

February 4, 2016

Comments on First Energy Phase II Energy Efficiency Plan

Energy Efficient West Virginia (EEWV), a program of West Virginia Citizen Action Group, offers these comments to the proposed Phase II Energy Efficiency Plan for FirstEnergy's Monongahela Power and Potomac Edison utilities (hereafter referred to simply as "FirstEnergy"). FirstEnergy currently has far fewer energy efficiency programs than are offered by the other large utilities in the state. EEWV believes that FirstEnergy disadvantages its ratepayers due to the comparative disadvantage the ratepayers have in their service territory compared to surrounding territories, both in and out of state. While the amount of spending on efficiency programs is inadequate, it does appear that the

The following comments summarize the changes EEWV would like FirstEnergy to make to its Phase II plan.

I. Spending Levels and Goals

In general, First Energy is spending far less than it should on energy efficiency programs, and less than neighboring utilities Appalachian Power Company (APCo) and Wheeling Power Co. (Hereafter referred to, collectively, as "AEP"). Compared to the rest of the country the contrast is even greater. AEP has improved energy conservation through implementing its HomeSmart Energy Assessment programs to all customers regardless of income, an array of lighting and appliance programs for both commercial and residential customers, and community-oriented programs. Increasing spending to match AEP's utility programs will provide continuity throughout the state and benefit ratepayers in the FirstEnergy service territory.

Additionally, FirstEnergy should base its savings goals on net savings, not gross. By basing its savings on gross savings, the utility is essentially charging consumers for savings that would have happened regardless of their actions. As an evaluation tool, net savings is the only appropriate method for assessing the efficacy of energy efficiency programs, and is consistent with how AEP assesses its programs.

II. Residential Programs

Current residential programs are lacking. Although it made sense to target energy efficiency programs at residential low-income customers at 200% below the Federal Poverty Income Guidelines, customers that do not fall into that category can benefit from the programs and tend to make the programs more cost-effective on per kwh basis. "Home Check-Up" programs should be available to all customers across the state no matter the income or poverty level. Customers with higher income levels often have bigger houses and higher energy demands creating bigger opportunities to save if they can utilize energy assessment programs. Everyone should be entitled to save by conserving energy.

EEWV is pleased to see a residential lighting rebate program included in the draft Phase II plan, but is concerned that the proposed funding levels will not be adequate for ensuring the success of the program. As the increasing efficiency of lighting necessitates moving from rebates for compact fluorescent lightbulbs (CFLs) to rebates for light-emitting diode bulbs (LEDs), it is important that the funding levels are increased for this new program. It is EEWV's belief that inadequate funding for the program will reduce the efficacy of the program because the program will run out of funding by the end of the year and it will lack consistency that is important for consumers. Additionally, we believe that FirstEnergy rebates that are meager compared to AEP's rebates could hurt participation in AEP programs, as consumers may not see the benefit in seeking out utility-subsidized bulbs.

III. Commercial/Industrial Programs

The only energy efficiency program First Energy offers to commercial/industrial properties is a rebate on lighting. This could be substantially improved by offering a prescriptive program similar to AEP's program, with rebates for other equipment such as heating, ventilation, and air-conditioning (HVAC); water heaters; food service; and others. Additionally, a commercial auditing and/or walk-through program to design custom efficiency upgrades is an effective method for identifying cost-effective improvements for energy reductions.

IV. Conclusion

The energy efficiency programs offered by FirstEnergy are woefully underfunded and should be modified to match AEP's programs offered in the state. EEWV is generally supportive of FirstEnergy's apparent attempt to focus new spending on programs being offered by AEP, but the proposed programs represent only part of the portfolio of programs offered elsewhere in the state. For these reasons, EEWV asks that FirstEnergy revise its spending levels and programs in its filing to the Commission relating to its Phase II programs, to be filed later this month.