

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission)	
On Its Own Motion)	
)	Docket No. 12-0484
v.)	
)	
Commonwealth Edison Company)	
d/b/a ComEd)	
)	
Petition for Approval of Tariffs Implementing)	
ComEd's Proposed Peak Time Rebate Program)	

DIRECT TESTIMONY OF REBECCA DEVENS

ON BEHALF OF

THE CITIZENS UTILITY BOARD AND THE CITY OF CHICAGO

CUB Exhibit 1.0

October 25, 2012

1 **INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Rebecca Devens. My business address is 309 W. Washington, Suite 800,
5 Chicago, IL 60606.

6

7 **Q. What is your present occupation?**

8 A. I am a Policy Analyst for the Citizens Utility Board (“CUB”), where I have been
9 employed since 2008.

10

11 **Q. Please summarize your role at CUB.**

12 A. I research and evaluate state and federal legislative and regulatory proposals
13 relating to electricity, natural gas and telecommunications issues. I also review the
14 impact of legislative and regulatory proposals on Illinois consumers, and represent
15 CUB at policy-related meetings before the Illinois Commerce Commission (“ICC” or
16 “Commission”). I represent CUB in the Stakeholder Advisory Group (“SAG”), the
17 collaborative group that monitors utility implementation of energy efficiency and
18 demand response programs, and I review utility plans and evaluation reports for
19 compliance with the Energy Efficiency and Demand Response Portfolio Standards
20 mandated in the Public Utilities Act (“PUA” or “the Act”).

21

22 **Q. Please describe your educational background.**

23 A. I graduated with honors from the University of Illinois at Urbana-Champaign with a
24 Bachelors degree in English.

25

26 **Q. What is the purpose of your testimony?**

27 A. The purpose of my testimony is to review the proposed Peak Time Rebate (“PTR”)
28 program from Commonwealth Edison Company (“ComEd” or “the Company”). I
29 recommend the Commission approve ComEd’s filing as modified by my
30 recommendations, and will provide input representing the interests of ComEd
31 customers on several facets of ComEd’s proposal.

32

33 **Q. Is ComEd required to offer a PTR program?**

34 A. Yes. Though I am not an attorney, it is my understanding that this requirement
35 stems from ComEd’s decision to participate in the performance-based formula rate
36 scheme created by the Energy Infrastructure and Modernization Act (“the EIMA”). I
37 understand that ComEd must file a petition for the approval of a tariff
38 implementing a PTR program within 60 days after Commission approval of the
39 Company’s Advanced Metering Infrastructure (“AMI”) Plan. 220 ILCS 5/16-108.6(g).
40 The Commission approved the Company’s AMI Plan through its order on June 22,
41 2012 in ICC Docket No. 12-0298

42

43 **Q. What is a PTR program?**

44 A. It is a pricing tariff that provides rebates for residential customers who reduce
45 electricity usage at peak times.

46

47 **Q. Why is ComEd offering a PTR program now?**

48 A. ComEd customers are going to be funding a major investment in ComEd's
49 infrastructure as a result of ComEd's decision to participate in the EIMA's
50 performance-based formula rate – the statute calls for a participating utility to
51 spend \$1.3 billion on investments in AMI and another \$1.3 billion in more
52 traditional utility infrastructure investments. 220 ILCS 5/16-108.5(b) To ensure
53 that individual customer households and residential customers as a class are able to
54 realize the economic benefits of AMI, customers must have access to energy
55 efficiency, demand response, and dynamic pricing programs. AMI grants customers
56 opportunities that have never previously been available to reduce electricity bill
57 costs through these types of programs. Reducing energy at peak times not only
58 reduces costs for individual consumers and residential customers as an aggregate,
59 but also has the potential to reduce the use of greenhouse gas-emitting generation
60 sources, which delivers environmental and societal benefits to consumers. PTR is
61 the first of what CUB and the City hope will be several new demand response
62 programs that are enabled by smart meters. These programs are critical to
63 consumers realizing the value of AMI and benefiting from the investments they are
64 funding.

65

66 **Q. Why is a PTR program valuable for Illinois?**

67 A. A properly designed PTR program empowers ComEd customers to save money by
68 reducing their usage during peak times, providing a direct monetary benefit to those
69 customers who choose to participate. It's also a risk-free opportunity for consumers
70 to become educated about the wholesale energy market and dynamic pricing
71 programs such as the Residential Real-Time Pricing ("RRTP") program offered by

72 ComEd. Participating in a PTR program can serve as a stepping stone to customers
73 to participating in other demand response programs that have a greater impact on
74 reducing the price of electricity in peak times but may involve more risk.

75

76 **Q. What is your overall impression of ComEd's filing?**

77 A. I recommend that the Commission approve the program with the recommendations I
78 make in this testimony. While I am not an attorney, it appears that for the most
79 part, ComEd's filing meets the requirements of the PUA. ComEd's proposal would
80 make a PTR program available to all ComEd delivery customers, regardless of their
81 electricity supplier, in a competitively neutral manner. ComEd has also pledged to
82 continue working with stakeholders and the Smart Grid Advisory Council ("SGAC"),
83 and has been responsive to stakeholder input. However, there are several facets of
84 ComEd's program related to maximizing participation and the customer experience
85 in the program that require improvement to ensure that ComEd complies with the
86 requirements of the PUA.

87

88 **Q. What is the focus of your recommendations?**

89 A. While I am not an attorney, it's my understanding that ComEd is required to not
90 only offer a PTR program but to maximize customer enrollment and responsiveness
91 of customers once they are enrolled. My recommendations address how ComEd can
92 do this.

93

94

95

96 **Q. What are your recommendations?**

97 A. Yes. ComEd's proposal lays out plans for what will hopefully be a successful and
98 cost-beneficial PTR program, particularly by not charging customers a fee to
99 participate, and planning on calling an optimal number of curtailment periods in
100 future years of the program as market revenues allow. However, to maximize
101 customer participation, I recommend the Commission direct ComEd to:

- 102 • Offer a pre-enrollment process so that customers can sign up for the program
103 during the summer; and
- 104 • Ensure that program administrators have a high level of technical expertise
105 to offer the best customer education and customer service possible.

106

107 **I. COMED MUST BE REQUIRED TO OFFER A PRE-ENROLLMENT**
108 **PROCESS**

109

110 **Q. What does the PUA require regarding customer participation in PTR?**

111 A. Though I am not an attorney, I believe the PUA requires that ComEd offer "an opt-
112 in market-based peak time rebate program to all residential retail customers with
113 smart meters." 220 ILCS 5/16.108(g). The Act also requires that "the rules and
114 procedures for consumers to opt-in to the peak time rebate program shall include
115 electronic sign-up, be designed to maximize participation, and be included on the
116 utility's website." *Id.*

117

118 **Q. Does ComEd's filing meet these statutory requirements?**

119 A. ComEd's proposal meets the requirement in the PUA that allows consumers to sign-
120 up electronically for the program, and it also appears that ComEd plans to include
121 the program on its website. ComEd Ex. 2.0 at 5. However, ComEd's filing falls short
122 of the PUA's requirements to offer PTR to all customers with a smart meter and to
123 maximize PTR program participation by failing to commit to offering a pre-
124 enrollment process.

125
126 **Q. What is ComEd's proposed timeline for the PTR program?**

127 A. I understand that the initial enrollment period for the program will begin on
128 October 1, 2014 and end on April 30, 2015. ComEd Ex. 3.0 at 2. The first
129 Curtailment Periods, which are events during which consumers can receive rebates
130 for reducing usage, will be called during the 2015/16 PJM Planning Year, which
131 begins on June 1, 2015. ComEd will submit a final report and petition to initiate an
132 evaluation proceeding by September 1, 2019, after the program has been running for
133 four years. *Id.* Pending the findings of the evaluation proceeding, the program will
134 run until at least May 31, 2023. *Id.*

135
136 **Q. What does ComEd propose for customer enrollment?**

137 A. ComEd proposes that customers will be able to enroll only during months when
138 ComEd is not going to be calling curtailment periods. This means, for example, that
139 customers cannot sign up after May 1st each year. ComEd Ex. 3.0 at 2.

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141

142

143 **Q. What is the problem with what ComEd proposes?**

144 A. It would mean that customers will not be able to sign up for the PTR program
145 during the time of year they are most likely thinking about their electric usage: the
146 summer. Summer is when many customers use air conditioning, for example, and
147 as a result are interested in ways to lower their energy bills. ComEd's narrow
148 window for program enrollment will make it harder to market the program, and so it
149 minimizes, not maximizes, customer participation.

150

151 **Q. What is a pre-enrollment process?**

152 A. It is a process to allow customers to sign up for ComEd's PTR program year-round.
153 A pre-enrollment process would allow customers to opt-in to the program during the
154 summer of the year prior to when customers will be able to participate. PJM
155 requires ComEd to register all customers who will be participating in a program for
156 which ComEd has a demand commitment in May of that delivery year. ComEd Ex.
157 2.0 at 5. In workshops over the summer with stakeholders, ComEd did not propose
158 allowing customers to opt-in, or sign up or register for the program between May 1st
159 and October 1st of the year prior to the summer in which a customer would be
160 participating. These months correspond with when ComEd will call Curtailment
161 Periods.

162

163 **Q. Are there other factors that affect customers' ability to enroll in the PTR
164 program?**

165 A. Yes. To enroll in the PTR program, a customer must have a smart meter installed
166 at their home. ComEd Ex. 3.1 at 2.

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Q. When will ComEd begin deploying smart meters?

A. ComEd’s revised AMI deployment plan, currently being considered by the Commission on rehearing, states the Company will begin deploying smart meters in 2015. It does not specify what months in 2015 it will begin deploying meters, or how many customers per month will receive smart meters. 12-0298 ComEd 15.03 at 22.

Q. How many smart meters will be deployed by the time ComEd must submit a list of participating customers to PJM in May of 2015?

A. The most recent information I’m aware of regarding ComEd’s timeline for deploying meters is their revised AMI Plan, which is currently pending before the ICC in Docket No. 12-0298. In a discovery response in that case, ComEd projects that 173,600 meters will be deployed by April of 2015, including an estimated 128,000 meters installed as a result of the ComEd AMI pilot. ComEd DRR to AG 1.04 Supp 2 Attach 1, Deploy Mass tab, In discovery responses in this docket, ComEd estimates that about 150,500 residential customers will have AMI meters by April 30, 2015. ComEd DRR to CUB 4.06 (b). Presumably this estimate also includes the 128,000 pilot meters. Based on the two estimates ComEd has provided, an additional 22,500 to 45,600 customers will also have smart meters by that time. If for any reason ComEd does not install additional smart meters prior to April of 2015, only customers who received smart meters in the AMI pilot would be eligible to participate in PTR in the initial year of the program, since you have to have a smart meter to participate.

191 **Q. Has ComEd estimated how many customers will enroll in the PTR program**
192 **in its initial year?**

193 A. Yes. ComEd projects they have multiple projected enrollment scenarios based on
194 participation rates and adoption of direct load controls. ComEd Response to Staff
195 Data Request JZ 1.01 Supp., Attach. 1. ComEd estimates that between 7,500 to
196 9,000 customers would participate in the PTR program for the 2015/16 PJM
197 Planning Year based on the “estimated number of customers having AMI meters by
198 April 30, 2015 and two (2) levels of participation rates.” ComEd DRR to CUB 4.06
199 (a).

201 **Q. When will customers be able to begin enrolling in the program?**

202 A. ComEd states customers can begin enrolling on October 1, 2014. ComEd Ex. 3.0 at
203 2. However, ComEd also states that in response to stakeholder requests, including
204 CUB’s, ComEd agreed to research the possibility of allowing customers to sign up for
205 the PTR program through a pre-enrollment process. ComEd Ex. 2.0 at 6.

207 **Q. Does ComEd’s filing include a pre-enrollment process?**

208 A. No. It’s my understanding that ComEd’s primary concern with the proposal is one of
209 confusing customers about whether they will receive credits for the program if they
210 enroll during the summer before they can actually begin participating. ComEd Ex
211 2.0 at 6. In particular, ComEd believes customers may respond to called curtailment
212 periods after hearing of the events through “word of mouth” or “mass media alerts
213 which may be employed as the program grows.” ComEd Ex 2.0 at 6. However, in
214 response to stakeholder requests, including CUB’s, ComEd agreed to research the

215 possibility of allowing customers to sign up for the PTR program through a pre-
216 enrollment process. ComEd Ex. 2.0 at 6. ComEd states that they are:

217 “seeking discretion to try a pre-enrollment process, where customers
218 can sign up during the summer months of a Planning Year to
219 participate in the PTR program during the following Planning Year.
220 It is ComEd’s goal to minimize any confusion created by this pre-
221 enrollment process, so ComEd will conduct research as to whether this
222 pre-enrollment phase will meet intended goals before implementing
223 it.” ComEd Exhibit 2.0 at 6:129-134.

224 It appears to me that ComEd is seeking the Commission’s permission to “try”
225 this process. ComEd elaborates that this would not entail actually piloting the
226 process pending the Commission’s approval, but rather conducting “a series of focus
227 groups and other research activities,” and depending on the outcome of the research,
228 “piloting this pre-enrollment phase during the initial years of the program to further
229 test the mechanism.” ComEd DRR to CUB 2.03(c).

230

231 **Q. Does ComEd state that a pre-enrollment process could enhance customer**
232 **value?**

233 A. ComEd agrees with CUB and the City that a pre-enrollment process that “increases
234 enrollment and participation in the PTR program without causing undue confusion”
235 would enhance customer value. ComEd DRR to CUB 2.03 (b). I agree with ComEd’s
236 explanation of how this process could enhance customer value.

237

238 **Q. Is ComEd’s proposal to research whether to offer a pre-enrollment period**
239 **sufficient?**

240 A. No, although I appreciate ComEd’s willingness to address stakeholder concerns. I
241 believe a pre-enrollment process is necessary to maximize customer participation.

242 Without a pre-enrollment process, customers will not have an opportunity to sign up
243 for the program at the time when high summer electricity bills are most on their
244 mind. Customers will have other concerns other than summer rebates in the fall,
245 winter, and spring, and signing up for the PTR program will not be on the forefront
246 of their minds. It is critical that customers be able to enroll in the PTR program
247 during the summer. Additionally, the PUA requires that a utility offering a PTR
248 program under the EIMA offer the program to all residential retail customers with
249 smart meters. Though I am not an attorney, I believe this means that any
250 residential customer of ComEd who has received a smart meter should be able to
251 enroll in the program, and should not be turned away if they attempt to sign up.

252

253 **Q. What do you think about ComEd's concerns related to offering a pre-**
254 **enrollment process?**

255 A. I am sympathetic to ComEd's concerns about generating customer confusion, and
256 support ComEd's desire to take steps such as conducting focus groups and other
257 customer research strategies to develop optimal messaging strategies. Optimal
258 messaging strategies are crucial to the success of the process and thereby the
259 program. ComEd's concern here is actually addressed in part because ComEd does
260 not appear to be planning on using mass media alerts which would presumably
261 occur in mainstream marketing channels in the initial years of the program. ComEd
262 Ex. 2.0 at 6. ComEd would likely not use these channels until a high proportion of
263 customers have received smart meters, at which point these channels would become
264 more cost-effective. Only at this later time, presumably after the program has been

265 operating for some number of years, could these channels even hypothetically cause
266 customer confusion related to eligibility to participate in the program.

267

268 **Q. Do you think a pre-enrollment process would cause customer confusion?**

269 A. I do not think a pre-enrollment process would cause confusion if a customer who pre-
270 enrolls is informed of when she or he will be able to begin receiving rebates. The key
271 lies in the customer education and marketing materials for the program.

272

273 **Q. How do you recommend ComEd enhance customer value through a pre-
274 enrollment process?**

275 A. An actual piloting of the pre-enrollment process need not be contingent on the
276 outcome of the research ComEd conducts. With the appropriate marketing,
277 customer education, and customer service, ComEd can convey the necessary
278 information about how the program operates to pre-enrollees.

279

280 **Q. When should the pre-enrollment process be offered for the first time?**

281 A. The pre-enrollment process should be offered for the first time beginning on June 1,
282 2014. The 28,000 ComEd customers who received smart meters in the AMI Pilot
283 would be eligible to pre-enroll in the program. After October 1, 2014, those same
284 customers could continue to sign-up in the program through the “regular”
285 enrollment process until April 30, 2015, alongside other customers who receive a
286 smart meter from ComEd between January and April of 2015.

287

288 **Q. Can you provide an example of what kind of experience a customer who**
289 **pre-enrolls in the program would have?**

290 A. Yes. In August of 2015, after ComEd has begun deploying additional smart meters
291 under the EIMA a customer with a smart meter could “pre-enroll” with ComEd,
292 receiving information about the program including that the customer will not be
293 eligible to receive rebates for participating until the following summer, beginning on
294 June 1, of 2016.

295
296 **Q. How does that experience differ from one a customer who “regularly”**
297 **enrolls has?**

298 A. A customer who “regularly” enrolls would also sign up for the program in advance of
299 being able to participate. For example, another customer could sign up for the
300 program in October of 2015. Like the customer in the previous example, the
301 customer who “regularly” enrolls would receive information about the program,
302 including that the customer will not be eligible to receive rebates for participating
303 until June 1, of 2016. Both examples illustrate that ComEd’s concerns about
304 customer confusion neglect to consider that the message ComEd will communicate to
305 customers who enroll in the PTR program via the pre-enrollment process is almost
306 identical to the message ComEd will be communicating to customers who “regularly”
307 enroll between October-April. At all times customers will be told that enrollment is
308 for participation in the program at a future date, and that customers will not
309 immediately be eligible to receive rebates for reducing usage when they sign up.

310

311 **Q. What is your recommendation to the Commission related to the pre-**
312 **enrollment process?**

313 A. I recommend that the Commission order ComEd to begin conducting focus groups
314 and other customer research activities, as ComEd suggested, but that the
315 Commission also order ComEd to offer customers the opportunity to pre-enroll in the
316 PTR program beginning June 1, 2014 in anticipation of the 2015/16 PJM Planning
317 Year, and continuing every year the program is offered after that.

318

319 **Q. Do you have recommendations on the how the pre-enrollment process can**
320 **maximize customer participation in the PTR Program and avoid customer**
321 **confusion?**

322 A. Excellent customer education and messaging is key to ComEd offering a pre-
323 enrollment process without causing customer confusion, as well as to ComEd
324 offering a cost-beneficial PTR program in general. It is clear that ComEd plans on
325 developing best practices for messaging relating to enrollment and participation in
326 the PTR program in their market research activities. As discussed in stakeholder
327 workshops this summer, ComEd's semantic choices will play an important role in
328 minimizing customer confusion for all customers, whether they pr-enroll or
329 "regularly" enroll. For example, ComEd could refer to customers who pre-enroll in
330 the PTR program as "applying" for the program. In making it clear to customers that
331 participation will begin the following year, ComEd can also provide information
332 about other opportunities for customers to reduce their usage and their bills, such as
333 through the Air Conditioning Cycling ("A/C Cycling") program, the RRTP program,
334 or the statutorily mandated "Smart Ideas" energy efficiency programs. Customers

335 will appreciate being given information about all these opportunities to save.
336 Customers who pre-enroll also have more time to understand the program and the
337 incentives behind it, so ComEd should take advantage of this time to properly
338 educate pre-enrollees on how to maximize their participation in the PTR program.

339 Allowing customers to enroll in the program when they are motivated to take
340 energy and money-saving actions because of high summer electricity costs is critical
341 to the success of the program. ComEd simply cannot turn customers away if they
342 become interested in enrolling in the PTR program and are eligible (i.e., have smart
343 meters), because they happen to become interested in May instead of April. An
344 increasing number of customers will have smart meters in the coming years, and the
345 pool of customers who may be interested in enrolling in the program during the
346 summer will only grow. It is inadequate for ComEd to plan on reaching out to those
347 customers during the off-season of the program and hope that they will still take the
348 necessary steps to enroll.

349
350 **II. COMED MUST PROVIDE A HIGH LEVEL OF TECHNICAL EXPERTISE IN**
351 **CUSTOMER EDUCATION AND OUTREACH**

352
353 **Q. What has ComEd said regarding customer education and customer service**
354 **related to the PTR program?**

355 A. ComEd will provide customers the ability to enroll in the program on the Company's
356 website, as is required by the PUA. ComEd Ex. 2.0 at 5. To support customers
357 without internet access, ComEd will also "enable a phone channel via both live agent
358 and voice responsive unit ("VRU") system." *Id* at 5:101-103. ComEd specifies that
359 the live agents on the phone channel will be able to "address a wider range of

360 questions than just enrollment, and provide education and support for the PTR
361 program in general.” ComEd DRR to CUB 2.04 (a). ComEd will also “work to
362 analyze and implement additional channels, such as mobile applications and text
363 messages, once such systems become less expensive and if customer research
364 determines these channels would significantly improve enrollment.” *Id* at 5:103-
365 106. After consumers enroll in the program, ComEd plans to provide both mailed
366 and/or electronic communications “helping them engage in the PTR program and
367 reduce their usage during events to optimize bill savings.” ComEd DRR to CUB
368 2.13.

369

370 **Q. What recommendations do you have related to the customer education and**
371 **customer service ComEd should provide to customers and participants in**
372 **the PTR program?**

373 A. Customer education and customer service should be designed to enhance consumers’
374 abilities to realize the economic benefits of AMI and PTR. ComEd needs to ensure
375 that consumers, whether they are participating in the program or interesting in
376 learning more about the program, are able to speak with someone with a high level
377 of technical expertise to maximize participation. Customers may need help deciding
378 whether to enroll in PTR or ComEd’s A/C Cycling program, since customers cannot
379 participate in both. ComEd Ex. 2.0 at 11. If customers are participating in the PTR
380 program or interested in learning more about it, those customers should also be
381 educated about potential opportunities to save money and have greater control over
382 their costs through energy efficiency programs and ComEd’s RRTP program, which
383 allows customers to pay the wholesale cost for electricity as opposed to the average

384 rate. In addition to connecting and educating engaged customers about
385 opportunities to save money, consolidating ComEd's outreach and marketing of
386 these programs is an opportunity to increase operational efficiencies and engender
387 further cost savings for both the Company and customers. It could also help ComEd
388 cost-effectively reach the statutory Energy Efficiency Portfolio Standard ("EEPS")
389 savings targets.

390

391 **Q. Are there examples of customer education and customer service in other**
392 **similar programs you recommend ComEd emulate?**

393 A. Yes. I recommend ComEd emulate the model employed in both the Company's
394 RRTP program and AMI Pilot, which included a Customer Applications Pilot
395 ("CAP"), which included twenty four "specific experimental combinations of rate
396 designs, customer technology, information, and education that will be studied,"
397 including demand response programs. Final Order in ICC Docket No. 09-0263 at 9
398 (October 14, 2009). Both the RRTP program and the CAP pilot have provided
399 customer service with a high level of technical knowledge, enabling them to
400 maximize participation in their respective.

401

402 **III. THE COMMISSION SHOULD ADOPT COMED'S PROPOSAL TO REVISIT**
403 **THE NUMBER OF CURTAILMENT PERIODS AFTER THE FIRST**
404 **PROGRAM YEAR**

405

406 **Q. How many Curtailment Periods has ComEd projected it will offer in the**
407 **first year of the program?**

408 A. In the first year of the program, the 2015/16 PJM Planning Year, beginning on June
409 1, 2015, ComEd plans on calling two to three Curtailment Periods. ComEd Ex. 2.0
410 at 8:174. ComEd explains that revenues from the Incremental Auctions for capacity
411 for this year are only expected to be able to fund this number of events, and that
412 ComEd wants to “hold this number of events so customers can learn how to optimize
413 their response to events.” ComEd DRR to CUB 4.07.

414
415 **Q. What revenues does ComEd expect to receive for the 2015/16 PJM Planning**
416 **Year?**

417 A. I don’t know. ComEd plans to bid into the First Incremental Auction for the 2015/16
418 Planning Year, which is scheduled for the week of September 9, 2013. ComEd DRR
419 to CUB 4.05. I don’t believe ComEd has as of yet provided projections for what the
420 Company expects revenue to be from that auction

421
422 **Q. How much revenue would be required for ComEd to fund two or three**
423 **Curtailment Periods in the 2015/16 PJM Planning Year?**

424 A. ComEd’s explanation for why market revenues for the 2014/15 Planning Year would
425 fail to be sufficient to fund the optimal number of Curtailment Periods may provide
426 insight. ComEd states that a “Resource Clearing Price of about \$33 per megawatt
427 per day would be sufficient to provide a \$1 per kilowatt-hour (kWh) credit for three
428 (3) Curtailment Periods with an average of four (4) hours per Curtailment Period.
429 ComEd DRR to CUB 4.01(b). This suggests to me that ComEd would likewise
430 require a Resource Clearing Price of about or at least \$33 per megawatt per day to

431 provide a rebates to customers for three Curtailment Periods in the 2015/16 PJM
432 Planning Year.

433

434 **Q. Do you recommend that ComEd revisit the number of Curtailment Periods**
435 **ComEd has proposed it will call after the Company bids into the First**
436 **Incremental Auction for the 2015/16 Planning Year?**

437 A. Yes. While ComEd has a high level of expertise related to participating in PJM
438 auctions and running demand response programs, and is likely making an accurate
439 projection about the number of Curtailment Periods the market will be able to fund,
440 I recommend the Company update the Commission and stakeholders as to the
441 revenues it receives in the First Incremental Auction for the 2015/16 Planning Year
442 and the number of Curtailment Periods it expects to be able to call. I make this
443 recommendation because I agree with ComEd that “customers will need multiple
444 events to learn how their behaviors translate into incentive payments so they can
445 optimize performance.” ComEd DRR to CUB 2.22 (a). Particularly in the first year
446 of the program, it would optimal for customers to have the opportunity to reduce
447 usage and earn rebates in more than two or three Curtailment Periods so that
448 consumers can learn how the program works and be encouraged to continue to
449 participate. However, if market revenues only allow ComEd to call two or three
450 Curtailment Periods in the 2015/16 Planning Year, I believe that would be an
451 adequate number of events for the inaugural year of the program.

452

453 **Q. How many Curtailment Periods has ComEd projected it will offer in later**
454 **years of the program?**

455 A. ComEd states it will call more Curtailment Periods in future years of the program as
456 market revenues allow. ComEd DRR to CUB 4.07(d). ComEd plans to bid the
457 program into the 2016/17 Base Residual Auction and expects revenues to be “near or
458 possibly slightly higher than the \$136.00/MW-day price for the PJM RTO region in
459 the 2015/16 Base Auction.” ComEd DRR to CUB 3.03. If ComEd projects that it
460 would require \$33 per megawatt per day to fund two to three events, it is likely that
461 ComEd will be able to call more than that many Curtailment Periods with revenues
462 of \$136 per megawatt per day. However, ComEd states that it intends to revisit the
463 proposed \$1/kWh rebate with stakeholders and the Commission in October of 2016,
464 after the program has been available to consumers for two summers. ComEd Ex. 1.0
465 at 12. A change in the rebate amount would impact the number of Curtailment
466 Periods the Company is able to call. ComEd DRR to CUB 4.07 (d).

467

468 **Q. Do you support ComEd’s proposal to revisit the rebate amount in October**
469 **of 2016?**

470 A. I support ComEd’s proposal to revisit the rebate amount subject to Commission
471 approval. Revisiting the rebate amount when we have two years of data related to
472 customer enrollment and participation patterns, and when market revenues may be
473 significantly greater than they are now, makes sense to ensure that ComEd is
474 running the program in a way that maximizes participation.

475

476 **IV. TO MAXIMIZE CUSTOMER PARTICIPATION, THE COMMISSION**
477 **SHOULD ADOPT COMED’S PROPOSAL TO OFFER THE PROGRAM**
478 **WITHOUT A CUSTOMER PARTICIPATION FEE**

479

480

481 **Q. Does ComEd propose that participants in the PTR program pay a**
482 **participation fee?**

483 A. No, ComEd states that to encourage enrollment in the PTR program, particularly in
484 its early stages, ComEd will not require participants to pay a participation fee.
485 ComEd Ex. 1.0 at 15. ComEd offers three reasons for why participants should not
486 pay a participation fee:

- 487 • Since the purpose of the program is to determine whether it creates net
488 benefits for customers, it is “imperative that barriers to enrollment in PTR be
489 eliminated in order to focus on whether, and the extent to which, PTR
490 customers will respond, as it is customer enrollment and, in turn, demand
491 response that generates benefits. *Id* at 15: 344-348.
- 492 • “In light of enrollment levels, which are a function of the smart meter
493 deployment schedule, it is impossible to expect that PTR customers could
494 cover the full cost of the program through fully cost-based charges –
495 assuming they would actually pay to participate.” *Id* at 15: 348-351.
- 496 • The service should be priced “at a level to encourage usage.” *Id* at 16:352.

497
498 **Q. Do you agree with ComEd?**

499 A. Yes. I agree with ComEd that to meet the statutory requirement to maximize
500 customer participation, the PTR program must be offered without a participation
501 fee, particularly in the initial years of the program in order to determine whether
502 the program is cost-beneficial. I also agree that participants could not be expected to
503 bear the burden of the costs to administer the program due to the relatively small
504 number of customers who will have smart meters early on in the program relative to

505 the cost of administering a PTR program which will eventually be available to all
506 customers. Finally I agree with ComEd that a crucial factor in setting an
507 appropriate participation fee, or lack of a fee, is whether that fee will incent usage,
508 particularly when determining whether or not a program is cost-beneficial.
509 Additionally, in the first year of the program, customers will not have access to
510 concrete savings numbers from previous participants, and in subsequent initial
511 years, they will likely also be less familiar with the program, and may be less
512 inclined to participate without hearing about other customers' experiences. I
513 recommend the Commission approve ComEd's proposal to offer the PTR program
514 without a participation fee.

515

516 **CONCLUSION**

517

518 **Q. What are your recommendations related to the PTR program?**

519 A. I recommend that the Commission approve ComEd's filing to offer a PTR program. I
520 also recommend that the Commission order ComEd to:

- 521 • Offer a pre-enrollment process;
- 522 • Provide high level customer service and customer education that will address
523 consumers' technical questions and educate consumers about other money
524 saving energy efficiency and demand response programs;
- 525 • Approve the PTR program without a participation fee; and
- 526 • Report to the Commission and stakeholders on whether market revenues
527 received in the Incremental Auction for the 2015/16 PJM Planning Year are
528 sufficient to fund more than two or three Curtailment Periods in that year.

529

530 **Q. Does this conclude your direct testimony?**

531 **A. Yes.**