

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Adoption of a Portfolio)
Plan Template for Electric Utility Energy) Case No. 09-714-EL-UNC
Efficiency and Peak-Demand Reduction)
Programs.)

**REPLY COMMENTS
BY THE
OHIO CONSUMER AND ENVIRONMENTAL ADVOCATES**

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I. INTRODUCTION

The undersigned members of the Ohio Consumer and Environmental Advocates (collectively, “OCEA”) jointly submit these reply comments regarding the proposed portfolio plan template for electric utility energy-efficiency and peak-demand reduction programs (“portfolio plan template”) drafted by the Staff of the Public Utilities Commission of Ohio (“PUCO” or “Commission”) By Entry on Rehearing dated June 17, 2009, in Case No. 08-888-EL-ORD, the Commission directed its Staff to issue the draft portfolio plan template. On August 28, 2009 in the above-captioned case the Commission issued an entry seeking comments on the proposed portfolio plan template drafted by the Commission’s Staff.

After reviewing the comments filed by the electric utilities and other interveners to address the PUCO Staff’s proposed portfolio plan template on September 11, the undersigned members of OCEA urge the Commission to keep in the forefront the importance of a transparent policy to protect the public interest and the utilities’ duty to

serve that interest in a just and reasonable manner. In its simplest form, the message is:
A transparent process protects the public interest.¹

II. REPLY COMMENTS

A. The PUCO Staff's Proposed Customer Classifications Will Provide Critical Information To All Parties Regarding The Pertinent Market Segment As The Utilities Design Programs More In Line With Particular Customer Segments.

A number of the utilities argue that the proposed seven-customer classification template should be dropped and reporting should be maintained based on the traditional residential and business classifications and/or the program level.² A couple of the utilities also assert that some of the detailed marketing information addressing certain market segmentations does not exist, and to gather the information would increase cost and is overly burdensome.³ However, it is critical that the utilities report their Demand-Side Management ("DSM") efforts on a program *and* segment classification basis to achieve the Staff's (and OCC's) intended goal of establishing "precise program targeting" and minimizing "subsidies across customer classes"⁴

All four major electric utilities already have developed almost all, if not all, of the necessary information at the program level as illustrated by their existing program filings and/or market assessment studies. In some cases the utility may simply have to modify how they report the information. Utility resistance to the suggested seven-customer

¹ Silence on the part of OCEA regarding any of the comments made by the other parties in the September 11, 2009 filings should not be considered acquiescence.

² See Comments of Columbus Southern Power Company and Ohio Power Company (AEP Ohio) at 1-2 ("AEP-Ohio"); Initial Comments of the Dayton Power and Light Company at 1-3 ("DP&L"); Comments of Duke Energy Ohio, Inc. at 2-4 ("Duke"); and Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company at 4-5 ("FirstEnergy").

³ See Duke at 2-3; and DP&L at 2.

⁴ Entry at 3.

classification template appears to stem from an old supply-side model of providing service, where only kWh generated and sold are important, and the utility need not concern themselves with the customer side of the meter. The recently enacted energy-efficiency and peak-demand response requirements, however, usher in a new paradigm that now requires utilities to get to know their customer usage patterns in a more detailed manner.

Successful DSM requires detailed market segmentation analysis to design programs more in line with the needs of a particular segment -- segments such as the seven segments identified by the Staff. It is no mystery that the emergence of DSM in the late eighties and early nineties coincided with EPRI's market segmentation focus. EPRI's electric utility clients clamored for information regarding market segmentation in order to design more targeted DSM programs that will have more acceptance from targeted customers. With the ongoing efforts by the utilities to comply with the energy-efficiency and peak-demand reduction mandates of S.B. 221, OCC finds it hard to believe that the seven customer classifications proposed by the PUCO Staff could not be easily coded into existing participating DSM customer database records. At most it may require the creation of an additional field in the database and some programming logic to append those records. Going forward, these seven codes could be included on existing forms or other medium used by the company to record participating customer information.

Therefore, in order to meet the progressively more aggressive energy-efficiency and peak-demand reduction targets specified in R.C. 4928.66(A) and (B), Ohio utilities will have to modify their "business as usual," and "one size fits all" response to

customers and adopt more sophisticated forms of segmented customer information to develop more targeted consumer programs.

B. The PUCO's Staff Proposed Transmission And Distribution Report Requirement Must Be Included In The Portfolio Plan If The Utilities' Efforts To Developing Energy-Efficiency Programs Are To Be Transparent.

Duke asserts that a separate report on the transmission and distribution sector is “inappropriate” because there is “no guarantee that a Company will have any transmission and distribution programs that target line losses specifically.”⁵ However, a separate transmission and distribution classification is essential since R.C. 4928.66(A)(2)(D) states that energy-efficiency savings from utility transmission and distribution investments may be used to meet requirements. Including a report on the transmission and distribution classification in the portfolio program template will help interested parties and the Commission form a complete picture of how the utilities plan to meet benchmark compliance with energy-efficiency savings.

Clearly, to the extent utilities plan to claim transmission and distribution savings they should have to report those savings in their three-year portfolios. Otherwise, the process is no longer transparent and interested parties and the Commission will only have an incomplete picture as to how the savings were calculated.

C. The Mercantile Self-Directed Program Should Focus On Customers That Participate In A Utilities' Energy-Efficiency And Peak-Demand Response Programs.

Industrial Energy Users-Ohio (“IEU”) contends that a mercantile customer may create applicable savings “that may not be the result of energy-efficiency measures” and therefore only information regarding energy-efficiency projects that have been committed

⁵ Duke comments at 5.

towards the utilities' portfolio obligation should be included.⁶ IEU's comments regarding the mercantile self-direct provisions are inconsistent with the letter and intent of S.B. 221. Clearly, the legislature intended that savings be quantified, and that energy-efficiency programs be actual programs, initiated with the direct intent of saving energy according to the traditionally accepted definition of an energy-efficiency program.

Certainly, the legislature did not intend to exempt mercantile customers from energy-efficiency riders, and provide mercantile customers with a self-directed opportunity where economic conditions have caused demand reductions; in fact this outcome would have the effect of subsidizing industrial and commercial operations that were scaling back production, cutting jobs, and curtailing economic activity. The Commission, importantly, is focused on load reductions as a result of energy-efficiency projects, not economic downturn. In order to prevent improper subsidies to mercantile customers who are simply cutting production or processing, and in order to direct utility dollars to those who actually create and implement working energy-efficiency programs, the Commission must have this essential information. Accordingly, it is entirely proper for both an electric utility and the Commission to demand and receive information from a self-directed customer concerning the attribution of energy demand reductions.

⁶ IEU comments at 3-4.

D. The Requirement That The Utilities Provide A Quarterly Report Will Result In A More Transparent Process And Occasion Only Minimal Additional Work By The Utility Companies.

A number of the utilities assert that the Commission should be content to maintain the annual reporting requirements that the companies currently abide by.⁷ The utilities assert that quarterly reporting is unduly burdensome and of little value.⁸ Yet, most businesses, including utilities, currently track customer transaction information on at least a monthly, not quarterly basis to properly manage the progress of their enterprises and for accounting and bookkeeping purposes. Because it is likely that the utilities already track customer DSM program information on a monthly basis to measure program progress, much of the information needed for the quarterly report can be generated by simply adding 3 numbers on a spreadsheet 4 times a year. More importantly, quarterly reporting provides transparency to outside parties on the utility's DSM efforts and alerts program implementers of any program modifications that may be needed to improve the success of the program.

III. CONCLUSION

The undersigned members of OCEA appreciate the opportunity to reply to comments filed in response to the Commission Staff's portfolio plan template for electric utility energy-efficiency and peak demand reduction programs, as permitted in the August 28, 2009 Entry. OCEA requests that the Commission incorporate into its final decision the recommendations of OCEA for fulfilling the General Assembly's intent in

⁷ See Duke at 6; FirstEnergy at 6-7; and DP&L at 6.

⁸ See Id.

S.B. 221 and serving the interests of Ohio and its approximately 4,211,000 residential consumers of electricity.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that, on this 18th day of September 2009, the foregoing Reply Comments by the Ohio Consumer and Environmental Advocates have been served via First Class Mail, postage prepaid, to the following persons who previously submitted comments in response to the Public Utility Commission of Ohio's requests for comments on the adoption of proposed portfolio plan template for electric utility energy-efficiency and peak demand reduction programs.

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