

**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) Case No. 16-0743-EL-POR
Edison Company For Approval of Their)
Energy Efficiency and Peak Demand)
Reduction Program Portfolio Plans for 2017)
through 2019)

AMENDED DIRECT TESTIMONY OF

EREN G. DEMIRAY

ON BEHALF OF

OHIO EDISON COMPANY
THE CLEVELAND ELECTRIC ILLUMINATING COMPANY
THE TOLEDO EDISON COMPANY

1 **INTRODUCTION AND BACKGROUND**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

3 **A.** My name is Eren G. Demiray, and my business address is 76 South Main Street,
4 Akron, Ohio 44308. I am the Manager of the Reporting Group in the Energy
5 Efficiency Department of FirstEnergy Service Company, and I report to the
6 Director of Compliance and Reporting in the Energy Efficiency Department.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING TODAY?**

8 **A.** I am testifying on behalf of Ohio Edison Company, The Cleveland Electric
9 Illuminating Company, and The Toledo Edison Company (the “Companies”).
10 Unless otherwise stated, my testimony applies equally to all three Companies.

11 In my testimony I may refer to sections included in the Companies’ Revised
12 Energy Efficiency (“EE”) and Peak Demand Reduction (“PDR”) Plans (“Revised
13 Plans”) attached as Exhibit B to the Stipulation and Recommendation filed with
14 the Commission on December 8, 2016 (“Stipulation”). Rather than reiterate in
15 my testimony the details of the sections to which I may refer, I am incorporating
16 by reference any such sections into my testimony.

17 **Q. DID YOU PREVIOUSLY SUBMIT DIRECT TESTIMONY IN THIS**
18 **CASE?**

19 **A.** Yes, I submitted Direct Testimony that was filed in this case on April 15, 2016.
20 This Amended Direct Testimony is intended to replace my original Direct
21 Testimony.

22 **Q. WHAT IS YOUR PROFESSIONAL AND EDUCATIONAL**
23 **BACKGROUND?**

1 A. For the past 15 years, I have been employed either by FirstEnergy Service
2 Company or other FirstEnergy Corp. (“FirstEnergy”) subsidiaries. During this
3 time, I have held positions in Customer Services, Sales & Marketing, Price
4 Forecasting & Market Analytics, Business Analytics, and Rates & Regulatory
5 Affairs. In 2009, I began working as an Analyst in the Compliance &
6 Development group in the Energy Efficiency Department. In 2012, I was
7 promoted to Manager of the Energy Efficiency Reporting Group, my current
8 position. I hold a Bachelor of Arts degree in Psychology, Classical Humanities,
9 and Ancient Greek from Miami University, and a Master of Business
10 Administration degree with a Finance concentration from Kent State University.

11 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITHIN**
12 **FIRSTENERGY’S ENERGY EFFICIENCY DEPARTMENT.**

13 A. I lead a team that is primarily responsible for developing regulatory filings that
14 report progress and demonstrate compliance with state laws or regulatory
15 commitments related to EE and PDR programs for the FirstEnergy utilities in
16 Maryland, New Jersey, Ohio, Pennsylvania, and West Virginia. In addition, the
17 reporting team develops, maintains, and administers the utilities’ centralized
18 energy efficiency tracking and reporting repository that houses transactional data
19 related to energy efficiency activity for all of the utilities. I also chair the
20 Companies’ Ohio Stakeholder Collaborative Group meetings.

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 A. The purpose of my testimony is to: (i) support the Shared Savings Mechanism
23 included in the Companies’ Revised Plans; (ii) support the Companies’ request

1 for an extension of the waiver period for Rule 4901:1-39-05(C); and (iii) support
2 the Companies' PJM capacity auction strategy with regard to EE and PDR credits.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
4 **UTILITIES COMMISSION OF OHIO OR ANY OTHER REGULATORY**
5 **BODY?**

6 **A.** Yes. I have provided direct and rebuttal testimony in support of the Companies'
7 Shared Savings Mechanism and Compliance matters included in the 2013-2015
8 EE/PDR Plans ("Previous EE/PDR Portfolio Plans") that were the subject of Case
9 Nos. 12-2190-EL-POR, *et seq.* I also regularly appear before the Maryland
10 Public Service Commission on EE and PDR matters.

11 **THE SHARED SAVINGS MECHANISM**

12 **Q. IS THERE CURRENTLY AN APPROVED SHARED SAVINGS**
13 **MECHANISM IN PLACE?**

14 **A.** Yes. In the Companies' Previous EE/PDR Portfolio Plans, the Commission
15 approved a Shared Savings Mechanism. On September 24, 2014, in accordance
16 with Substitute Senate Bill 310, the Companies amended their Previous EE/PDR
17 Portfolio Plans ("Amended EE/PDR Portfolio Plans"). The Commission
18 approved the Amended EE/PDR Portfolio Plans and maintained the Companies'
19 Shared Savings Mechanism from the Previous EE/PDR Portfolio Plans with the
20 proposal from the Companies that they would not seek adjusted net benefits for
21 any of the programs to be continued during the Amended EE/PDR Portfolio Plan
22 period.

1 **Q. DESCRIBE THE SHARED SAVINGS MECHANISM INCLUDED IN THE**
2 **REVISED PLANS?**

3 **A.** The Revised Plans continue the Shared Savings Mechanism that was approved by
4 the Commission in Case No. 12-2190-EL-POR, *et seq.* that encourages the
5 Companies, through financial incentives, to strive to exceed their statutorily
6 mandated EE/PDR goals. As set forth in the Companies' Commission-approved
7 Tariffs, any financial incentives received as a result of the Shared Savings
8 Mechanism will be recovered through the DSE2 Charge of the Companies'
9 Demand Side Management and Energy Efficiency Rider. The Shared Savings
10 Mechanism is the same as approved by the Commission in the Companies'
11 Previous EE/PDR Portfolio Plans except for the modifications approved and
12 adopted by the Commission in the Companies' Stipulated Electric Security Plan
13 in Case No. 14-1297-EL-SSO ("Stipulated ESP IV"), or as proposed in the
14 Stipulation in this case. The Shared Savings Mechanism is described in Section
15 7.0 of the Revised Plans.¹

16 **Q. ARE THERE ASPECTS OF THE SHARED SAVINGS MECHANISM**
17 **INCLUDED IN THE REVISED PLANS THAT HAVE NOT ALREADY**
18 **BEEN ADDRESSED AND APPROVED BY THE COMMISSION?**

19 **A.** Yes. In the Stipulation, the signatory parties agreed that each Company's shared
20 savings trigger for 2017 would be reduced by 14%. That aspect of the Shared
21 Savings Mechanism has not previously been addressed by the Commission.

¹ In the event the EE/PDR determinations in the Stipulated ESP IV are modified, altered, stayed, and/or reversed on further rehearing, appeal, and/or remand, a request may be filed with the Commission to amend the Revised Plans.

1 **Q. WOULD THE 14% REDUCTION IN THE SHARED SAVINGS TRIGGER**
2 **LAST FOR THE ENTIRE PERIOD OF THE REVISED PLANS?**

3 **A.** No, the 14% reduction would apply only in 2017 as described in the Direct
4 Testimony of Witness Miller. In 2018 and 2019, the Companies' ability to
5 achieve the annual benchmarks utilized in the Shared Savings Mechanism would
6 likely not be impacted by the delays in Plan approval experienced in 2016.

7 **Q CAN YOU PROVIDE AN ILLUSTRATIVE EXAMPLE OF THE 2017**
8 **SHARED SAVINGS TRIGGER CALCULATION?**

9 **A** Yes, as projected for the Ohio Edison Company's benchmark calculation, the
10 Company's baseline in 2017 is 24,123 GWh. A 1% annual target as utilized in
11 the Shared Savings Mechanism therefore translates into 241.23 GWh ("Annual
12 Target"). Applying a 14% reduction to the Annual Target, the amended shared
13 savings trigger, as envisioned in the Stipulation, would be reduced to 207.46
14 GWh. The Company would thus be eligible to receive shared savings if it
15 exceeds 207.46 GWh of eligible energy efficiency savings in 2017. The
16 Companies' shared savings incentive tiers, compliance percentages, and incentive
17 percentages will remain the same as in Article 7.0 of the Revised Plans.

18 **Q. IS THE 14% REDUCTION IN THE SHARED SAVINGS TRIGGER**
19 **REFLECTED IN THE REVISED PLANS?**

20 **A.** Yes, the 14% reduction is set forth in the Shared Savings Mechanism, which is
21 described in Section 7.0 of the Revised Plans.

22

1 **WAIVER OF THE DEADLINE FOR THE ANNUAL COMPLIANCE FILING**

2 **Q. PLEASE DESCRIBE THE COMPANIES' REQUEST FOR A WAIVER OF**
3 **THE DEADLINE FOR THEIR ANNUAL COMPLIANCE FILING.**

4 **A.** Rule 4901:1-39-05(C), Ohio Administrative Code, requires the Companies to
5 submit their compliance filing by March 15 of each year. However, in an Entry in
6 Case No. 16-0072-EL-WVR² the Commission granted the Companies' request for
7 a waiver of this rule and authorized the Companies (and all other EDUs) to file
8 their Annual Status Reports by May 15 each year. The Commission's Entry in
9 that case only authorized the two-month extension of the filing deadline through
10 the filing in 2018. Since the Plan Period for the Revised Plans will end on
11 December 31, 2019, the Companies and the signatory parties are requesting that,
12 absent a change to Rule 4901:1-39-05(C), Ohio Administrative Code, the waiver
13 and two-month filing extension granted by the Commission be extended one more
14 year through 2019. As the Companies have explained in the past, compliance
15 with the March 15 deadline is difficult because the data necessary for the report
16 must first be collected and studied and then collated into the necessary format.
17 However, certain underlying participation data is not available from the program
18 participants until February or March each year. Program data is often compiled
19 by a contractor, a retailer, or a coupon processor, who must then relay the
20 information to the Companies' implementation vendors who validate and
21 summarize the data for use by the Companies and the Companies' Independent
22 Evaluator for reporting purposes. The process imposes a natural delay, and there

² *In re the Joint Application of [the Companies] for Wavier with Regard to OAC 4901:1-39-05(C), Case No. 16-0072-EL-WVR, Entry (Feb. 24, 2016).*

1 is no alternative means by which to hasten this process. Further, the granting of
2 the Companies' request for the extension of the waiver and the corresponding
3 two-month filing extension through 2019 would be consistent with Staff's
4 recommendation to permanently change the filing deadline to May 15 as set forth
5 in Case No. 13-651-EL-ORD.

6 **PJM CAPACITY AUCTION STRATEGY**

7 **Q. PLEASE EXPLAIN THE COMPANIES' PJM CAPACITY AUCTION**
8 **STRATEGY AS THAT STRATEGY PERTAINS TO EE AND PDR**
9 **RESOURCES.**

10 **A.** In the Stipulation, the Companies agreed to modify their PJM capacity auction
11 strategy for EE/PDR resources. The Companies propose continuing to offer
12 eligible installed energy efficiency resources, which meet PJM offering
13 requirements, into future PJM capacity auctions, as described in Section 7.0 of the
14 Revised Plans. Additionally, the Companies will offer a reasonable percentage
15 (at least 60%) of eligible planned energy efficiency resources, which meet PJM
16 offering requirements, into the PJM base residual capacity auction. Finally, to the
17 extent possible and with due consideration of the risks involved, the Companies
18 will also offer into PJM's incremental capacity auctions additional available
19 eligible resources that were not offered into the base residual capacity auction.

20 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

21 **A.** Yes, it does. However, I reserve the right to supplement my testimony.

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Summary: Testimony - Amended Direct Testimony of Eren G. Demiray electronically filed by Ms. Erika Ostrowski on behalf of The Cleveland Electric Illuminating Company and Ohio Edison Company and The Toledo Edison Company