

REBUTTAL TESTIMONY

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JENNIFER L. HINMAN

Witness J.L. Hinman  
Date 4/16/13 Reporter CMS

ECONOMIC ANALYST

POLICY DIVISION

ILLINOIS COMMERCE COMMISSION

INVESTIGATION INTO COMPLIANCE WITH THE EFFICIENCY STANDARD REQUIREMENT OF

SECTION 8-103 OF THE PUBLIC UTILITIES ACT.

COMMONWEALTH EDISON COMPANY

DOCKET No. 11-0593

NOVEMBER 1, 2012

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1 **I. INTRODUCTION**

2 **A. IDENTIFICATION OF WITNESS**

3 **Q. Please state your name.**

4 A. My name is Jennifer L. Hinman.

5 **Q. Are you the same Jennifer L. Hinman who previously submitted direct**  
6 **testimony in this docket?**

7 A. Yes. My testimony is contained in Staff Ex. 1.0.

8 **B. ATTACHMENTS**

9 **Q. Are you sponsoring any exhibits to your rebuttal testimony?**

10 A. Yes. Staff Ex. 2.1 contains tables referenced in this rebuttal testimony.

11 **C. PURPOSE OF TESTIMONY**

12 **Q. What is the purpose of your rebuttal testimony?**

13 A. The purpose of my rebuttal testimony is to respond to issues addressed in the  
14 direct testimony of the People of the State of Illinois ("AG") witness Philip H.  
15 Mosenthal (AG Ex. 1.0), the rebuttal testimony of the Commonwealth Edison  
16 Company ("ComEd" or "Company") witness Michael S. Brandt (ComEd Ex. 2.0),  
17 and the direct testimony of the Illinois Department of Commerce and Economic  
18 Opportunity ("DCEO" or "Department") witness Agnes Mrozowski ("DCEO Ex.  
19 1.0").

20 **Q. Do you address every issue raised by the AG, ComEd, and DCEO in their**  
21 **testimony?**

22 A. No. My silence on an issue or failure to address any statement or position  
23 offered by the parties in this proceeding should not be construed as either an  
24 endorsement or a criticism of that statement or position.

25 **Q. Have any of the recommendations made in your direct testimony changed?**

26 A. They remain unchanged in most respects. I previously recommended that this  
27 docket was the appropriate place to review the cost-effectiveness of the  
28 programs in the ComEd portfolio for the three-year period that encompasses  
29 ComEd's Plan 1. I now recommend that the Commission direct ComEd to  
30 provide a review of the three-year cost-effectiveness analysis consistent with my  
31 recommendations in a separate proceeding, and direct Staff to provide a draft  
32 initiating order to the Commission to enable the review of ComEd's and DCEO's  
33 programs implemented over the last three years in a separate proceeding.

34 Further, in cases where it is clear goals were not met, I now recommend that  
35 the revision of plan goals for DCEO be handled in savings dockets if and when  
36 DCEO fails to achieve those goals, rather than in a separate plan modification  
37 docket as I recommended in my direct testimony.

38 Finally, I now recommend the Commission approve modified goals for  
39 DCEO of 56,812 MWh for PY4, 57,317 MWh for PY5, and 57,629 MWh for PY6 in  
40 the ComEd service territory.

41 **II. REBUTTAL TOPICS**

42 **A. BEST ESTIMATES OF SAVINGS ACHIEVED IN PY3**

43 **Q. How does ComEd respond to your recommended adjustments to the**  
44 **Appliance Recycling Program's ("ARP") savings?**

45 A. ComEd recommends the Commission adopt the higher savings estimates  
46 provided in ComEd Ex. 2.1. Specifically, ComEd witness Michael S. Brandt  
47 states:

48 As an initial matter, each year one of the primary functions of the  
49 independent evaluator is to determine the kilowatt-hour ("kWh") savings  
50 for each program that will be applied towards the kWh savings goal.  
51 For the Appliance Recycling program, the independent evaluator issued  
52 a PY3 Evaluation Report that determined savings of 44,851 MWh. See  
53 ComEd Ex. 2.1 at 4, Table E-3. ComEd agrees with the independent  
54 evaluator's findings, and believes this should be the energy savings  
55 number for this program.

56 ComEd Ex. 2.0 at 3-4. (Emphasis added).

57 **Q. What is Staff's position to the role of the independent evaluator in the**  
58 **Commission's determination of whether savings goals have been met?**

59 A. As summarized in the Commission's Order in Docket No. 07-0540 ("Plan 1  
60 Docket"), Staff recognized that the independent evaluation required under  
61 Section 8-103(f)(7) of the Illinois Public Utilities Act ("Act") is only one component  
62 of the Commission's determination concerning achievement of energy savings  
63 goals, and that other information should be considered as well. Plan 1 Order<sup>1</sup> at  
64 26-27.

65 **Q. How did the Commission respond to Staff's position in the Plan 1 Order?**

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<sup>1</sup> Commonwealth Edison Co., Docket No. 07-0540, Final Order, February 6, 2008 ("Plan 1 Order")

66 A. The Commission specifically noted Staff's concerns that "there should be no  
67 presumption that a utility's evaluator will be the only entity that is competent to  
68 provide evidence about whether a utility has met the efficiency standard" and  
69 stated that the "Commission reviews of ComEd's plan to determine compliance  
70 with the energy efficiency goals is separate and apart from the independent  
71 evaluation required by Section 103(f)(7) of the statute." Plan 1 Order at 26-27.

72 **Q. How should the Commission treat ComEd's assertion regarding the**  
73 **evaluator's role with respect to savings calculations and the ARP issue?**

74 A. The Commission should reject ComEd's assertion that only the Plan Year 3  
75 ("PY3")<sup>2</sup> evaluation report completed pursuant to Section 8-103(f)(7) should be  
76 considered in the Commission's decision. ComEd's assertion is clearly  
77 inconsistent with the Commission's position set forth in the Plan 1 Order. ComEd  
78 Ex. 2.0 at 3-4; Plan 1 Order at 26-27. I recommend the Commission also  
79 consider the ComEd ARP *in situ* metering study's findings since these findings  
80 are more reflective of the energy savings actually occurring in the ComEd service  
81 territory from this program, and are, in my opinion, more reasonable than the  
82 savings estimates ComEd relies on. Staff Ex. 1.0 at 15-16; Staff Ex. 1.3.

83 **Q. Does ComEd contend that there is a contradiction between your**  
84 **recommendation and the evaluator's recommendation with respect to the**  
85 **timing of incorporating the ARP adjustment in savings estimates?**

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<sup>2</sup> Plan 1 consists of Plan Year 1 ("PY1") June 2008 – May 2009, Plan Year 2 ("PY2") June 2009 – May 2010, and Plan Year 3 ("PY3") June 2010 – May 2011. Plan 2 consists of Plan Year 4 ("PY4") June 2011 – May 2012, Plan Year 5 ("PY5") June 2012 – May 2013, and Plan Year 6 ("PY6") June 2013 – May 2014. Plan year and program year are used interchangeably.

86 A. Yes. While ComEd argues that there is a contradiction between Staff's  
87 recommendation and the evaluator's recommendation that the revised  
88 methodology should be applied beginning with PY4, ComEd actually opposes the  
89 evaluator's specific recommendation as ComEd has no plans to apply the results  
90 of this study to PY4 due to the privilege of "deeming" energy savings allowed  
91 during Plan 2. ComEd Ex. 2.0 at 4. ComEd acknowledges the savings  
92 estimates derived through PY4 metering will be used in PY5, not PY4, which  
93 contradicts the evaluator's recommendation to apply the estimates beginning with  
94 PY4. *Id.*

95 **Q. How do you respond to other criticisms ComEd makes regarding your ARP**  
96 **adjustment?**

97 A. With regard to ComEd's complaints in rebuttal testimony that the sample size of  
98 the ComEd ARP *in situ* metering study is insufficient, I note that this study was  
99 primarily completed to satisfy PJM requirements,<sup>3</sup> including PJM sampling and  
100 statistical precision requirements, and the preference to conduct studies in the  
101 ComEd service territory, the area in which the savings are expected to occur.  
102 Staff Ex. 1.3 at 6, 9, 12, 21. In short, ComEd argues against use of this study  
103 before the Commission on the basis of the study's sample size, while endorsing  
104 its use before PJM. ComEd Ex. 2.0 at 4.

105 Further, ComEd claims that Staff's proposal uses savings estimates that are  
106 not relevant to PY3, and that this recommendation is "reaching back." ComEd Ex.

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<sup>3</sup> PJM 2010. PJM Manual 18B: Energy Efficiency Measurement & Verification. Revision: 01. Effective Date: March 1, 2010. Prepared by PJM Forward Market Operations. Available at: <http://www.pjm.com/~media/documents/manuals/m18b.ashx>

107 2.0 at 4. To clarify, my recommendation uses the PY3 verified number of units  
108 recycled through the program, the characteristics of each unit recycled during PY3,  
109 the evaluated PY3 part-use factor, and the evaluated PY3 net-to-gross ratio. The  
110 only adjustment being made is to the estimated amount of energy each refrigerator  
111 and freezer would consume if not recycled through ComEd's program, taking into  
112 consideration the specific characteristics of the appliances recycled during PY3.  
113 The best estimates of energy savings available obviously would be based on the  
114 actual metered energy consumption of refrigerators and freezers recycled through  
115 ComEd's program. ComEd acknowledges the regression equation derived through  
116 PY4 metering will be used in PY5. ComEd Ex. 2.0 at 4. At the same time, ComEd  
117 argues that the regression equation derived through PY4 metering is somehow  
118 irrelevant to PY3 units recycled through the program, even though the regression  
119 equation properly controls for appliance characteristics specific to the units recycled  
120 during each program year. There is no reason to believe that the regression  
121 equation derived through metering of the energy consumption of units recycled  
122 during PY4 (appropriately adjusted for each unit's characteristics) would somehow  
123 be more reflective of savings for units recycled in PY5 rather than PY3. Further,  
124 there is no reason to believe that the California regression equation derived through  
125 predominantly lab-based<sup>4</sup> metering (not *in situ* metering) of older units recycled  
126 primarily in 1993/1994 in California would be more reflective of the energy use of

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<sup>4</sup> *In situ* metering is preferred to lab-based metering, in part due to the fact that lab-based metering protocols involve the metering of units to be conducted with a constant 90F ambient temperature which is an unrealistic temperature in comparison to the temperatures the units would actually be operating in the ComEd service territory. Staff Ex. 1.3 at 5.

127 units recycled through ComEd's program for any of the program years. Staff Ex.  
128 1.3 at 1, 5. Thus, ComEd's arguments should be rejected.

129 **Q. Other than lighting, did the Commission approve deemed savings values**  
130 **for any other measures in the Plan 1 Order?**

131 A. No. Deeming savings values is an approach to mitigate retrospective evaluation  
132 risk. While ComEd witness Brandt argues that retrospective application of  
133 evaluation findings associated with the ARP is inappropriate, the ARP measures  
134 were not deemed in the Plan 1 Order. ComEd Ex. 2.0 at 3. As noted in my  
135 direct testimony, the Commission approved deemed savings values for lighting  
136 only, though ComEd argues these deemed savings values should not be used in  
137 CFL carryover calculations. I note that using the deemed savings values results  
138 in lower estimated savings for CFL carryover.<sup>5</sup> Staff Ex. 1.0 at 12, 32. I view the  
139 Commission's decision to deem savings only from lighting during Plan 1 as a  
140 policy that the best estimates of energy savings actually achieved for the non-  
141 deemed measures, including ARP measures, should be presented for the  
142 Commission's consideration in the savings docket. Further, the savings  
143 estimates relied upon by ComEd for the ARP are based on an equation from a  
144 study involving predominately lab-based metering of older units recycled in  
145 California, and those savings estimates were found to be unreasonable. Unless  
146 the Commission previously deemed the savings values, which the Commission  
147 did not for the ARP, I cannot support savings estimates previously found to be

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<sup>5</sup> If the "deemed" savings values for light bulbs from PY3 are used, the PY5 net carryover savings from PY3 purchased bulbs would be 53,295 MWh. Using ComEd's proposed method of not using "deemed" savings values for light bulbs, results in 60,613 MWh of PY5 net carryover savings from PY3 bulbs. Staff Ex. 1.0 at 32.

148 unreasonable. Rather, I recommend the Commission accept my adjustments,  
149 which reflect reasonable estimates of savings as presented in Staff Ex. 1.2,  
150 based upon the ComEd ARP *in situ* metering study. Staff Ex. 1.0 at 16-17; Staff  
151 Exs. 1.2, 1.3.

152 **B. COMED'S PORTION OF THE PY3 SAVINGS GOAL**

153 **Q. Has ComEd agreed to use 458,656 MWh as its portion of the PY3 statutory**  
154 **goal as recommended by Staff?**

155 A. Yes, ComEd agreed that it "will not contest this issue in order to narrow the  
156 issues in this docket." ComEd Ex. 2.0 at 2-3.

157 **C. MR. MOSENTHAL'S BANKING PROPOSAL**

158 **Q. What is Mr. Mosenthal's banking proposal?**

159 A. AG witness Philip H. Mosenthal recommends that ComEd only be allowed to  
160 bank 10% in excess of its portion of the statutory savings goal. AG Ex. 1.0 at 10.

161 **Q. What is your response?**

162 A. I believe the banking approach the Commission adopted in the Plan 1 Order and  
163 reaffirmed in the PY2 Savings Order<sup>6</sup> is beneficial in that it gives ComEd an  
164 incentive to fill shortfalls by DCEO thereby helping to ensure that the goals set  
165 forth in Section 8-103(b) of the Act are achieved. Mr. Mosenthal even points out  
166 that "ComEd has more than made up for these DCEO shortfalls and ratepayers  
167 have still captured savings and net benefits commensurate with legislative  
168 intent." AG Ex. 1.0 at 16.

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<sup>6</sup> Commonwealth Edison Co., Docket No. 10-0520, Final Order, May 16, 2012 ("PY2 Savings Order")

169 In calculating the amount of banked savings in direct testimony, Mr.  
170 Mosenthal obtained ComEd's portion of the PY3 savings goal from ComEd's direct  
171 testimony and applied the 10% banking calculation based on this value. Given the  
172 fact that ComEd agreed in its rebuttal testimony to use 458,656 MWh as its portion  
173 of the PY3 savings goal, if Mr. Mosenthal's banking proposal is adopted by the  
174 Commission in this docket, the amount of banked savings allowed should be  
175 revised from the value presented in AG Ex. 1.0. ComEd Ex. 2.0 at 2-3. Under Mr.  
176 Mosenthal's proposal, the corrected amount of incremental banked savings allowed  
177 from PY3 for ComEd to carry forward would be 45,865.6 MWh,<sup>7</sup> and the total  
178 cumulative amount of banked savings at the end of PY3 would be 85,234.6 MWh,  
179 compared to ComEd and Staff's calculated cumulative banking of 97,777 MWh, a  
180 difference of 12,542 MWh.

181 **D. COST-EFFECTIVENESS OF PROGRAMS**

182 **Q. How does ComEd respond to your recommendation that the three-year**  
183 **cost-effectiveness review be done in this docket?**

184 **A.** In his rebuttal testimony, Mr. Brandt states that the independent evaluator is  
185 currently in the process of developing a report that reviews the cost-effectiveness  
186 of the first three program years, but this report has not been completed.  
187 Notwithstanding my recommendation, the Company has not produced the three-  
188 year cost-effectiveness analysis of the programs in its rebuttal testimony in this  
189 docket.

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<sup>7</sup> 45,865.6  $[(458,656 \times 10\%)] = [(ComEd's \text{ "Portion" of the Energy Savings Goal for PY3}) \times 10\%]$ .

190 **Q. Do you have a revised recommendation regarding the statutorily-required**  
191 **three-year cost-effectiveness review?**

192 A. Yes. At this point, given the initiating order did not explicitly require ComEd to  
193 provide the three-year cost-effectiveness analysis of its portfolio in this docket, an  
194 efficient approach to facilitate this review required under law would be to have  
195 the Commission open a docket to conduct the three-year cost-effectiveness  
196 review upon receipt of the three-year cost-effectiveness evaluation report that is  
197 referenced in Mr. Brandt's rebuttal testimony. ComEd Ex. 2.0 at 6.

198 **Q. What is the basis of your revised recommendation?**

199 A. I continue to contend that the law requires an annual and a three-year cost-  
200 effectiveness analysis to be conducted. 220 ILCS 5/8-103(f)(7). The  
201 Commission has not made a finding regarding cost-effectiveness of ComEd's  
202 and DCEO's energy efficiency programs for any of the past three years of Plan 1.  
203 In addition to annual cost-effectiveness analyses, a three-year cost-effectiveness  
204 analysis would be especially useful to the Commission in its review of energy  
205 efficiency programs, because it analyzes the programs over a longer period of  
206 time and mitigates the effects of startup costs and other special circumstances  
207 that may affect a single year cost-effectiveness analysis. Further, as Mr.  
208 Mosenthal highlights, the Commission has a role to "ensure ratepayers capture  
209 the net benefits they are paying for". AG Ex. 1.0 at 15. The Commission's

210 review of net benefits that have occurred over the past three-year period is a  
211 move towards the AG's recommendation.<sup>8</sup>

212 I recommend the Commission order ComEd and DCEO to file the  
213 evaluations containing the three-year cost-effectiveness analysis and annual cost-  
214 effectiveness analyses of their energy efficiency programs implemented during Plan  
215 1 in the Plan 1 Docket (Docket No. 07-0540) within 90 days of the date the  
216 Commission enters a final order in this docket. I recommend the Commission  
217 direct Staff to submit a Staff Report to the Commission to initiate a proceeding to  
218 review the cost-effectiveness of the programs over Plan 1 within 120 days of the  
219 date the Commission enters a final order in this docket.

220 **E. CFL CARRYOVER**

221 **Q. How does ComEd respond to your Compact Fluorescent Lamp ("CFL")**  
222 **carryover recommendation?**

223 A. Mr. Brandt suggests that I am attempting to circumvent the evaluation process  
224 and the Stakeholder Advisory Group ("SAG") by addressing the CFL carryover  
225 issue in this docket. ComEd Ex. 2.0 at 7-8.

226 **Q. What is your response to Mr. Brandt's testimony?**

227 A. As noted in my direct testimony, my recommendation that CFL carryover should  
228 be calculated based on the savings resulting from the baseline determined for  
229 the installation year is consistent with the approach contained in the Illinois

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<sup>8</sup> Indeed, the Commission recently completed a review of a four-year cost-effectiveness analysis of a utility's programs, wherein the Commission determined certain program modifications needed to be made on a going forward basis to protect ratepayers. Docket No. 12-0132, Final Order, October 17, 2012.

230 Statewide Technical Reference Manual for Energy Efficiency ("IL-TRM")<sup>9</sup> that is a  
231 consensus document that has been vetted through the SAG process already.  
232 ComEd's and the evaluator's CFL carryover approach to use the baseline from  
233 the year of purchase is inconsistent with the IL-TRM and should be rejected. IL-  
234 TRM at 28, 430, 424-435.

235 Further, it was not Staff, but rather ComEd that actually introduced CFL  
236 carryover savings as an issue in this PY3 savings docket by directing its evaluator  
237 to include a savings estimate from PY3 purchased CFLs that are expected to be  
238 installed in future years (CFL carryover) in the PY3 evaluation reports that ComEd  
239 filed in this docket. Initially, the evaluator did not include savings associated with  
240 CFL carryover bulbs that are anticipated to be installed in future years in the draft  
241 PY3 evaluation report, consistent with the approach used in the PY2 Savings  
242 Docket. However, ComEd explicitly directed the evaluator to include a savings  
243 estimate for CFL carryover that could be credited in PY4 and PY5 in the PY3  
244 evaluation report that ComEd then filed in this docket.

245 I maintain that this is the appropriate docket for the Commission to address  
246 the CFL carryover matter. While ComEd contends that the evaluator should be  
247 able to decide how to calculate CFL carryover savings for ComEd's lighting  
248 program, it is the Commission who is tasked with determining whether ComEd has  
249 met the statutory savings goals, not the evaluator, and thus it is in the  
250 Commission's discretion to determine to what extent CFL carryover savings are  
251 allowed and how they should be calculated. Indeed, the Commission's discretion in

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<sup>9</sup> The IL-TRM has been submitted to the Commission for approval in Docket No. 12-0528.

252 making this determination is evidenced by the fact that ComEd had to specifically  
253 request permission in the Plan 2 Order<sup>10</sup> to use CFL carryover, and CFL carryover  
254 was only allowed as part of a stipulated settlement in that docket. Plan 2 Order at  
255 18-19. As I previously testified, the Commission has concluded that the evaluation  
256 conducted pursuant to Section 8-103(f)(7) is only one component in the  
257 Commission's determination regarding whether savings goals have been achieved,  
258 and as such, the evaluator's determination should not be final.

259 While ComEd chose not to address the merits of my CFL carryover  
260 recommendation in its rebuttal testimony, there is sufficient information regarding  
261 this CFL carryover issue in my direct testimony to support a Commission decision  
262 in this docket. Staff Ex. 1.0 at 25-32; Staff Exs. 1.4, 1.5. I recommend that if the  
263 Commission does not address the appropriate approach for CFL carryover or the  
264 amount of savings allowed for CFL carryover from PY3 purchased CFLs<sup>11</sup> until a  
265 future savings docket, the Commission should explicitly state in its final order in this  
266 PY3 savings docket that the CFL carryover savings included in the PY3 evaluation  
267 reports from PY3 purchased CFLs are not approved.

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<sup>10</sup> Commonwealth Edison Co., Docket No. 10-0570, Final Order, Dec. 21, 2010 ("Plan 2 Order")

<sup>11</sup> If the "deemed" savings values for light bulbs from PY3 are used, the PY5 net carryover savings from PY3 purchased bulbs would be 53,295 MWh. Using ComEd's proposed method of not using "deemed" savings values for light bulbs, results in 60,613 MWh of PY5 net carryover savings from PY3 bulbs. If halogen bulbs are considered the baseline for 100W incandescent replacements in PY5 as set forth in the IL-TRM, then the PY5 net carryover savings from PY3 bulbs would be 57,561 MWh. Staff Ex. 1.0 at 32. If CFLs are considered the baseline in PY5 for 100W incandescent replacements, then the PY5 net carryover savings from PY3 bulbs would be 54,586 MWh. Navigant Memorandum to ComEd dated September 18, 2012, Re: Calculation of CFL Carryover Savings.

268 F. DCEO AND SECTION 8-103(E) OF THE ILLINOIS PUBLIC UTILITIES ACT

269 Q. Mr. Mosenthal recommends a separate proceeding to develop rules  
270 surrounding DCEO. AG Ex. 1.0 at 20. Do you agree with Mr. Mosenthal's  
271 recommendation?

272 A. No. I believe the Commission adequately addressed this issue with regards to  
273 DCEO in ComEd's second energy efficiency plan docket. Plan 2 Order at 2. The  
274 Commission directed Staff to prepare draft orders to initiate reviews of "whether  
275 the Department has implemented the Department's share of energy efficiency  
276 measures required by the standards in 220 ILCS 5/8-103(b)" starting with PY4.  
277 *Id.* Unless the Commission directs otherwise in this proceeding, Staff intends to  
278 comply with the Commission's order and provide draft orders by January 31,  
279 2013 to review ComEd's and DCEO's PY4 performance. It is my understanding  
280 that DCEO's draft PY4 evaluation reports should be available in January of 2013.  
281 These evaluations in turn should be filed in the PY4 savings docket.

282 Q. Please describe Mr. Mosenthal's position regarding annual revised plans.

283 A. Mr. Mosenthal maintains that if DCEO fails to meet its annual savings goals,  
284 revised annual plans are necessary within the three-year plan cycle. In  
285 particular, he states that "a revision would necessarily be to adjust the future  
286 remaining years of that plan." AG Ex. 1.0 at 17-18. (Emphasis added).

287 Q. How do you respond to Mr. Mosenthal's position?

288 A. I believe the revision is not strictly limited to the remaining years of "that" plan. In  
289 other words, I believe it is reasonable for the Commission to approve revisions  
290 that would adjust future program years, regardless of whether that future

291 program year is part of the same plan as the program year in which the goal was  
292 not achieved. For example, failure to achieve goals in PY3 of Plan 1 still allows  
293 the Commission to approve revisions to PY6 of Plan 2.

294 **Q. Please summarize your position regarding whether ComEd should be filing**  
295 **revised plans annually if DCEO does not meet its portion of the statutory**  
296 **goal approved by the Commission.**

297 A. As noted in my direct testimony, the Commission stated in the PY2 Savings  
298 Order that ComEd should be filing revised plans in the event DCEO does not  
299 meet its portion of the statutory savings goal. Staff Ex. 1.0 at 24-25; PY2  
300 Savings Order at 5. Although I am not an attorney, it is my understanding that  
301 Commission decisions are binding on the parties, and thus ComEd should have  
302 filed a revised plan when it discovered DCEO did not meet its portion of the  
303 statutory savings goal approved by the Commission.<sup>12</sup>

304 Due to the creation of the IL-TRM, and the fact that DCEO has developed a  
305 more comprehensive tracking database (DCEO Ex. 1.0 at 9), it may be possible for  
306 DCEO (and ComEd) to know in advance of the release of the program year specific  
307 evaluation reports whether or not it is likely that DCEO has achieved its portion of  
308 the statutory goal approved by the Commission for a particular year. Further,  
309 DCEO will receive the prior year's evaluation results at least six months before such  
310 time, presumably allowing DCEO time to plan and implement changes in the

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<sup>12</sup> The PY2 Savings Order states: "In Plan Year 1, based on the deemed values, the statutory savings goal was not met and, thus, there is no energy to bank." PY2 Savings Order at 6.

311 following program year based in part on the evaluation findings from the previous  
312 year.

313 In the event DCEO believes it has not met its portion of the savings goal  
314 approved by the Commission, it is my opinion that it would be efficient for DCEO to  
315 provide revised plans in its direct testimony in future savings dockets as opposed to  
316 having an entirely separate plan modification docket. I would note that DCEO will  
317 not be in a situation where it has to file revised plans with the Commission every  
318 single year as long as realistic savings goals are approved for DCEO's portion of  
319 the statutory goal, as I recommend the Commission approve in this proceeding.

320 **Q. Mr. Mosenthal states that "while DCEO only met about half of its PY2**  
321 **savings goal, it did in fact exceed the statutory percentage of load savings**  
322 **goal as applied to the energy loads of its public and low-income**  
323 **segments." AG Ex. 1.0 at 16. Do you agree?**

324 A. I can neither confirm nor deny this fact. Staff does not have utility load  
325 projections disaggregated for public and low-income segments. Thus, I would  
326 recommend ComEd provide the load for public and low-income segments in its  
327 surrebuttal testimony for PY1-PY3. This data along with data from Staff Ex. 1.1  
328 (DCEO's estimated energy savings<sup>13</sup> are highlighted in row (c) for PY1, PY2, and  
329 PY3) can be used to determine whether DCEO has exceeded the statutory  
330 percentage of load savings goal (220 ILCS 5/8-103(b)) as applied to the energy  
331 loads of its public and low-income segments.

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<sup>13</sup> During Plan 1, the net savings achieved by DCEO in the ComEd service territory includes: 18,636 MWh for PY1, 34,038 MWh for PY2, and 54,130 MWh for PY3. Staff Ex. 2.1, Table 2, row (b).

332 Q. Mr. Mosenthal is concerned that DCEO goals have been set unreasonably  
333 high and suggests that a possible solution would be "to simply apply the  
334 same statutory percent of load savings goals to both the utilities and  
335 DCEO." AG Ex. 1.0 at 21. Do you agree?

336 A. I believe this option is worth consideration for purposes of developing the utilities'  
337 and DCEO's Plan 3. It appears DCEO plans to consider this option, but notes  
338 that the option is not workable for DCEO's low income programs due to the  
339 expense of running such programs. DCEO Ex. 1.0 at 10. ComEd should  
340 respond in its surrebuttal testimony regarding the feasibility of providing load  
341 projections disaggregated by public sector and low-income sector on an annual  
342 basis to the Commission.

343 Staff does not have utility load projections disaggregated for public and low-  
344 income segments and thus I am unable to perform the calculations necessary to  
345 recommend specific modified goals for Plan 2 based on the public sector and low-  
346 income sector load projections as suggested by Mr. Mosenthal. Further, Mr.  
347 Mosenthal admits he also has not performed these calculations, but he contends  
348 that "if assigned in this manner, DCEO goals would be much lower, achievable,  
349 proportionately commensurate with utility goals, and certainly would meet the intent  
350 of Section 8-103 of the Act." AG Ex. 1.0 at 21. With respect to the apparent issue  
351 at hand in this proceeding regarding what modifications should be approved for  
352 DCEO's plan, it appears that DCEO offers a solution with respect to goal  
353 reductions, as discussed further below.

354 Q. DCEO witness Agnes Mrozowski states: "DCEO adjusted its goals in the  
355 second three-year plan to be more reasonable, but they are still at least  
356 50% greater than the load reduction goals in the law and in the utility  
357 plans." DCEO Ex. 1.0 at 10. How do you respond?

358 A. I agree with Ms. Mrozowski. Mr. Mosenthal appears to support this assumption  
359 as well, at least with respect to having the Commission approve lower goals that  
360 DCEO has the potential to realistically achieve. AG Ex. 1.0 at 21. Testimony  
361 provided by Mr. Mosenthal and Ms. Mrozowski convinces me that the  
362 Commission should approve lower goals for DCEO in this proceeding. Based on  
363 Ms. Mrozowski's 50% assumption, I recommend the Commission approve  
364 modified goals for DCEO of 56,812 MWh for PY4, 57,317 MWh for PY5, and  
365 57,629 MWh for PY6 in the ComEd service territory. See Staff Ex. 2.1, Table 1.

366 I analyzed the percentage of projected load DCEO has been able to achieve  
367 in ComEd's service territory over the past three years. This analysis is presented in  
368 Staff Ex. 2.1. DCEO has achieved between 0.02% and 0.06% of the ComEd  
369 projected load each year during Plan 1. See highlighted row in Table 2 of Staff Ex.  
370 2.1. DCEO's goals approved by the Commission for Plan 2 represent 0.12% of  
371 projected load for the ComEd service territory. Based on DCEO's history, it is my  
372 opinion that the currently approved goals for Plan 2 are not realistically achievable  
373 for DCEO and thus should be revised in this proceeding. Adopting Ms.  
374 Mrozowski's 50% assumption, the modified goals would represent 0.06% of  
375 projected load for the ComEd service territory for Plan 2, which is more in line with  
376 DCEO's past achievements. It is my opinion that Commission approval of these

377 modified goals for DCEO in this docket is a reasonable course of action. Further, if  
378 DCEO is unable to achieve the PY4 revised goal, then DCEO should submit further  
379 revised goals along with a revised plan in its direct testimony filed in the PY4  
380 savings docket that will be initiated by the end of January 2013.

381 **Q. Given the lower revised goals for DCEO, do you recommend ComEd's**  
382 **portion be revised?**

383 A. No. In my opinion, there is insufficient evidence in this proceeding upon which to  
384 recommend specific revised higher goals for ComEd. Additionally, clarification  
385 regarding how the Commission will treat CFL carryover calculations is needed for  
386 such an analysis, given the large share of savings that CFLs represent in the  
387 ComEd portfolio. Further, given the Commission approved unlimited banking in  
388 the Plan 2 Order only in the event the entire unmodified statutory energy  
389 efficiency standard is met (220 ILCS 5/8-103(b)),<sup>14</sup> the Commission's approval of  
390 a lower modified portion of the goal for DCEO in this proceeding should not  
391 decrease any incentive ComEd may have to exceed its portion of the goal and  
392 the unmodified statutory goal such that it can bank savings for use in future years  
393 when the statutory targets become even harder to reach. Plan 2 Order at 51-54.  
394 Finally, in the Plan 2 Order, the Commission concluded that due to the difficulty  
395 in meeting statutory goals during Plan 2, ComEd's share of the portfolio would

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<sup>14</sup> "ComEd has no objection to Staff's proposal that the banking proposal be modified to permit ComEd to only bank excess savings that are above the statutory goals." Plan 2 Order at 52. As summarized in the Plan 2 Order, "If ComEd exceeds the statutory standards in subsection (b), it can receive credit for those savings in future years. If ComEd exceeds only the modified savings standards but does not achieve the statutory standards of subsection (b), it does not receive credit for those savings in future years." Plan 2 Order at 51. No banking is allowed unless the unmodified energy efficiency standards are exceeded during Plan 2: 727,985 MWh for PY4, 920,987 MWh for PY5, and 1,294,739 MWh for PY6. Staff Ex. 2.1, Table 1.

396 not be modified if DCEO is unable to meet its portion of the goals approved in the  
397 Plan 2 Order. Plan 2 Order at 20. Thus, my position is consistent with the  
398 Commission's conclusion in the Plan 2 Order.

399 **III. CONCLUSION**

400 **Q. Does this conclude your prepared rebuttal testimony?**

401 **A. Yes.**