 2009 Entry ("Entry"), the Commission requested comments from interested parties on a Deemed Measure ("DM") and Deemed Calculated Measure ("DCM") Data Matrix. Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company (collectively, "FE Companies") thank the Commission for the opportunity to submit the following comments.

Comments

The FE Companies agree that a *properly designed* technical reference manual ("TRM") is beneficial. Such a manual should have at a minimum the following characteristics:

- Consistent application of principles so as to allow a utility to better estimate results for purposes of projecting compliance with energy efficiency and demand reduction ("EEDR") requirements;
- Simple calculations and formulae that reflect, to the degree practical, actual results;
- Details sufficient to adopt measurements that reflect real savings;
- A design that is intended to streamline the reporting and approval processes;
- A recognition that the TRM is based on estimates and incorporate sufficient flexibility to deviate from the TRM, provided that a utility provides sufficient justification;

- An integration of DM and DCM in a manner that allows the interchangeability as conditions warrant;[1] and
- Explanations of the basis on which deemed values and/or equations were derived, including any assumptions.

It is with these objectives in mind that the FE Companies submit their comments.

Deemed Measures: Table 1 included in Appendix B of the Entry sets forth the beginning of a catalogue in which a user can simply look up a value based on certain scenarios and parameters. Because of the various measures and equipment involved in EEDR, the TRM should attempt to capture as many standard scenarios as possible. While the FE Companies believe Table 1 to be a good start, the FE Companies offer several suggestions. First, more details should be provided under the line item "Applicability Conditions Required." The FE Companies recommend subcategories for each technology included in the manual and each class of end use described by appropriate customer types. These subcategories may have to be further broken down in order to take into account weather sensitivity on a regional basis.[2] Also, there are variables even within the same types of applications. For example, in the category of air conditioning, additional details, such as the size (tonnage) would have to be included; for refrigerators, manual versus automatic defrost; and for motors, horse power rating and load factors, to name a few.[3] Once a consensus is reached on the types of technologies to be included in the manual, more specifics can be recommended. Further, because these deemed values will be estimates, they should be based on average industry standards, by

[1] For example a DCM may be appropriate for commercial lighting situations in which operations vary significantly across customers, while a DM is more than adequate to estimate savings for the same measure with little variance in customer segment behavior (e.g. residential lighting.)

[2] Even though they are located within the state, there can be differences in air conditioner usage between Cleveland and Cincinnati.

[3] While the specifics may vary, the FE Companies suggest a structure similar to that used by the Pennsylvania Public Utility Commission in its TRM.

technology, and should be deemed valid until the next version of the TRM is released, at which time the new values should be applied on a prospective basis only.

Second, the categories "Annual Site Savings (kWh)" and "Annual Site Savings (therms)" should be renamed to more accurately reflect what is actually being measured. The FE Companies suggest "Annual Savings per Measure" or Annual Savings per Technology" given that savings should be calculated based on the measure or technology, rather than on a site basis. Further, in order to capture total energy savings, the TRM should include a standard conversion factor so that therms and BTUs can be converted to kWh.

Deemed Calculated Measures: Table 2 included in Appendix B of the Entry sets forth the beginning of analytic tools that will be used to derive savings using standardized calculations based on site-specific inputs. Like Table 1, in order for Table 2 to be useful, it must contain sufficient detail for a sufficient number of scenarios, consistently applying assumptions in a manner that will best reflect actual results. The FE Companies believe that Table 2 should incorporate user-friendly algorithms/equations for each technology, along with definitions for all input variables, including units. Such a definitional section will provide consistency in the application of Table 2 both within and across utilities.

Utility Peak Demand Reductions: In order for the TRM to be useful in establishing estimates of Peak Demand Reduction ("PDR"), the manual must recognize that customer classes may require different estimation techniques. For example, specific customer usage data could be used to determine the coincidence factors for large customers. However, such an approach is impractical for determining PDR for the residential class, which has a relatively uniform usage pattern based on significantly more

customers with much less consumption on a per customer basis. The latter requires deemed coincident factors, which the FE Companies believe should be based on averages for each applicable technology.

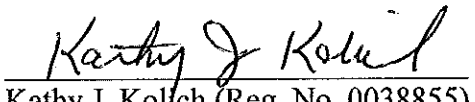
Avoided Cost: Given that not all of Ohio's utilities are located within the same RTO and each of these utilities have different capital structures and unique generation supply strategies, the FE Companies recommend against the use of a standard avoided cost factor, instead allowing each of Ohio's utilities to base their avoided cost on their unique circumstances. The TRM, after allowing the utilities to provide input, should simply include guidelines describing how a utility's avoided cost should be calculated. For example in the case of the FE Companies that own no generation, their avoided cost will be based on future wholesale market prices. Interested parties should come to an agreement on the length of the forecast period, taking into account that each utility has its own assumptions and forecasts. Moreover, because cost information, (as well as price forecasts) is generally considered to be competitively sensitive information, avoided cost information should be protected from disclosure to the public in general, and potential competitors in particular.

Summary

In sum, the FE Companies believe that the TRM ultimately developed must incorporate assumptions, formulae and an underlying rationale designed to provide estimates of EEDR that most closely reflect reality. The TRM must have sufficient detail for a sufficient number of scenarios, based on assumptions that are consistently applied until sufficient information becomes available to justify modifications on a prospective basis. The FE Companies look forward to working with Commission Staff and interested

stakeholders during the development of the TRM.

Respectfully submitted,



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CERTIFICATE OF SERVICE

THIS IS TO CERTIFY that a copy of the foregoing has been served electronically or via first class mail, postage prepaid, this 15th day of July, 2009, upon the individuals or companies listed in the service lists attached hereto:

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Summary: Comments on Appendix B of the Commission's June 24, 2009 Entry electronically filed by Ms. Kathy J Kolich on behalf of Ohio Edison Company and The Cleveland Electric Illuminating Company and The Toledo Edison Company