

# The Power to Make a Difference

PPL Electric Utilities  
Act 129 Energy Efficiency & Conservation Plan  
Stakeholder Meeting  
October 20, 2010



# Agenda

- Introduce PPL Electric Utilities' panel
- Communicate EE&C Plan results to date
- Review marketing, advertising, & customer education efforts
- Challenges with the commercial & industrial customer sectors
- Changes to EE&C Plan
- Q&A and Wrap-up



# Key Results



## Key Results as of 9/30/10

- Results are for installations recorded through 9/30/10
- Savings are recorded when the rebate application is processed, the rebate is paid, and the program CSP completes their batch download process into PPL EU's tracking system
- There could be up to approximately 8 weeks lag between the installation of a measure and its reported savings in PPL EU's tracking system

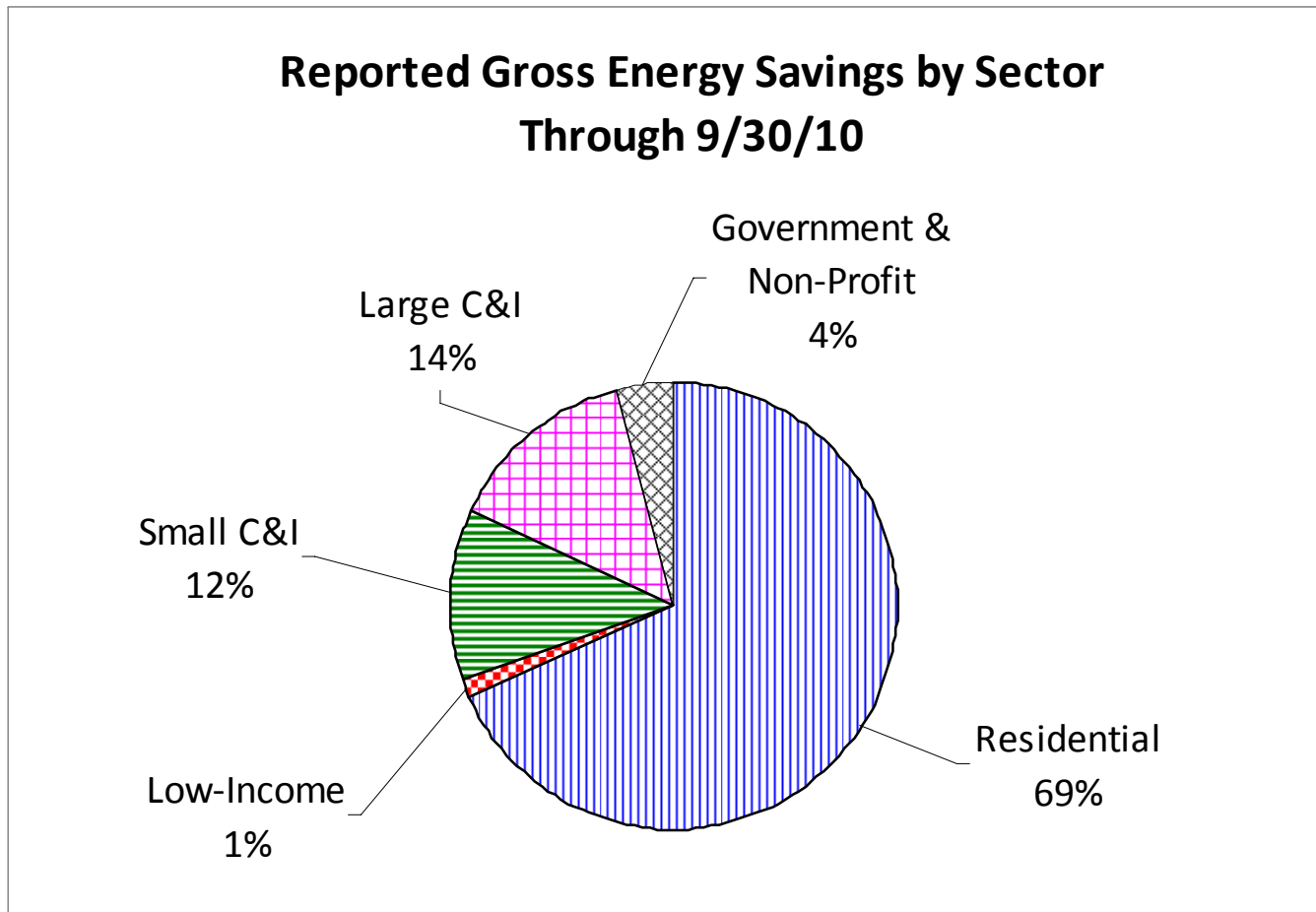


## Key Results as of 9/30/10

- We are on target
- Reported energy savings to date are 198,000 MWh/yr
  - 52% of 5/31/11 compliance target (382,000 MWh/yr)
  - 17% of 5/31/13 compliance target (1,146,000 MWh/yr)
- 187,000 MWh/yr is the target to date
- 84,000 MWh/yr verified savings for Program Year 1 (ended 5/31/10) versus 75,000 MWh/yr target for Program Year 1

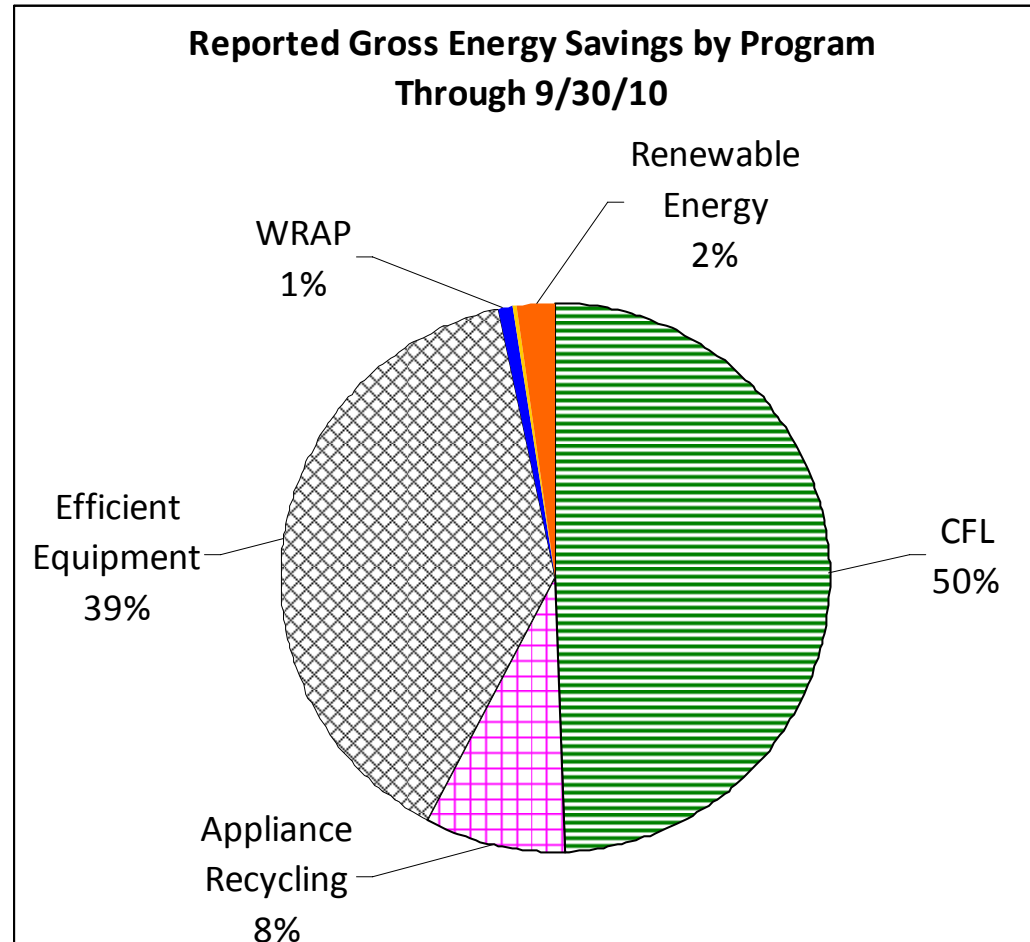


# Key Results as of 9/30/10





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## Key Results as of 9/30/10

- More than 93,000 participants to date
- Actual costs to date are \$37 million
  - Slightly under budget to date
  - \$246 million target for Plan (5/31/13)
  - \$19 million rebates/incentives paid to date
- Other than the Renewable Energy Program, no program is expected to run out of funding during program year 2



# Status of Programs



# The Programs

Program Name	Residential	Low Income	Small C&I	Large C&I	Institutional	Estimated Benefit-Cost Ratio (Plan)	Launch Date
1 Efficient Equipment Incentive	■	■	■	■	■	2.6 - 3.3	1/2/10 - 4/15/10
2 Residential Audit and Weatherization	■					1.2	5/1/10
3 Compact Fluorescent Lighting	■	■	■	■	■	4.8	1/2/10
4 Appliance Recycling	■	■	■	■	■	9.8	11/9/09
5 ENERGY STAR New Homes	■					1.4	tbd
6 Direct Load Control	■	■	■		■	0.2	1/1/11
7 Time of Use Rates	■	■	■	■	■	3.2 - 3.6	6/1/10
8 Low-Income WRAP		■				0.8	11/1/09
9 E Power Wise		■				1.4	3/1/10
10 C&I Custom Incentive	■		■	■	■	2.3 - 3.0	3/1/10
11 HVAC Tune-Up			■	■	■	5.8	4/1/10
12 Load Curtailment			■	■	■	0.7	1/1/11
13 Renewable Energy	■				■	1.0 - 1.5	3/1/10
14 Energy Efficiency Behavior & Education	■	■	■	■	■	3.7	3/1/10

Portfolio benefit-cost ratio = 2.8

■ Primary customer target  
 ■ Eligible customers



# Program Status- Appliance Recycling

- Launched November 2009
- Behind target
- Extensive marketing in September 2010
- Enhanced to allow customers to arrange recycling when buying a new refrigerator

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Appliances Recycled</b>	12,200	13,350	69,615
<b>Reported Gross Savings (MWh/yr)</b>	16,029	20,593	114,761
<b>Program Cost (\$1000)</b>	\$1,445	\$1,989	\$10,036



# Program Status- CFL

- Launched January 2010
- 300 participating retail stores
- Ahead of target

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>CFLs</b>	2,255,406	1,093,340	7,125,000
<b>Reported Gross Savings (MWh/yr)</b>	101,000	44,826	292,137
<b>Program Cost (\$1000)</b>	\$3,551	\$3,354	\$10,077



# Program Status- Energy Efficiency Rebates

- Launched December 2009 for residential; March 2010 - April 2010 for C&I
- Ahead of target for residential; Behind target for C&I

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of participants</b>	58,039	NA	105,000
<b>Reported Gross Savings (MWh/yr)</b>	77,145	89,106	715,875
<b>Program Cost (\$1000)</b>	\$11,650	\$11,841	\$92,857



# Program Status- Energy Assessment & Weatherization

- Launched May 2010
- Behind target
- Extensive marketing in September 2010

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of participants</b>	210 surveys 71 audits	720 surveys 180 audits	5,940 4,782 surveys/1,188 audits
<b>Reported Gross Savings (MWh/yr)</b>	0	912	5,961
<b>Program Cost (\$1000)</b>	\$219	\$466	\$2,756



## Program Status- Custom Incentives

- Launched March 2010
- Behind target
- Approximately 82 projects and 49,200 MWh/yr in the pipeline (“projects in progress”)

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of projects (participants)</b>	21 studies 61 projects	N/A	N/A
<b>Reported Gross Savings (MWh/yr)</b>	92	15,552	140,459
<b>Program Cost (\$1000)</b>	\$186	\$1,100	\$21,252



## Program Status- Low Income WRAP

- Launched November 2009
- Behind target on MWh reported but on target for jobs completed

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of participants</b>	875*	2,200	23,590
<b>Reported Gross Savings (MWh/yr)</b>	1,706*	5,049	18,695
<b>Program Cost (\$1000)</b>	\$5,983	\$7,390	\$29,038

\* Excludes 2,155 completed jobs that have not yet been recorded in the tracking system



## Program Status- E Power Wise Low-Income

- Launched March 2010
- Ahead of target

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of kits (participants)</b>	1,745	1,729	7,200
<b>Reported Gross Savings (MWh/yr)</b>	703	231	1,080
<b>Program Cost (\$1000)</b>	\$240	\$128	\$542



## Program Status- HVAC Tune-up

- Launched April, 2010
- Behind target
- Challenges include upfront investment required by HVAC contractors and getting SWE to approve the method for determining savings

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of projects (participants)</b>	34	N/A	N/A
<b>Reported Gross Savings (MWh/yr)</b>	27	2,665	22,176
<b>Program Cost (\$1000)</b>	\$469	\$152	\$1,238



# Program Status- Renewable Energy

- Launched March 2010
- Closed 5/10 for residential PV and 8/10 for government, non-profit and institutional PV

	<b>Actual as of 9/28/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of participants</b>	832 (130 PV, 718 GSHP)	105 (5 PV, 100 GSHP)	1,260 (60 PV, 1,200 GSHP)
<b>Reported Gross Savings (MWh/yr)</b>	4,307	3,075	18,490
<b>Program Cost (\$1000)</b>	1,365	956	5,649



# Program Status- Load Curtailment

- Negotiating with bidders.
- Launch delayed from June 2010 to Jan 2011 because of the late development of statewide protocols for determining the savings
- No curtailments until summer 2012 (except for testing)

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of MWs enrolled</b>	0	0	98 (increased to 150 within cost budget)
<b>Reported Gross Peak Reduction (MW)</b>	0	0	98 (increased to 150 within cost budget)
<b>Program Cost (\$1000)</b>	\$106	\$1,278	\$14,486



# Program Status- Direct Load Control

- Negotiating with bidders
- Launch delayed from June 2010 to Jan 2011 because of the late development of statewide protocols for determining the savings
- No curtailments until summer 2012 (except for testing)

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of participants enrolled</b>	0	0	44,940
<b>Reported Gross Peak Reduction (MW)</b>	0	0	32
<b>Program Cost (\$1000)</b>	\$89	\$1,034	\$11,722



# Program Status- Time of Use Rates

- Program launched June 2010
- Behind target
- Will likely get very little of the planned peak load reductions (61 MW; 150,000 participants) projected in the Plan. The number of shopping customers will be much higher than expected and customers will likely save more by shopping than via TOU

	<b>Actual as of 9/30/10</b>	<b>Target to Date</b>	<b>Total Plan Target</b>
<b>Number of participants enrolled</b>	379	0	150,000
<b>Reported Gross Peak Load Reduction (MW)</b>	N/A*	0	61

\* Need 1 year to conduct post-participation billing analysis to determine savings



## Program Status- Education & Behavior

- Launched March 2010
- On schedule for about 8,000 MWh for year end,

	<b>Actual as of 9/30/10</b>	<b>Target to Date</b>	<b>Total Plan Target</b>
<b>Number of Participants</b>	50,000	25,000	100,000
<b>Reported Gross Savings (MWh/yr)</b>	*	4,525	18,100
<b>Program Cost (\$1000)</b>	\$211	\$838	\$2,577

\* Need 1 year to conduct post-participation billing analysis to determine savings



## Program Status- New Home Construction

- Evaluating a January 2011 launch
- Due to building code changes, savings may be reduced and program may no longer be justified. Exploring the benefits of a statewide program or statewide program standards with other EDCs

	<b>Actual as of 9/30/10</b>	<b>Goal to Date</b>	<b>Total Plan Target</b>
<b>Number of Participants</b>	0	0	1,930
<b>Reported Gross Savings (MWh/yr)</b>	0	801	5,211
<b>Program Cost (\$1000)</b>	\$23	\$50	\$2,819



# Marketing, Advertising, and Customer Education



# Discussion of Challenges With the C&I Segment



# Changes to the EE&C Plan



## Changes to EE&C Plan Requiring PUC Approval

- Petition filed with PA PUC on 9/15/10
- Allocation of CFL Program sales to single customer sector (residential) instead of to multiple sectors
- Changes to the cost allocation method related to “direct program costs” and “common costs”
- Appendix 2 describes the reasons for these changes



# Impact of The Changes

- Appendix 2 includes a table that shows the impact of the cost changes on each sector due to the common/direct cost allocation and the CFL program allocation
  - Projected Residential costs (including the low-income sector) increased approximately \$1.4 million (1.4%)
  - Projected Small C&I costs decreased approximately \$2.1 million (-2.4%)
  - Projected Large C&I costs increased approximately \$0.8 million (2.5%)
  - Projected Institutional costs (includes small C&I, large C&I, and residential customers) decreased approximately \$77,000 (-0.3%)



# Additional Information

- [www.pplelectric.com/e-power](http://www.pplelectric.com/e-power)
  - Program descriptions, details, rebate amounts, qualifications, and enrollment forms
  - New stakeholder site
    - Click on E-power links, then Act 129 EE&C Stakeholder Info.
    - [www.pplact129.com](http://www.pplact129.com) will be going away
- Stakeholder coordination and feedback:  
Peter Cleff- [pdcleff@pplweb.com](mailto:pdcleff@pplweb.com) ; 610-774-4530



## Appendix 1

# Examples of Minor Changes to Program Implementation Details



- This appendix summarizes minor changes to implementation details for PPL Electric's EE&C programs
- Includes changes to implementation details if a detail was specifically mentioned in the EE&C Plan
- Implementation details include things such as the rebate amount, measure descriptions, add/delete a relatively minor measure within a program, and implementation dates for a measure/program
- The changes summarized in this appendix were not included in PPL Electric's Petition to modify its EE&C Plan because they:
  - Do not impact the projected cost of a program
  - Do not impact the projected cost of the EE&C Plan
  - Do not reduce the projected savings of a program
  - Do not reduce the projected savings of the EE&C Plan
  - Do not impact the cost allocation between customer sectors.



## Fine-Tuning of Rebates, Measure Descriptions, and Eligibility Requirements

1. Rebate for programmable thermostats in the Efficient Equipment Program changed from \$50 to “up to \$50” because the price of many thermostats is less than \$50 and PPL Electric will not reimburse participants for more than their total cost. Also added eligibility for 5 + 1 +1 thermostats (5 weekdays plus Saturday and Sunday settings).
2. Rebates for motors in the Efficient Equipment Program changed from 50% of incremental cost to a flat rebate amount by type/HP per a table. “Incremental cost” is difficult to define, document, and for customers to understand.
3. Rebate for insulation in the Efficient Equipment Program changed from 70% of installed cost to \$0.30/sq ft. up to 70% of installed cost. Expanded the eligibility to include bringing insulation up to code levels for existing space. Added a requirement for a minimum amount of additional insulation to prevent gaming.
4. Added a per project rebate cap for renewable energy (PV and ground source heat pumps). The project size and number of projects were greater than expected and the installed cost of PV has decreased recently. The cap allows more projects to receive incentives.
5. Changed customer eligibility requirements for PV so applicants after 1/28/10 could not receive a PPL Electric rebate if they also received a Pa DEP rebate.
6. Closed the PV portion of the Renewable Energy Program in May 2010 because it was fully subscribed.
7. Changed the rebate for fluorescent high bay fixtures in the Efficient Equipment Program to a flat amount per lamp and to permit 2 to 10 lamps per fixture. The original description was limited to 4-lamp fixtures.
8. Increased the rebate for a comprehensive audit in the Energy Assessment & Weatherization Program from \$100 to \$150 for participants who have air conditioning or electric heat. The \$250 rebate is unchanged for participants who have air conditioning and electric heat.



9. Changed the minimum efficiency rating (EER) and the rebates for DX packaged air conditioners in the Efficient Equipment Program to reflect changes in code requirements after 12/31/2009. Minimum EER increased from 11 to 11.5. Rebate for EER 11.5 changed from \$80/ton to \$55/ton (consistent with the previous rebate for minimum EER 11). Rebate for EER12 changed from \$105/ton to \$80/ton. Added eligibility and a \$105/ton rebate for EER 12.5 and greater.
10. Added “Energy Star” as a requirement for commercial ice makers in the Efficient Equipment Program.
11. Changed the eligible wattages for high pressure sodium lights in the Efficient Equipment Program from “70 watt exterior” to “between 65 watts and 300 watts”.
12. Changed the eligibility rating of LED exit lighting in the Efficient Equipment Program from “5 watts” to “5 watts or less.”
13. Simplified T8 lighting eligibility to include any length bulb.
14. Modified the eligibility for lighting occupancy sensors to allow fixture-mounted sensors. Deleted the requirement for hard wiring of sensors.
15. Clarified Custom Incentive Program rebate caps. Per calendar year. Definition of “parent” and “site.”
16. Changed the rebates for office equipment (computers, printers, copiers) in the Efficient Equipment Program from a “% of incremental cost” to fixed dollar amounts.



17. Clarified that high efficiency furnaces for RTS customers' fuel switching include gas, oil, and propane.
18. Changed the description of a measure in the Efficient Equipment Program from "HE Fixture/Design" to "Lighting Power Density Reduction" (LPD). Clarified that LPD reduction applies to new construction, major renovation, and change in space use. Changed the rebate from 50% of incremental cost to \$0.35/watt reduced. Deleted "integrated lighting, classrooms, and other buildings" as a unique measure since it is covered by LPD Reduction.
19. Changed eligibility for CFLs rebates in the Efficient Equipment Program so they are limited to C&I customers who purchase CFLs from sources other than retail stores participating in the CFL Program. Residential customers are no longer eligible for CFL rebates in the Efficient Equipment Program because discounted CFLs are available to residential customers in the CFL program. Including residential CFL rebates in the Efficient Equipment Program would have resulted in double incentives—customer buys a discounted CFL from a participating retailer under the CFL program and also submits a rebate application under the Efficient Equipment Program. Since many C&I customers buy CFLs from sources other than retail stores, a rebate-based incentive is appropriate under the Efficient Equipment Program.
20. Clarified the measure description for high bay lighting in the Efficient Equipment Program. The "HO" was dropped from "T8 HO. High bay T8 HO are only eight foot tubes and the program will accept four foot tubes.
21. Residential customers are eligible for the Custom Incentive Program even though that is not specifically stated in the EE&C Plan. PPL Electric expects almost all residential type measures to be covered in the Efficient Equipment Program and other programs, thereby leaving very few that must be addressed in the Custom Program. However, some farms have a residential rate schedule and, therefore, may have more custom measures than a typical residential customer.



## Measures Added to the Efficient Equipment Program

- Air cooled chillers
- Energy Star ® rated light fixture-ceiling fan combination
- T-5 and Super T-8 lighting
- Energy Star ® LED fixture retrofit kits
- Cold cathode lighting



## Measures Deleted from the Efficient Equipment Program

- Water heater setback. Savings and sustainability cannot be reasonably verified



## Measures Moved from the Efficient Equipment Program to the Custom Incentive Program

- These measures have highly variable or uncertain savings and cost-effectiveness. Therefore, they are more appropriately addressed in a custom program than a prescriptive rebate program
  - Strip curtains.
  - Refrigeration night covers
  - Decrease cooling tower approach temperature



# Other Changes

- The projected peak load reductions in the Load Curtailment Program have increased from 100 MW to 150 MW based on bids from CSPs. These increased peak load reductions can be achieved within the original budget of this program, will provide more benefits to customers, and will provide more margin for compliance if other programs do not achieve their projected peak load reductions.
- Deferred launching the Direct Load Control Program from January 2010 to late 2010/early 2011. There is no benefit to launching this as originally scheduled. The CSP bidding process and contract award is taking much longer than expected, partly because of changes to the Technical Reference manual and the protocols for determining load reductions. Regardless, load reductions are not required before June 2012, there is no benefit to pay incentives before the summer of 2012, and the CSP will have sufficient time to recruit customers and implement load reductions by the summer of 2012 if the contract is awarded by January 2011.
- Deferred launching the Load Curtailment Program from January 2010 to late 2010/early 2011. There is no benefit to launching this as originally scheduled. The CSP bidding process and contract award is taking much longer than expected, partly because of changes to the Technical Reference Manual and the protocols for determining load reductions. Regardless, the original schedule was too early. Load reductions are not required before June 2012, there is no benefit to pay incentives before the summer of 2012, and the CSP will have sufficient time to recruit customers and implement load reductions by the summer of 2012 if the contract is awarded by January 2011.



## Appendix 2

# Reasons for the Changes to the EE&C Plan

Program	Filed Budget (\$1000s)						Reallocated Budget (\$1000s)						Difference (\$1000s)					
	Residential	Low-Income	Small C&I	Large C&I	Institutional	TOTAL	Residential	Low-Income	Small C&I	Large C&I	Institutional	TOTAL	Residential	Low-Income	Small C&I	Large C&I	Institutional	TOTAL
Efficient Equipment Incentive Program	\$7,824		\$57,837	\$14,583	\$12,612	\$92,857	\$7,479		\$55,074	\$14,369	\$12,009	\$88,931	-\$345		-\$2,763	-\$215	-\$603	-\$3,926
Residential Energy Assessment & Weatherization Program	\$2,756					\$2,756	\$2,660					\$2,660	-\$96					-\$96
Compact Fluorescent Lighting Campaign	\$13,887	\$3,050	\$795			\$17,733	\$17,714					\$17,714	\$3,827	-\$3,050	-\$795			-\$19
Appliance Recycling Program	\$10,036					\$10,036	\$9,081					\$9,081	-\$955					-\$955
ENERGY STAR New Homes	\$2,819					\$2,819	\$2,729					\$2,729	-\$90					-\$90
Renewable Energy Program	\$1,109				\$4,540	\$5,649	\$1,096				\$4,481	\$5,577	-\$13				-\$59	-\$72
Direct Load Control Program	\$6,931	\$1,389	\$3,159		\$243	\$11,722	\$6,283	\$1,257	\$2,863		\$218	\$10,620	-\$648	-\$133	-\$296		-\$25	-\$1,102
Time of Use Rates	\$4,038	\$813	\$750		\$56	\$5,657	\$4,127	\$829	\$766		\$56	\$5,779	\$89	\$16	\$16		\$0	\$122
Energy Efficiency Behavior & Education	\$2,579					\$2,579	\$2,828					\$2,828	\$249					\$249
Low Income WRAP		\$29,038				\$29,038		\$28,657				\$28,657		-\$381				-\$381
E-Power Wise		\$542				\$542		\$681				\$681		\$138				\$138
Commercial and Industrial Custom Incentive Program			\$14,829	\$2,965	\$3,458	\$21,252			\$14,386	\$2,874	\$3,338	\$20,598			-\$443	-\$91	-\$120	-\$654
HVAC Tune-up Program			\$1,154		\$83	\$1,238			\$1,257		\$90	\$1,347			\$103		\$7	\$110
Load Curtailment Program				\$11,901	\$2,585	\$14,486				\$12,045	\$2,616	\$14,661				\$144	\$31	\$175
Total- Direct Program Cost	\$51,978	\$34,833	\$78,526	\$29,450	\$23,577	\$218,364	\$53,997	\$31,424	\$74,346	\$29,288	\$22,809	\$211,864	\$2,019	-\$3,409	-\$4,179	-\$162	-\$768	-\$6,500
Common Cost Allocation	\$6,580	\$4,409	\$9,940	\$3,728	\$2,984	\$27,641	\$8,701	\$5,064	\$11,980	\$4,720	\$3,676	\$34,141	\$2,122	\$655	\$2,041	\$992	\$691	\$6,500
<b>TOTAL ESTIMATED COST</b>	<b>\$58,558</b>	<b>\$39,242</b>	<b>\$88,465</b>	<b>\$33,177</b>	<b>\$26,562</b>	<b>\$246,005</b>	<b>\$62,698</b>	<b>\$36,488</b>	<b>\$86,327</b>	<b>\$34,008</b>	<b>\$26,485</b>	<b>\$246,005</b>	<b>\$4,140</b>	<b>-\$2,755</b>	<b>-\$2,139</b>	<b>\$830</b>	<b>-\$77</b>	<b>\$0</b>
<b>PERCENT CHANGE</b>													7.1%	-7.0%	-2.4%	2.5%	-0.3%	0.0%



## Allocation of CFL Program Sales

- All sectors are still eligible to purchase discounted CFLs at point-of-sale (participating retail stores)
- PPL EU proposes to allocate all sales and costs to the residential sector instead of 95% to residential (including 17% low-income) and 5% to small C&I as previously planned



## Allocation of CFL Program Sales

- This change has no impact on the projected total cost or total savings of the CFL program or the entire EE&C Plan
- Shifts approximately \$800,000 of projected costs from the small C&I customer sector to the residential sector
  - 1.3% increase in total projected cost for the residential sector
  - 0.9% reduction in total projected cost for the small C&I sector
  - These cost changes are well within the normal band of estimating uncertainty for the EE&C Plan



## Allocation of CFL Program Sales to Low-Income Customers

- Cannot determine or verify the low-income allocation factor since PPL EU does not know the specific participants-- no rebate form or customer information obtained at point-of-sale
- There is no MWh/yr reduction compliance target for low-income customers as originally assumed in planned
- Therefore, allocation of CFLs to low-income is no longer required for compliance purposes
- PPL EU does not attempt to allocate low-income customer participation in any other non low-income program



## Allocation of CFL Program Sales to Small C&I Customers

- Original EE&C Plan assumed 5% of CFL sales and costs would be allocated to small C&I customer sector
- That was an attempt to properly categorize sales and costs because some small C&I customers may purchase PPL Electric-discounted CFLs from retail stores
- During development of its tracking system, PPL EU determined it would not be possible to allocate CFL sales to multiple customer sectors for several reasons



## Allocation of CFL Program Sales to Small C&I Customers

- CFL savings for non-residential customers must be calculated using a different method than for residential customers
- It is not possible to obtain most of the information (such as the customer's baseline light fixture, the type of building and space in which the CFL is installed, what type of lighting controls exist, etc.) to calculate or verify savings because the specific customer is not known
- Even if we could estimate the savings for each C&I CFL by residential methods, we cannot estimate or verify the portion of CFL Program sales attributable to C&I customers
  - Customers not known
  - Estimated percentage of C&I CFL sales is not available from retailers



## Allocation of CFL Program Sales

- Even if we could estimate the savings for each C&I CFL by residential methods and knew the portion of CFL Program sales attributable to C&I customers, it is still not feasible to track
- To ensure consistency between formal savings reports and the underlying raw transactional data recorded in PPL Electric's tracking system, the allocation of CFL sales must be recorded at the transactional level. The allocation cannot be done by an after-the-fact adjustment in reports
- At the transactional level, each unique CFL transaction would have to be designated as "residential", "low-income", or "C&I" when recorded in PPL Electric's tracking system
- That transactional data is for each specific CFL bulb and includes the SKU number, quantity sold, type of base/socket, bulb style, number of bulbs per pack, wattage per bulb, wattage of equivalent incandescent bulb, manufacturer, retail store, discount, and other information
- The CFL Program CSP has no feasible way to do this allocation at the transactional level



## Direct and Common Costs

- During the detailed design and implementation of its EE&C programs and program cost tracking systems and processes, PPL Electric identified several changes to the definition of “common costs” and “direct program costs” compared to the assumptions in the EE&C Plan



## Direct and Common Costs

- “Direct program costs” are those types of expenditures that are directly associated with a specific energy efficiency program
- Examples:
  - A rebate paid to a customer for an energy efficiency measure in a program
  - A program CSP’s labor and material charges to implement a program (such as the Appliance Recycling Program)



# Direct and Common Costs

- “Common costs” are those types of expenditures that apply to many, if not all programs, and cannot be reasonably and directly assigned to a specific program
- **Examples:**
  - The development of the EE&C Plan
  - The development, implementation, and operation of the energy efficiency tracking system
  - Evaluation, measurement, and verification of savings
  - Performance and progress reporting
  - General management
  - Legal support



## Direct and Common Costs

- Some types of expenditures are extremely difficult to categorize with reasonable accuracy because they apply to a subset of programs, but not in a way that is easily attributable to each program
- **Examples**
  - The Administrative CSP who handles customer inquiries and applications for many programs
  - Marketing and advertising



# Direct and Common Costs

- Changes- EDC Labor, Material, and Supplies
  - In the EE&C Plan, all EDC labor, material, and supplies were assumed to be common costs
  - In actuality, some EDC costs will be direct and some will be common
  - EDC costs that directly support a program will be charged directly to the applicable program. For example, when the PPL Electric Program Manager for the Appliance Recycling Program is working on that program
  - EDC costs that do not directly support a program will be treated as a common cost. For example, when a PPL Electric employee is performing evaluation, measurement, and evaluation or is preparing the quarterly progress report for the Commission
  - The net impact of changes in this category is a shift of \$3.7 million from common costs to direct costs



# Direct and Common Costs

- **Changes- General Marketing**
  - PPL Electric's general marketing (excludes marketing by turnkey program CSPs) was assumed to be a direct program cost in the EE&C Plan but will now be treated as a common cost
  - In actuality, it is not feasible to separately determine and allocate charges to each specific program
  - The net impact of changes in this category is a shift of \$8.8 million from direct costs to common costs



## Direct and Common Costs

- **Changes- Administrative CSP**
  - The Administrative CSP was assumed to be a direct program cost in the EE&C Plan for Efficient Equipment, Energy Assessment & Weatherization, Renewable Energy, Residential New Construction, and Custom programs
  - In actuality, the Administrative CSP will be a common cost because it is not feasible to specifically assign every call, task, etc., to a specific program
  - The net impact of changes in this category is a shift of \$1.5 million from direct costs to common costs



# Direct and Common Costs

- The net effect of all of these changes shifted approximately \$6.5 million from the “direct program cost” category to the “common cost” category
- Shifting between “common” and “direct costs does not change the projected cost of the EE&C Plan as a whole but it does result in minor cost changes between customer sectors
- At the end of 2013, common costs will be allocated to each customer sector using an allocation factor equal to the percentage of the EE&C costs directly assigned to each customer sector to the total of EE&C costs directly assigned to all customer sectors