

Commonwealth Edison Co.

Response to Request for Comments

March 30th, 2012

Commonwealth Edison Company (“ComEd” or “Company”) appreciates the opportunity to comment on the ICC Staff report *“Solicitation of Public Comment on Plan to Foster Statewide Coordination of Statutorily Mandated Natural Gas and Electric Energy Efficiency Programs”* dated January 1st. 2012. Before addressing any specific aspects of the report, ComEd notes that it fully supports the joint coordination of energy efficiency programs between the electric and gas companies and believes its actions align with this support. To date, ComEd has actively worked with both gas companies within its service territory to identify opportunities and implement programs that reduce overall program cost and provide customers a more comprehensive opportunity to engage in energy efficiency activities. In the residential market, the Single-Family Home Performance Program, the Multi-Family Home Performance Program, the Complete System Replacement Program, the Elementary Education Program and the new Residential New Construction Program all benefit from a combined electric and gas utility effort. In the commercial and industrial (“C&I”) market, ComEd has partnered with the gas companies on C&I Custom, C&I Retro-commissioning, C&I New Construction and Small Business Direct Install programs. ComEd feels these joint efforts, while still in their infancy, have been successful to date and fully intends to continue this effort going forward.

ComEd is in agreement with Commission Staff (“Staff”) that joint coordination has occurred at many levels. The Stakeholder Advisory Group (“SAG”), the development of the Illinois Technical Reference Manual (“TRM”) and the CANDI meetings (ComEd, Ameren, Nicor, DCEO and Integrys) are excellent examples cited by Staff that demonstrate the commitment between the utilities, and DCEO, to work together to maximize the productivity and potential of their respective portfolios. In addition, ComEd has been meeting with the gas companies for almost two years on a regular basis (first biweekly, now monthly) to develop a strong, working relationship across many aspects of our portfolios.

In particular, ComEd would like to comment on specific sections of the report –

On page 7, the report discusses that “ComEd discontinued program in Year 1 of its first plan” and implies that this was due to energy savings not being in the “interests of the utilities”. While it was true that ComEd put customers on a waitlist for its C&I Prescriptive / Custom program in Plan Year1 (“PY1”), this was primarily due to the budget for that program being 100% allocated very early in the program year. In PY1, the budget was only a quarter of the current PY4 budget, so the available funds were much less and depleted very quickly. ComEd strived to ensure that PY1 expenditures were within the legislated spending cap. However, this should not be an issue going forward as the annual budgets are much more robust and all excess kWh savings over the goal can be banked for future year’s goals.

On page 10, the report discusses that a joint program “does not ensure the lowest cost portfolio of programs” as there are single utility programs that are lower cost in the portfolio. While it is true that there are lower cost programs (e.g., Residential Lighting), this has more to do with the nature of the

programs than whether the programs are delivered jointly or not. The joint programs tend to be direct install programs where the joint delivery concept works best – one visit to a customer is more cost efficient and customer-friendly than two (or more) visits. So, while the joint programs may tend to be more costly than some other programs, we do believe they are more cost-effective than if they were run as two separate utility programs (i.e., one electric program and one gas program). While ComEd wishes to clarify this point, we are in agreement with Staff that oversight from the Commission and input from the SAG “will help ensure that the potential benefits of coordination are fully realized.”

On pages 11 through 14, Staff includes three potential legislative recommendations that do not seem directly related to joint coordination, but on which ComEd would like to comment as they do impact each utility’s energy efficiency portfolio. The first recommendation is to “increase planning periods from three years to five years”. ComEd appreciates the challenge that Staff must undertake to review all portfolios on a three year cycle and understand that a five year cycle would lessen the workload for both Staff and the utilities. However, it should be noted that a five year cycle is generally not seen around the country. At this time, ComEd is neutral on this recommendation.

The 2nd recommendation is to reduce or eliminate the emphasis on first-year savings. The report states that this will reduce the incentive for a utility to shut down a program once the goal is reached and uses the example of ComEd in PY1. ComEd believes that the issue in PY1 was due more to a smaller budget (as stated previously) than anything else and the emphasis on either first-year savings or lifetime savings would not have impacted this situation. Given the larger budget and the ability to bank kWh savings in excess of goal, ComEd believes this is a non-issue going forward. It should be noted that ComEd has substantially exceeded its MWh goal in both PY2 and PY3. ComEd does not see the same scenario occurring that would result in the starting and stopping of programs in future years. In terms of the report’s other statement that emphasis on first year savings leads to more focus on measures with low costs per first year rather than low lifetime per unit costs, ComEd acknowledges that could be true in theory. However, ComEd does not believe its portfolio has actively promoted programs with low first year cost versus low lifetime costs. In its planning process, ComEd has not disregarded any long life measure over a short life measure. Rather, ComEd has consistently attempted to balance its portfolios with cost-effective programs and measures that reach across all customer classes. It is unclear what actual changes will occur within the portfolio if this recommendation was accepted. Therefore, ComEd has a neutral position on this recommendation.

The third and last recommendation is to remove Commission review and approval of DCEO portfolio. While this recommendation may not directly impact ComEd, ComEd does have a concern with the current dichotomy with how the utilities’ portfolios and DCEO’s portfolio are reviewed as it is important to recognize that the utilities’ ratepayers are funding both the utilities’ and DCEO’s portfolios. However if ComEd can only bank savings above combined ComEd and DCEO goals, then whether DCEO meets its portion of the overall goal has a direct impact on ComEd. In this case, the Commission should strive to ensure that DCEO meets its portion of the annual statutory goal.

Again, ComEd appreciates the opportunity to comment on this report and commends ICC Staff for addressing this important topic of joint coordination of energy efficiency programs.