

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio	)	
Edison Company, The Cleveland Electric	)	Case No. 09-1820-EL-ATA
Illuminating Company, and The Toledo	)	Case No. 09-1821-EL-GRD
Edison Company for Approval of Ohio	)	Case No. 09-1822-EL-EEC
Site Deployment of the Smart Grid	)	Case No. 09-1823-EL-AAM
Modernization Initiative and Timely	)	
Recovery of Associated Costs	)	

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COMMENTS OF ENERGATE, INC REGARDING COMPLIANCE FILING AND MOTION  
OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING  
COMPANY, AND THE TOLEDO EDISON COMPANY FOR DIRECTION REGARDING  
PHASE II OF THE OHIO SITE DEPLOYMENT OF THE SMART GRID MODERNIZATION  
INITIATIVE

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I. INTRODUCTION

The *COMPLIANCE FILING AND MOTION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR DIRECTION REGARDING PHASE II OF THE OHIO SITE DEPLOYMENT OF THE SMART GRID MODERNIZATION INITIATIVE* (the program hereinafter referred to as “*Initiative*” and this instrument hereinafter referred to as “*Compliance Filing*” to which all references are hereinafter made except as otherwise noted) filed in these Dockets on October 19, 2012 by the Movant Companies well and correctly states the substantive and procedural history of this proceeding beginning with the initial filing *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and the Toledo Edison Company for the Approval of Ohio Site Deployment of the Smart Grid Modernization Initiative and Timely Recovery of Associated Costs* (hereinafter “*Initial Filing*”) of November 18, 2009 to date in Dockets 09-1820-EL-ATA; 09-1821-EL-GRD; 09-1822-EL-EEC; and, 09-1823-EL-AAM

II. ALTERNATIVE

In its *Initial Filing* at 6, the Movant Companies gave a broad overview of the *Alternative Pricing Programs/AMI* elements by stating that these “will support customer conservation and demand management as well as improved outage response”. Energate, Inc. remains in complete agreement with that statement and supports those objectives. Energate would like the commission to know that it is under contractual agreement, as a result of a competitive bidding process, to provide consumer technology referenced in this document for the smart grid modernization initiative.

Further, in its *Initial Filing* at 6, the Movant Companies stated that:

“Subsequent to the initial 5,000 meter deployment, the Companies will assess the information and outcomes gained from the initiative, and based on that assessment and the successes of the initial meter deployment, will determine whether to proceed with the installation of approximately 39,000 additional smart meters on residential and commercial customer premises within the geographical boundaries of the Ohio Site Deployment, and the scope and timing of that installation.”

Pursuant to this position, in Paragraph III B. *CBS Costs* of the “*Compliance Filing*” supra at 6, language is found that would indicate the Companies’ intent to avoid the expenditure of the consumer technology component of the *Initiatives*’ demand response program going forward. Energate, Inc. fully supports and encourages the prudent employment of resources. Energate, Inc. would note that during Phase I, this component of the *Initiative* proved to engage and educate customers and deliver significant and verifiable peak time demand reduction, all at a cost savings compared to peak generation all the while delivering emissions reductions.

Ninety percent of customers receiving a smart meter had no additional technology installed. However, it would be argued that there is considerable value to be gained in all remaining 39,000 customers receiving enabling technology (such as a Programmable Communicating Thermostat, or PCT, and in-home display, or IHD); and by employing alternative methods of marketing and communicating the benefits of the devices the customers would be far more inclined to install and utilize them. This technology leverages the 2-way communication capabilities of smart meters; it gives customers the ability to set and forget thermostat controls; it has provided significant peak demand reduction to date; and, it has proven to be more effective in providing successful outcomes than those experienced through just the education process provided through Phase I.

Accordingly, Energate, Inc. would respectfully suggest that truncation of the \$6.7 million investment within Phase II of the “Smart Grid Modernization Initiative” (hereafter “Initiative”), is premature and that the legitimacy, prudence and propriety of the further deployment would be proven upon its investment.

### III. SUPPORTING ARGUMENT

In the area of “Consumer Engagement”, Energate, Inc. would argue that the Movants’ “*Compliance Filing*” supra at 79, would support the conclusion that customer satisfaction with the program is high overall (Exhibit B, Slide 18). The Movants’ “*Compliance Filing*”, supra at 85 also provides support for the conclusion that the vast majority of Phase I participants would participate in program again (Exhibit B, Slide 24). It would be argued by Energate, Inc. that while it understands that only one out of every ten customers chose to have a PCT or IHD installed, one of the two main reasons customers cited for not installing the technology was that the customers had no awareness of their choices due to the program design. In this regard, from the Movant’s “*Compliance Filing*”, supra at 141, it would be

argued that given the high levels of customer satisfaction for those that do participate, it is confident these numbers would remain high (Exhibit B, Slide 80).

In the area of “Energy Education/Awareness”, Energate, Inc. would argue that the Movants’ “*Compliance Filing*” *supra* at 135, would support the conclusion that as a result of the program already instituted, the vast majority of the participants now have “integrated energy saving behavior” (Exhibit B, Slide 74). It would also be argued that Movants’ “*Compliance Filing*” *supra* at 77, would support the conclusion that as a result of the program already instituted, the vast majority of the participants have increased their understanding of peak power usage (Exhibit B, Slide 16). Further, it would also be argued that Movants’ “*Compliance Filing*” *supra* at 78, would support the conclusion that as a result of the program already instituted, seven out of ten plan to be more aware of their household electricity use in the future (Exhibit B, Slide 17). In addition, customers with a Pioneer Thermostat or PowerTab display were almost twice as likely to follow tips or suggestions as non-participants (Exhibit B, Slide 71), and customers with a company-controlled thermostat or PowerTab display were more likely to have visited the website than non-participants (Exhibit B, Slide 75).

In the area of “Peak Demand Reduction”, Energate, Inc. would argue that the Movants’ “*Compliance Filing*” *supra* at 86, would support the conclusion that a result of roughly 30% reduction, or 1kw, at peak times for group B2 (FE controlled PCT), and 15% for B1 (for consumer controlled) – verifiable from 2-way communicating meter could be experienced (Exhibit A, Slide 25). It would further be argued that the Movants’ “*Compliance Filing*” *supra* at 86, would support the conclusion that saving money and energy are the top reasons people want to participate in the program again (Exhibit B, slide 25) and that only one fourth of the consumers with a First Energy controlled thermostat overrode the setback temperatures during the study period while the vast majority found temp change comfortable, “*Compliance Filing*” *supra* at 101, (Exhibit B, slide 40)

Finally, regarding *Consumer Value/Financial Justification/Emissions Reduction* Energate, Inc. would argue that  $\$6.7\text{million} / 40,000\text{kw} = \$157.5 / \text{kw}$  peak capacity reduction and, that at full subscription to the program (based on a national average of 1.583lbs CO<sub>2</sub>/kwh) while NOT even assuming anything regarding the environmental quality of the generation by peaker plants, 40MW/hr would equal ~29 tons of avoided emissions per hour (EIA.gov) ( $40000 \times 1.583 / 2204.6 = 28.72$  tons). Further, with the inclusion of added consumer technology in homes comes the economic benefit of local technicians installing these devices as well as the increase in disposable income afforded to customers through electricity cost savings.

#### IV. CONCLUSION

Energate, Inc. would respectfully suggest that Phase I delivered measurable and verifiable results, both in terms of peak load reduction for the utility, and education, engagement, and cost-effective emissions reductions for consumers. While rightfully advocating for cost justification of all consumer expenditures, the benefits of a very modest budget reduction will be outweighed by the Companies’ and the customers’ being foreclosed from enjoying the

majority of the benefits of residential demand response. For the above reasons, Energate, Inc. would respectfully propose that the PUC send back for reconsideration the Companies' request to reduce the budget by \$6.7million, with the recommendation that the Companies adjust the program to ensure full Demand Response participation utilizing technology such as PCTs enabled by smart meters.

Respectfully Submitted by,

Thomas Martin /s  
CFO  
Energate, Inc.

**This foregoing document was electronically filed with the Public Utilities**

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Summary: Text COMMENTS OF ENERGATE, INC REGARDING COMPLIANCE FILING AND MOTION OF OHIO EDISON COMPANY, THE CLEVELAND ELECTRIC ILLUMINATING COMPANY, AND THE TOLEDO EDISON COMPANY FOR DIRECTION REGARDING PHASE II OF THE OHIO SITE DEPLOYMENT OF THE SMART GRID MODERNIZATION INITIATIVE. electronically filed by Mr. Jeffrey E Cheek on behalf of Energate Inc and Mr. Thomas Martin