BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company for Approval of their Energy Efficiency and Peak Demand Reduction Program Portfolio Plans for 2013 through 2015.	)	
	)	Case No. 12-2190-EL-RDR
	)	Case No. 12-2191-EL-RDR
	)	Case No. 12-2192-EL-RDR
	)	

COMMENTS OF OHIO PARTNERS FOR AFFORDABLE ENERGY

Introduction

Amended Senate Bill 310 ("SB 310"), which modified provisions of Ohio law requiring Ohio's investor-owned electric utilities to meet certain energy efficiency benchmarks, was signed into law on June 13, 2014. The new law is part of a comprehensive legislative framework which includes Revised Code ("R.C.") 4928.02 which establishes the goals of utility regulation in this State. The FirstEnergy operating companies have chosen to use the authority provided by Sec. 6 of SB 310 to file a modification to their portfolio plan. Following are OPAE's comments on the modified plan as filed.

Overview

FirstEnergy has filed a 'bare bones' application that fails to provide the level of detail consistent with existing Commission rules. See 4901:1-39-04. Sec. 6 of SB 310 requires the utility's application to be filed "in accordance with its rules as if the application were for a new portfolio plan." The filed plan clearly does not comply with existing Commission rules, as detailed in the pleadings filed by the Environmental Law and Policy Center and Sierra Club, as well as The Office of the Ohio Consumers'

Counsel.[1] OPAE will not restate those arguments here, but adopts the positions of these three parties by reference. Given the paucity of information included in the filing, it is not possible to assess the import of the plan as filed. OPAE recommends the Commission suspend the timeline established in Sec. 6 of SB 310 in order to permit FirstEnergy to comply with the requirements of the law and current rules, without foreclosing the opportunity for FirstEnergy to revise its portfolio.

Comments

OPAE hereby submits the following specific comments on the FirstEnergy filing.

I. Residential Portfolio Proposal

a. Smart Grid

Advocates of Smart Grid programs contend that the programs allow customers to control their energy usage and that this results in energy savings. This contention has not been proven by the numerous pilots funded by the American Recovery and Reinvestment Act ("ARRA"). SB 310 requires that the savings from smart grid programs be counted only if they are "cost beneficial". R.C. 4928.66(A)(2)(d)(i)(II). The application fails to include any data or metrics necessary to determine if FirstEnergy's smart grid programs are "cost beneficial". See Application at 7. Per the Commission's rules, the cost-effectiveness of the program should be included in the application. In this case, there is no such showing.

[1] *In the Matter of the Application of Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company for Approval of Their Energy Efficiency and Peak Demand Reduction Portfolio Plans for 2013 through 2015,* Case Nos. 12-2190, 12-2191, and 12-2192, *Memorandum Contra FirstEnergy's Request for Waiver by The Office of the Ohio Consumers' Counsel,* Case Nos. 12-2190, 12-2191, and 12-2192 (October 9, 2014).

To the extent that investments in transmission and distribution are part of the smart grid deployment, this requirement that the investments be “cost beneficial” must apply as well. Again, there is no data to permit intervenors to make this determination, nor are any metrics provided to allow for an analysis of the proposal.

Smart meters are the third component of smart grid programs. Again, the requirement that the technology be “cost beneficial” must be met. Again, there is a paucity of information that would allow intervenors to determine whether the smart grid program FirstEnergy intends to deploy meets the criteria. Again, there are no metrics that permit this analysis.

Given the lack of data and metrics in the current application, the proposed program cannot be approved. Simply mentioning a type of program as referenced in SB 310 does not satisfy the requirements of Commission rules regarding portfolio filings. The proposed program should either be refiled with adequate information or rejected by the Commission.

b. Customer Action Plan

FirstEnergy proposes a so-called Consumer Action Plan under which it apparently intends to count energy savings and peak demand reduction resulting from customer actions outside of the FirstEnergy plan programs. The amount of customer savings and demand response will apparently be determined through a monitoring and verification process. The problem is that absolutely no detail is provided regarding what actions FirstEnergy considers to be ‘customer actions.’ Does it mean that if a FirstEnergy customer purchases a compact fluorescent light bulb, FirstEnergy gets to count the savings? Does it mean that if a FirstEnergy customer purchases a home that

meets Energy Star standards, FirstEnergy gets to count the savings? Does it mean that when a factory buys a new motor that meets basic efficiency standards, FirstEnergy gets to count as savings the difference between the electric usage of the motor the factory replaced and the new motor?

There is a complete lack of detail as to what FirstEnergy considers customer actions. There are no details on the monitoring and verification protocols that will be used to determine the savings and demand response resulting from customer actions. Absent the detail necessary for intervenors to offer any substantive comments, this proposal must either be rejected or supplemented through a more detailed application that complies with current rules.

II. Cost Recovery

a. Allocation of Costs

FirstEnergy contends that the revised portfolio will cost less than the current plan, yet it provides no data to support this contention. Yes, intervenors can determine the cost of the current portfolio, but simply eliminating some programs does not mean the new programs cost less. There is no detail provided regarding the cost of the new programs.

The application provides no detail on the common costs of managing the programs. Since programs are being eliminated, one would assume that the management costs would decline, including in-house staff costs and monitoring and verification costs. However, there is no information in the application from which intervenors or the Commission can make this determination.

Likewise there is no detail regarding the costs per customer class. The new Customer Action Program has no cost attached to it. There are no estimates of monitoring or verification costs. This applies across all customer classes. There is also no detail on the costs of reasonable arrangements which cede title to efficiency and demand reductions from the specific customers receiving ratepayer subsidies to FirstEnergy. All customers pay these costs but no ratepayers know what they are paying in subsidies.

Simply referencing statutory provisions does not define a program. FirstEnergy may 'know' what these provisions mean because FirstEnergy presumably was involved in the drafting of the legislation, but customers are not so enlightened and the statute provides no detail regarding what the General Assembly contemplated. Apparently, in its rush to modify its proposal, FirstEnergy opted not to tell customers what they will be paying for and how the payments will be counted. The application must be revised so it can be reviewed.

b. Shared Savings/Incentives

FE seeks to receive incentives for excess savings and to be able to bank the savings. FirstEnergy does not tell ratepayers what it intends to include in the calculation of shared savings. Does FirstEnergy intend to include its Customer Action Program in the shared savings calculations? Ratepayers do not know because the application does not say. It would be ironic for a revised portfolio to tax customer actions that the utility has nothing to do with. The lack of detail on what counts as efficiency and demand response for the purpose of determining shared savings is another fatal flaw in the application because it fails to comply with existing Commission rules.

Conclusion

FirstEnergy has proposed a shell of a revised portfolio. Aside from eliminating programs – and not telling ratepayers how much they will save from the elimination of the programs – the application offers no more than citations to the statute. There is no description of the programs. There is no explanation of the monitoring and verification that will be applied to determine if there are any savings and no mention of the cost of the monitoring and verification. And, there are no estimates of the cost of shared savings to customers, especially for the demand response and energy efficiency activities in which FirstEnergy has no involvement.

It is impossible for intervenors to make determinations about whether or not the portfolio complies with the law and how shared savings will be determined. FirstEnergy should be required to file a portfolio that complies with Commission rules as dictated by SB 310. Only at that point can there be a substantive review of the amended portfolio.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments was served electronically upon the following parties identified below on this 20th day of October 2014.

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Summary: Comments of Ohio Partners for Affordable Energy electronically filed by Colleen L Mooney on behalf of Ohio Partners for Affordable Energy