BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Report of the Status of the 2010 Energy Efficiency and Peak Demand Reduction Benchmarks of the Ohio Edison Company, the Cleveland Electric Illuminating Company and the Toledo Edison Company	))))))	Case Nos. 11-2956-EL-EEC 11-2958-EL-EEC 11-2959-EL-EEC

COMMENTS ON THE FIRSTENERGY STATUS REPORT FOR ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION PROGRAMS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL,
THE NATURAL RESOURCES DEFENSE COUNCIL,
THE OHIO ENVIRONMENTAL COUNCIL,
AND
THE ENVIRONMENTAL LAW AND POLICY CENTER

I. INTRODUCTION

The Office of the Ohio Consumers' Counsel ("OCC"), the Natural Resources Defense Council ("NRDC"), the Ohio Environmental Council ("OEC"), and the Environmental Law and Policy Center ("ELPC") file these comments in accordance with Ohio Adm. Code 4901:1-39-06(A), which provides for persons to file comments on initial benchmark reports and portfolio status reports. These Comments respond to the Energy Efficiency and Peak Demand Reduction ("EE&PDR") Portfolio Status Report filed by the Ohio Edison Company, the Toledo Edison Company, and the Cleveland Electric Illuminating Company (collectively, "FirstEnergy" or "Companies"). The Companies filed their Status Report on May 23, 2011, after receiving approval from the

Public Utilities Commission of Ohio ("PUCO" or "Commission") to delay the filing[1] beyond the administrative deadline.[2]

All customer classes benefit from effective EE&PDR program offerings. The Portfolio Status Report is a marker that should indicate the effectiveness of programs across customer classes. Unfortunately, the Companies made the choice, amid several factors and circumstances, to rely chiefly on historic mercantile programs and transmission and distribution projects for the bulk of their compliance efforts in 2010.[3] The factors and circumstances affecting the substance of FirstEnergy's compliance efforts and the contents of this status report are reflected in a myriad of cases and Commission orders.[4]

FirstEnergy, almost three years after Sub. S.B. 221 was signed into law, finally launched a portfolio of programs that will allow participating customers in *all* customer classes to realize the full benefit of energy savings mandated by Ohio law.[5] The following Comments are submitted for consideration by the PUCO regarding the Companies' EE&PDR report.

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[1] *In re FirstEnergy Application to Amend Energy Efficiency and Peak Demand Reduction Benchmarks*, Case No. 11-126 -EL-EEC, Finding and Order at ¶4 (May 19, 2011).

[2] Ohio Adm. Code 4901:1-35(C).

[3] *Energy Efficiency & Peak Demand Reduction Program Portfolio Status Report* ("FirstEnergy Status Report"),

[4] FirstEnergy Status Report at 1 (brief recounting of history).

[5] R.C. 4928.66.

II. COMMENTS

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

The Companies present the results of their 2010 program cost effectiveness in Exhibit-4 of their Application.[6] The measure used by the Companies is the Total Resource Cost test ("TRC"). The results, by program, for the three companies are reproduced below:[7]

Programs	Ohio Edison (TRC)	Cleveland Electric Illuminating (TRC)	Toledo Edison (TRC)
Community Connections	0.26	0.23	0.12
Home Energy Analyzer	1.38	1.25	0.97
Mercantile Customer	156	453	319
Interruptible Demand Reduction	N/A	N/A	N/A

The TRCs for the Community Connections low-income weatherization and energy efficiency program appear to be low (0.26, 0.23, 0.12) when compared to the benefit-cost ratios from a prior Ohio evaluation that range from 0.62 to 0.83 (depending on type of electric heated home).[8] Also, the Status Report does not identify and quantify the non-energy benefits of the program (environmental, health and safety, disconnections, impact on arrears, etc.).

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[6] Application, Exhibit 4 (three tables, one for each of the FirstEnergy distribution companies).

[7] Id.

[8] "Ohio Home Weatherization Assistance Program Impact Evaluation," Quantec, 2006, page 48. http://www.development.ohio.gov/cms/uploadedfiles/Development.ohio.gov/Divisional_Content/Community/Office_of_Community_Services/HWAPImpactEvaluation.pdf

The TRCs for the Mercantile Customer program appear to be flawed (156, 453, and 319). The Companies state, in footnote 5 of the table, that the calculations do not incorporate the mercantile customer cost of implementing the energy efficiency measures. The absence of this cost renders the calculations inaccurate.

Finally, no TRC results are provided for the Interruptible Demand Reduction program. The TRCs for this program should be reported.

Given the above issues raised regarding the Companies' cost effectiveness assessment, the Companies should present the TRC cost-effectiveness results in the next full collaborative meeting for discussion to determine whether adjustments are warranted.

B. The Mercantile Savings Evaluation Should Use the Technical Reference Manual Protocols for Calculating the Lighting Savings.

The Commission should require FirstEnergy to use the TRM protocols consistently, rather than selectively, for evaluation, measurement, and verification ("EM&V"). FirstEnergy states that "EM&V was generally conducted consistent with the most current draft [of the TRM], except where issues identified …are in dispute."[9] For example, in Appendix D of the FirstEnergy Status Report, the Companies note that "savings for lighting measures were assessed using the International Performance Measurement and Verification Protocol…."[10]

However, when evaluating the savings for mercantile lighting measures, the Mercantile Impact Evaluation fails to use the extensive lighting protocols found on pages 149-189 of the TRM that contains numerous lighting technologies and hours of use data

[9] FirstEnergy Status Report at 6.

[10] Appendix D at 4-4.

by commercial and industrial building types.[11] Thus, the method used by the Companies is different from the TRM protocols.

If the Companies propose to use the alternative method, they should provide a comparison to illustrate the differences (or similarities) between the two methods. Such a comparison would be similar to the comparison the Companies provided for actual and annualized savings.[12] The Commission should require FirstEnergy to evaluate all programs consistently by using the methodology presented in the TRM. In the alternative, FirstEnergy should provide a comparison of the TRM protocol results with the method used in its report.

C. Many of the Savings Projections Hinge on the Finalization of the TRM, and Completion of the TRM Should be a Priority for the Commission.

The Commission should make completion of the Ohio TRM a priority. First, FirstEnergy's reliance on savings projections[13] highlights the importance of a finalized TRM to evaluate and apply consistent criteria and for Ohio electric utility customers to realize the benefit of real and pervasive savings. The uncertain status of the Ohio TRM makes it difficult to properly ascertain the actual savings achieved by the Companies.

A second reason for completing the TRM, as highlighted by FirstEnergy's Status Report, is the Companies' reliance on business-as-usual transmission and distribution ("T&D") savings. Although the Commission approved these savings in a separate case,[14] the Commission should direct the Company to modify the Transmission and Distribution Projects program so that only savings above a baseline of business-as-usual practice

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[11] Id.

[12] FirstEnergy Status Report, Appendix A.

[13] FirstEnergy Status Report at 7.

[14] *In re FirstEnergy T&D Program Application*, Case Nos. 09-951-EL-EEC, et al..

counts as energy efficiency. Business-as-usual investments to meet reliability criteria do not create new energy efficiency or new energy savings beyond those that would have occurred absent enactment of Sub. S.B. 221. In the modified program, the Companies could count incremental savings from changed investment practices (like making decisions based on the life-cycle cost of components) or the implementation of integrated Volt-Var Control as energy efficiency programs. As currently designed, the Transmission and Distribution Projects program does not result in incremental energy savings.

III. CONCLUSION

The PUCO should consider these Comments, taking the recommended actions. These actions include requiring the Companies to present the results of the TRC test to the FirstEnergy collaborative for discussion and requiring mercantile savings to be evaluated using the TRM protocols. The PUCO should also complete a final version of the Ohio TRM, an action that will help ensure that FirstEnergy customers, including residential customers, receive the full benefit of cost-effective EE&PDR programs.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Comments* was served *via* electronic transmission upon the parties this 22nd day of June, 2011.

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