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Energy Alert

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PA Act-129, a cost savings program that increases your costs?

With no advance notice Duquesne Light added a new line item "PA E E Surcharge" on December's bill. However, after the fact just prior to the Christmas holiday a letter was mailed. Similar notices and billings will go to almost every electricity customer serviced within Pennsylvania.

The new charge is the direct result of legislation passed in the fall of 2008 mandating energy conservation and peak demand reduction. Act 129 requires all seven of Pennsylvania's electric utilities servicing 100,000 or more customers to reduce energy consumption 1% by May 31, 2011, a total of 3% reduction in consumption and a 4.5% reduction in peak demand by May 31, 2013. To meet these goals the utilities are required to offer incentives for conservation and demand reduction programs for each specific customer group, i.e.: industrial, commercial and residential.

The legislation requires all costs be passed back to the respective customer groups through a monthly line item charge known as the "Energy Efficiency and Conservation and Demand Response Surcharge" (PA E E Surcharge). These new charges were approved by the Public Utility Commission and will be updated annually on September 1st of each year.

The philosophy behind this program is that if utilities offer cost reduction programs, all consumers could benefit in the long term due to reduced consumption. With all customers paying for the program, it should become an incentive to participate and recapture the new mandated costs. Unfortunately, we believe the logic is seriously flawed!

Many of our customers have completed in-house energy reduction programs over the past several years. Lighting retrofits, chiller replacements, variable frequency drives, etc. have become commonplace. Completed programs will gain nothing from these new programs because work has been finalized. These individuals will, however, pay for the program. They are receiving the benefits of their efforts and now must pay for a program with no chance of recouping the increased costs of financing their competitors.

We at Energy Savers, Inc. have never advised anyone not to conserve. However, this new environment tilts the playing field in favor of those who have done nothing up to this point. Therefore, we must, at least temporarily alter our position. As stated in a previous Alert, we are advising all clients, partners and friends to immediately suspend any conservation and/or energy retrofit program until the electric utilities formalize their programs. Once utility programs have been defined, you will be in a position to reevaluate your suspended programs to coincide with the utility's programs. At that time published rebates and incentive will become available to help defray costs.

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