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From this week's In Other News

ComEd fights Ill. on conservation

By: [Steve Daniels](#) November 29, 2010

Exelon Corp. likes to paint itself green, but the Chicago-based electric company has set itself up as the chief opponent of an innovative state energy conservation plan.

The country's largest operator of atomic energy plants is intent on branding itself an environmentally friendly giant, with a retrofitted, LEED-certified headquarters, a website displaying green projects including its sprawling South Side solar power plant and frequent press releases touting eco-investments such as its recent \$900-million purchase of Deere & Co.'s wind-power subsidiary.

But Exelon's Commonwealth Edison Co. is doing its best to kill a plan by the Illinois Power Agency to help big consumers of electricity finance major capital projects aimed at cutting usage—projects that would slice ComEd's revenue and potentially reduce wholesale power prices that fatten profit margins at Exelon's Illinois nuclear plants.

For the first time in its 2½-year history, the IPA is proposing going beyond its core mission of cheaply procuring power on behalf of utility customers statewide by paying users to make energy-saving lighting and equipment upgrades.

ComEd says the agency doesn't have the legal authority to buy energy efficiency in this manner. The IPA and environmental advocates say it does. (For different reasons, the staff of the Illinois Commerce Commission also opposes the efficiency initiative.)

The ICC, which regulates utilities, will decide who's right when it rules on the IPA's 2011 power-procurement plan by yearend.

IPA Executive Director Mark Pruitt thinks that paying to lower energy consumption can be significantly cheaper than buying the juice itself, even at today's low prices. His plan proposes to contract only with power-cutting customers whose projects would be cheaper to the state than buying electricity and where the conservation results can be verified.

A study commissioned by ComEd last year concluded that 14% of its electricity demand could be economically eliminated through efficiency projects.

Meanwhile, ComEd projects that a state-mandated efficiency program it oversees will conserve 1% of its projected demand in the next five years. Consumer and environmental advocates support the ComEd program but contend deeper reductions are possible.

"We certainly think this is the most important (energy) policy move for the state going forward," says David Kolata, executive director of Chicago consumer watchdog Citizens Utility Board. "There's a whole bunch of low-hanging fruit out there."

CITY SUPPORT

One of the potential beneficiaries of the IPA plan would be the city of Chicago, which wants to retrofit its 260,000 energy-hogging streetlights with more-efficient bulbs. Costs for the project start at \$35 million, a tall order for the cash-strapped city. But a multiyear contract with the state agency could ease the way for the issuance of a bond or other financing that would allow it to move forward.

A large-scale streetlight retrofitting program in Los Angeles is expected to cut power consumption by 40% and save that city \$10 million a year.

The Chicago Department of Environment says it has filed testimony with the ICC supporting the IPA's power procurement plan.

Aside from its view that the IPA lacks the legal authority to purchase energy savings, ComEd points out that no other state manages energy efficiency this way.

It's impossible to compare savings from efficiency projects with the market price of power, which changes daily, says William McNeil, vice-president of energy acquisition for ComEd. "You can't go into the market and just buy energy efficiency," he says.

The IPA's Mr. Pruitt responds that his agency already makes adjustments to compare power purchases that aren't otherwise "apples to apples." He adds, "I understand (ComEd's) concern, but I believe that we can develop appropriate mechanisms to aid in finding the lowest-cost option for consumers."

Critics say ComEd has a more bottom-line motive it doesn't talk about: "There are some people at ComEd who are fearful . . . that it will tend to reduce the utility's sales and reduce their profits," says Howard Learner, executive director of Chicago-based advocacy group Environmental Law and Policy Center. "And Exelon makes its money by selling more power."

Mr. McNeil says that's not the reason. He notes that the state itself caps what ComEd can spend on its efficiency program; the utility will shell out \$485 million over the next three years on initiatives like promoting household use of high-efficiency lightbulbs.

"The current (utility-run) process is the right one to do this," he says. ComEd's opposition to the IPA's plan "is not a factor in our support of energy efficiency."

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