



**PPL Electric Utilities**

PPL Electric Utilities  
Stakeholder Meeting  
Act 129 EE&C  
July 9, 2015  
Harrisburg, PA

# Welcome and Housekeeping

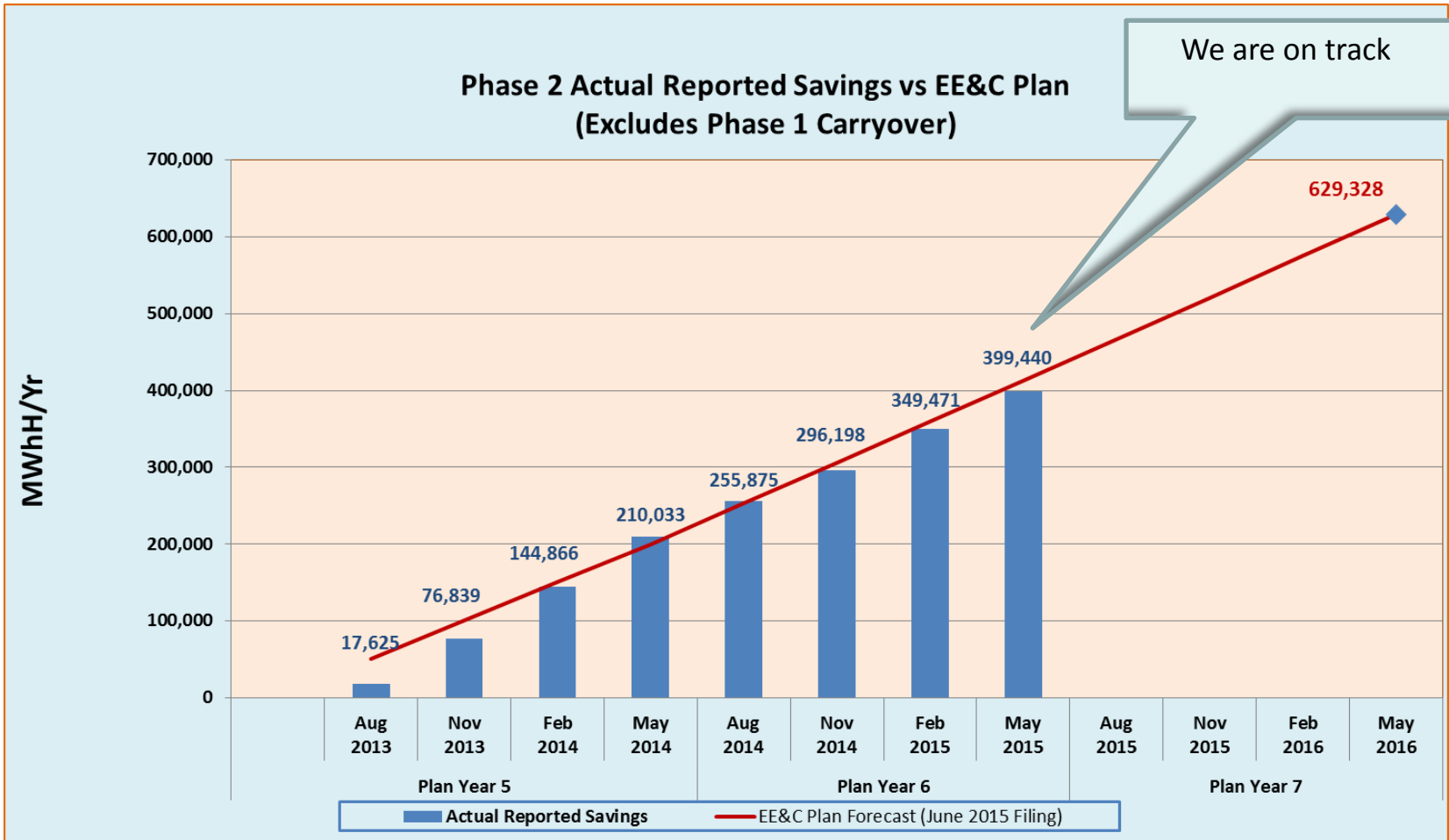


# Objectives:

- Summary of Phase 2 Results Through Program Year 6 (May 2015) -15 min
- Summary of Phase 3 Implementation Order-15 min
- Guiding Principles for Phase 3 EE&C Plan- 15 min
- Strategy and Schedule for Phase 3 EE&C Plan- 30 min
- Break - 15 min
- Phase 3 Stakeholder Input - 1 hr
- Q&A and next steps – 30 min

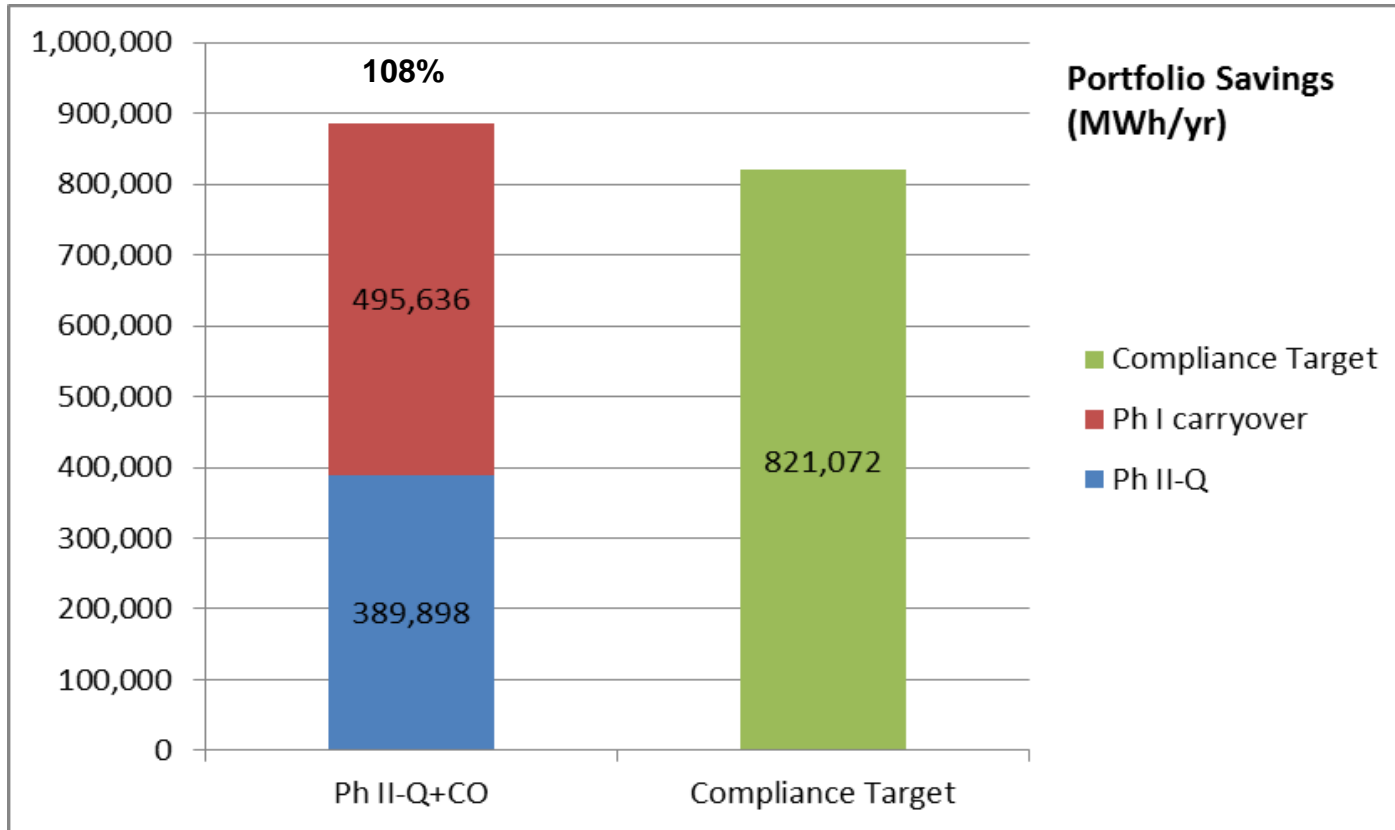
# **SUMMARY OF PHASE 2 RESULTS**

# Phase 2: Results Through May 2015 and Forecast to End of Phase 2

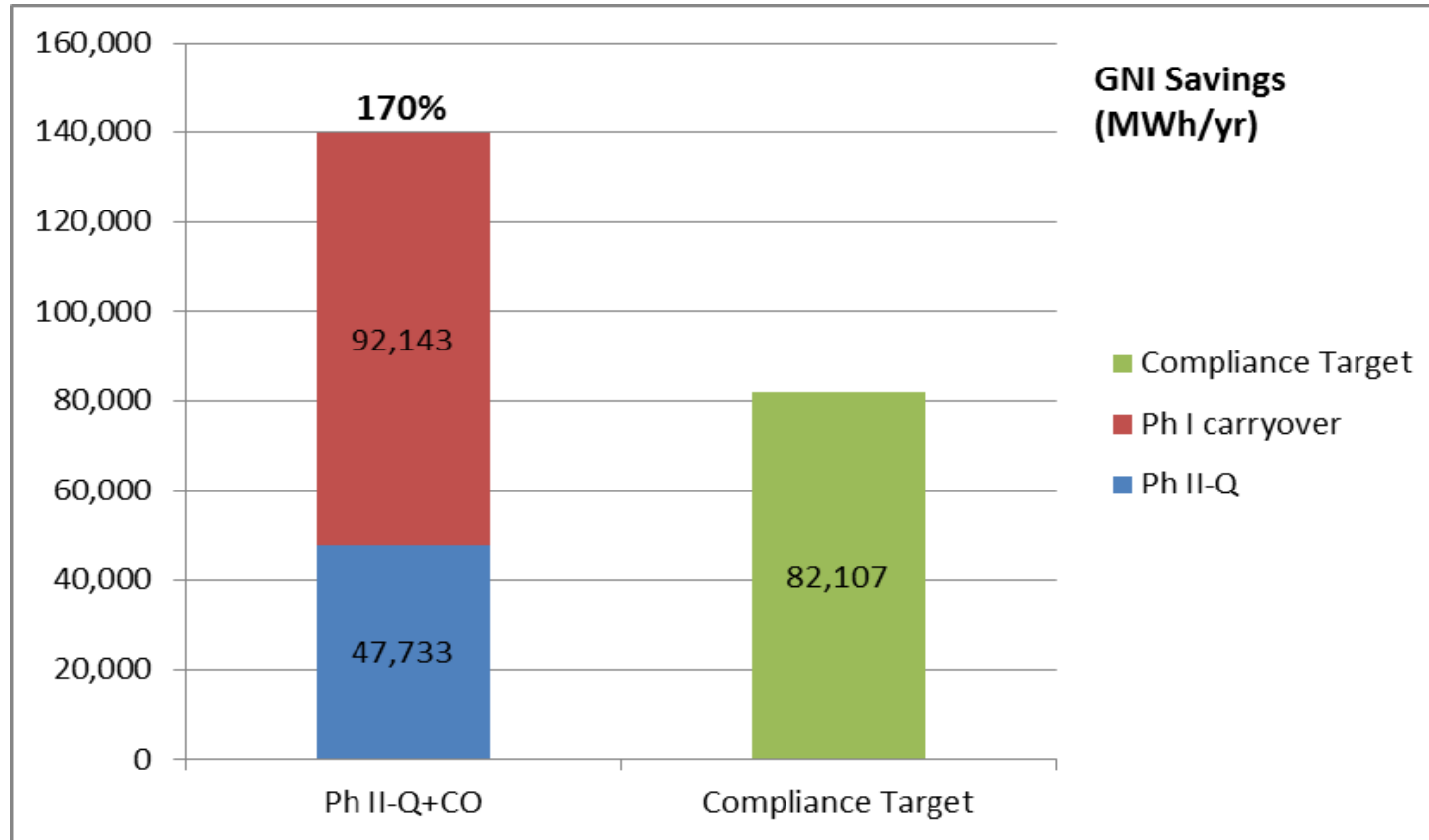


Note: EE&C Plan savings are on a verified basis. Forecast and actual savings are on a reported basis. Actual savings exclude pre-approved projects.

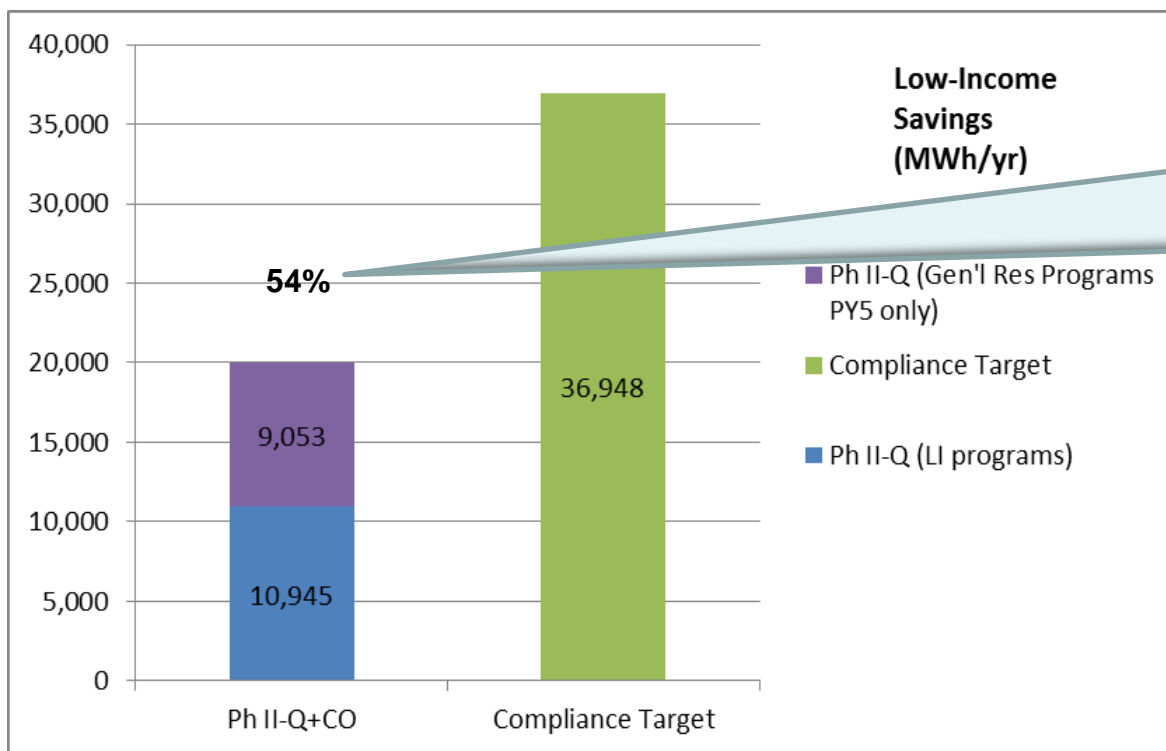
# Phase 2 Portfolio Savings (PY5 verified + PY6 through May 2015)



# Phase 2 GNI Savings (PY5 verified + PY6 through May 2015)



# Phase 2 Low Income Savings (PY5 verified and PY6 through May 2015)



~77% w/ PY6  
expected low-income  
participation in  
general  
residential  
programs



# Energy Savings by Sector through May 2015 compared to EE&C Plan



PPL Electric Utilities

Sector	EE&C Plan Forecast at Completion (MWh/yr)	Actual Reported Savings as of 5/31/2015 (MWh/yr)	Pre-approved Projects (MWh/yr)	% Committed vs Approved EE&C Plan
<b>Residential</b>	229,739	137,327	N/A	60%
<b>Low-Income<sup>[1]</sup></b>	25,885	11,104	N/A	43%
<b>Subtotal Residential</b>	255,624	148,431	N/A	58%
<b>Small C&amp;I <sup>[2]</sup></b>	190,446	137,598	63,239	105%
<b>Large C&amp;I <sup>[2]</sup></b>	102,126	64,680	41,844	104%
<b>GNI <sup>[2]</sup></b>	81,132	48,721	61,970	136%
<b>Subtotal Non-residential</b>	373,704	250,999	167,053	112%
<b>Total- Phase II</b>	<b>629,328</b>	<b>399,430</b>	<b>167,053<sup>[2]</sup></b>	<b>90%</b>
<b>Phase I Carryover</b>	495,636	495,636		-
<b>Total - Phase II + Carryover</b>	<b>1,124,964</b>	<b>895,066</b>	<b>167,053</b>	<b>94%</b>
<b>Phase II Compliance Target</b>	821,072	821,072		

1. Excludes low-income participation in general residential programs (~18,762 MWh/yr. estimated in EE&C Plan)

2. Waitlist established June 2015 for these sectors in Custom and Prescriptive Equipment Programs. No waitlist for Multi-Family Program

# Costs by Sector through May 2015 compared to EE&C Plan



PPL Electric Utilities

Sector	EE&C Plan Total Approved Budget (\$1,000)	Actual Cost as of 5/31/2015 (\$1,000)	Pre-approved Projects (\$1,000)	% Committed vs Approved EE&C Plan
Residential	\$52,787	\$23,410	N/A	44%
Low-Income	\$21,073	\$11,645	N/A	55%
<b>Subtotal Residential</b>	<b>\$73,860</b>	<b>\$35,055</b>	<b>N/A</b>	<b>47%</b>
Small C&I <sup>[3]</sup>	\$35,814	\$18,507	\$15,729	96%
Large C&I <sup>[3]</sup>	\$14,438	\$7,713	\$6,140	96%
GNI <sup>[3]</sup>	\$24,102	\$13,613	\$8,540	92%
<b>Subtotal Non-residential</b>	<b>\$74,354</b>	<b>\$39,833</b>	<b>\$30,409</b>	<b>94%</b>
<b>Total Direct Cost</b>	<b>\$148,214</b>	<b>\$74,888</b>	<b>\$30,409</b>	<b>71%</b>
<b>Common Cost <sup>[1]</sup></b>	<b>\$36,062</b>	<b>\$21,703</b>	<b>N/A</b>	<b>61%</b>
<b>Total Cost</b>	<b>\$184,276</b>	<b>\$96,591<sup>[2]</sup></b>	<b>\$30,409</b>	<b>69%</b>

1. Will be allocated to customer sectors at the conclusion of Phase II based on the proportion of each sector's direct cost.
2. Approximately \$7 million of actual costs were incurred for PY6 transactions but were paid in PY7 and, therefore, will be accounted for in PY7. This "payment lag" across program years is normal, except for the final year of a phase.
3. Waitlist established June 2015 for these sectors in Custom and Prescriptive Equipment Programs. No waitlist for Multi-Family Program

# Program Status as of May 2015 compared to EE&C Plan

Program	EE&C Plan Forecast @ completion (MWh/yr.)	Actual Reported Savings (MWh/yr.)	Savings % Complete vs EE&C Plan	EE&C Plan Total Budget (\$1,000)	Actual Cost (\$1,000)	Cost % Complete vs EE&C Plan
Appliance Recycling	25,224	16,568	66%	\$5,212	\$2,785	53%
Residential Retail	191,863	141,791	74%	\$32,848	\$13,308	40%
Res. Home Comfort	15,268	6,255	41%	\$10,031	\$3,449	34%
Residential Behavior & Education	30,749	0	0%	\$2,948	\$1,959	66%
Low-Income WRAP	10,411	7,626	73%	\$16,782	\$9,871	59%
Low-Income Behavior & Education	8,280	0	0%	\$1,637	\$1,138	69%
E-Power Wise	5,611	3,478	62%	\$1,539	\$636	41%
Prescriptive Equipment	253,466	181,214	71%	\$58,447	\$32,554	56%
Custom Incentive	62,793	28,079	45%	\$8,268	\$3,747	45%
Student & Parent Energy Efficiency Education	15,628	11,055	71%	\$5,930	\$3,128	53%
Master Metered Low – Income Multifamily Housing	6,885	3,364	49%	\$3,110	\$1,402	45%
Continuous Energy Improvement	3,150	0	0%	\$1,073	\$632	59%
School Benchmarking	0	0	0%	\$389	\$277	72%

# Summary of Phase 3 Implementation Order

# Compliance Targets

- 5-year term, June 2016 - May 2021
- Energy reduction target = 1,443,035 MWh/yr gross verified savings
  - Equivalent to a 3.8% reduction
  - Single compliance target at end of phase
  - Sum of incremental savings. Different than cumulative savings method in Phases 1 & 2
  - EE&C Plan designed to achieve at least 15% of the savings in each year
  - \$292 million
  - Program acquisition cost = \$0.20/annual kWh saved is ~25% to 33% lower than Phase 2 EE&C Plan (on an equivalent basis of sum of incremental savings)

# Compliance Targets, cont'd

- Peak load reduction target = 92 MW gross verified savings
  - No DR in first year (PY8)
  - Average MW reductions for each event over the final 4 years. Some conflicting language in the order suggests yearly targets
  - Events called whenever PJM RTO day-ahead forecast is greater than 96% of the PJM RTO summer peak demand forecast
  - Each DR event shall last 4 hours. Some conflicting language in the order about hours where the load forecast < 96% of peak
  - Maximum of 6 events (4 hours each) per year
  - Must obtain no less than 85% of the target in any one event
  - Customers participating in PJM's ELRP are eligible for Act 129 DR but incentives paid to dual participants must be <= half the incentives paid to customers enrolled only in Act 129 DR
  - DR budget <= \$15.38 million (5% of total Act 129 funding)
  - Program acquisition cost is 1/3 the actual Phase 1 DR cost

# Compliance Targets, cont'd

- Low-Income energy reduction target = 5.5% of the total energy reduction compliance target
  - 79,367 MWh/yr
  - 25% increase compared to Phase 2
  - Entirely from income-qualified programs. Low-income savings from general residential programs do not count.
- Government, non-profit, & educational energy reduction target = 3.5% of the total energy reduction compliance target
  - 50,507 MWh/yr
  - Lower than the 10% target in Phase 2

# Other Phase 3 Requirements

- Carryover of excess savings from Phase 2
  - PPL will not have any overall or GNI carryover
  - PPL may have some low-income carryover
- EE&C Plan approval process the same as Phase 2
  - Submit EE&C Plan 11/30/15
  - Commission rules on EE&C Plan March 2016
  - EE&C Programs launch June 1, 2016
- EE&C Plan must be cost-effective (EE and DR)
- Must competitively bid all CSP contracts



# **Guiding Principles for Phase 3 EE&C Plan**

# Guiding Principles for Ph 3 EE&C Plan

- Meet all compliance targets under budget
- Meet low-income target with as much direct-install as possible within budget constraints
- Significantly reduce the program acquisition cost compared to Phase 2, especially non-incentive costs
- Maintain high customer and trade ally satisfaction
- EE&C Plan is cost-effective (EE and DR)
- Equitable distribution of programs , savings, and costs across all customer sectors
- Broad stakeholder consensus

- Seamless transition between Phase 2 and the beginning of Phase 3
- Maximize the accountability for program implementation CSPs
  - Earlier input to program design
  - Program design, market research, recruiting participants, measure mix, marketing/advertising, incentive levels, application processing, trade ally networks, customer support, program delivery, etc.
  - Contracts that ensure “skin in the game”
  - Effective coordination across programs/CSPs/sectors

- Sound basis for program design and projections of participation, savings, and costs
  - Market potential, historical performance, market research, regional/national comparison, etc.
- Maximize flexibility to quickly adjust programs to react to the market
- Anything else?

# Phase 3 Schedule

- Final Order Issued by the PUC – June 19, 2015
- Plan is locked down – October 31, 2015
- Plan submitted to the PUC – November 30, 2015
- Plan Approval – March, 2016
- Phase 3 Programs Launch – June 1, 2016

# Phase 3 Schedule

- RFPs sent to all program implementation providers—  
June 22-29, 2015
- Stakeholder Input Meetings – July thru October 2015
- Program implementation bids— July 13-27, 2015
- Finalized Contracts – Mid September, 2015
- CSP Plan Input – Mid September – October 30, 2015

# Phase 3 CSP Strategy

- PPL recommends the following program implementation CSPs
  - Residential
  - Low Income
  - Non-Residential
  - Demand Response
- Benefits of this approach
  - Best opportunity to significantly reduce program acquisition cost, especially non-incentives
  - Streamlines and accelerates program design for each sector
  - Leverages customer segmentation, analytics, and marketing across a customer sector
  - Consolidates customer care, application & rebate processing, data collection, admin. etc. Lower cost, faster and better customer experience.
  - One view of the customer and trade allies across all programs for the sector. Increases the likelihood the customer will take a comprehensive approach, across multiple programs
  - Simplifies and enhances the customer and trade ally experience
  - Increases CSPs' accountability
- Thoughts? Other suggestions?

# Tracking System Update

- PPL has issued an RFP for a new tracking system in Phase 3
  - Enhanced reporting and analytics
  - Flexibility
  - Lower cost
- Currently in the process of reviewing bids and scheduling meetings with a short list of bidders



# Break



# Stakeholder Input

- Multifamily program design
  - Phase 2 requirements
    - Master-Metered
    - Non-profit
    - Low Income only tenants
- Coordination of Act 129 WRAP and LIURP
- How to leverage other Low Income funding sources?
- Comprehensive Programs?
- Other Items

# Questions



# Contact Information

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