

Tell the Public Service Commission that West Virginians Deserve A Stronger Energy Efficiency Program from FirstEnergy!

FirstEnergy recently merged with Allegheny Power to become the utility serving all of northern and eastern West Virginia. As part of the merger settlement, FirstEnergy agreed to start offering energy efficiency programs to its West Virginia customers. In March, FirstEnergy proposed two energy efficiency programs to the Public Service Commission and is seeking approval to collect the costs to implement the programs.

Energy efficiency programs provide ways for customers to save energy and money. Reducing the demand for electricity reduces the need for utilities to raise rates to cover the cost of building expensive new power plants. Efficiency programs also offer participating customers the opportunity to directly reduce their energy use and save on their bills.

FirstEnergy and Allegheny Power have a track record of opposing energy efficiency and instead promoting costly projects to increase their own sales at the expense of their customers. In Ohio, which has a requirement for its utilities to save a certain percentage of sales each year, FirstEnergy is the worst-performing company in meeting these targets. In West Virginia, Allegheny promoted the unnecessary PATH power line project to transmit additional coal-fired electricity produced in West Virginia to customers in NJ, at the expense of its West Virginia customers.

Talking points:

- FirstEnergy's goal of saving 0.5% of sales and 0.5% of peak demand over 5 years is far too weak. In Ohio and Pennsylvania, FirstEnergy is being held to much tighter standards.
- Experience from utility energy efficiency programs in other states shows that achieving 0.5% savings in two years is very achievable.
- West Virginia has some of the oldest and least energy efficient housing stock in the country. There is significant potential for FirstEnergy to help its residential customers achieve savings through weatherization, energy audits and home energy upgrades, purchase of more efficient appliances, more efficient lighting and many other ways.
- There is high demand for low-income weatherization; the average time on the wait list for the state's low-income weatherization program is 3.2 years. Yet FirstEnergy is failing to offer a program that will help low-income customers save more than a few percent on their utility bills.
- By failing to offer its West Virginia customers the same kinds of efficiency programs that utilities across the country are offering, FirstEnergy is hurting its customers who are going to have to continue to pay for expensive rate hikes as coal prices increase and coal power plants are retired. Energy efficiency and demand response are by far the cheapest options, rather than building new power plants as coal plants are retired.
- FirstEnergy has inflated the cost of its program. The PSC must carefully scrutinize the costs of any efficiency program.
- As long as FirstEnergy's financial motives are to increase sales, FirstEnergy will never be proactive about investing in energy efficiency and demand response. The PSC needs to change FirstEnergy's incentives – for example, by “decoupling” policies that remove their incentive to increase sales, or by “shared savings” mechanisms that reward utilities for exceeding energy efficiency and demand response targets.

Contact the Public Service Commission and tell them that West Virginians deserve a better plan from FirstEnergy. Send comments to the PSC at:
Sandra Squire, Executive Secretary

Public Service Commission of WV
201 Brooks St
Charleston, WV 25301

Comments can be submitted electronically via

<http://www.psc.state.wv.us/scripts/onlinecomments/formalDisclaimer.cfm>

Be sure to include that you are commenting on Case Number 11-0452.

Questions? Contact Energy Efficient West Virginia at: energyefficientwestvirginia@gmail.com

More background info:

FirstEnergy is living up to its poor reputation with the energy efficiency and demand response plan that it has proposed for West Virginia. FirstEnergy is proposing to save only 0.5% of its 2009 sales and 0.5% of 2009 peak demand over five years. (**Demand response** refers to programs which are specifically targeted to reduce electricity use during hours of peak demand – this saves money for customers because these are the hours when wholesale electricity prices, which get passed on to customers in rates, are highest). Contrast this to Pennsylvania, where FirstEnergy is being required to reduce peak demand 4.5% in less than five years – that is 10 times more ambitious than what they've proposed in WV. And in Ohio, utilities were required to achieve 0.8% energy savings over two years and most utilities (not including FirstEnergy) have met and exceeded these annually increasing targets. States with the best energy efficiency programs are saving 1-2% of sales per year – up to 20 times what FirstEnergy has proposed to do here. In other states, utilities are offering programs to help people finance home energy improvements that are saving 25-30% on their utility bills.

FirstEnergy's proposal for West Virginia includes only two programs: a high-efficiency commercial and industrial lighting program and a low-income residential program. The low-income program involves only a walk-through energy audit of peoples' homes, with installation of basic measures like compact fluorescent lights and faucet aerators – in other words, despite the pervasive need for comprehensive low-income weatherization services, FirstEnergy is proposing a program that would only save people a few percent on their utility bills. FirstEnergy has also inflated the costs of its meager program by asking to collect “lost revenues.” If the program is approved in its current form, West Virginia customers will be paying for more than this program actually costs.

By failing to make a serious investment in energy efficiency and demand response, FirstEnergy is hurting its West Virginia customers in the long run. FirstEnergy's residential rates in WV have increased 33% over the past 3 years. Rates will continue to increase with rising coal prices. And as FirstEnergy retires its oldest and most polluting coal plants over the coming decade, they will likely build expensive new natural gas plants and make their customers foot the bill – unless we demand otherwise. Investing in saving energy through energy efficiency and demand response is far cheaper than investing in new power plants. Saving energy through efficiency costs the average utility about 2.5-3 cents per kilowatt hour saved, compared to 7-10 cents to generate power from new gas-fired generators. By failing to propose an aggressive energy efficiency program, FirstEnergy is locking its customers into paying for additional expensive rate hikes and making it harder for people to reduce their home and business energy costs.

The Public Service Commission is accepting comments on FirstEnergy's plan, and will be making review and approval of FirstEnergy's proposal a part of the rate increase FirstEnergy plans to file in

September. FirstEnergy's strategy seems to be to offer a meager energy efficiency plan and try to collect more from customers than the plan actually costs. Tell the PSC that West Virginians deserve better – FirstEnergy should be required to offer comprehensive energy efficiency programs *now* that are on par with what utilities across the country are doing.