

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Act 129 Energy Efficiency and
Conservation Program Phase III**

Docket No. M-2014-2424864

**COMMENTS
OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA**

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March 11, 2015

PENNSYLVANIA UTILITY LAW PROJECT
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I. INTRODUCTION

These comments are submitted on behalf of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) in Response to the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) Tentative Implementation Order (“Tentative Order”), entered on March 11, 2015 at Docket No. M-2014-2424864, regarding Act 129 (“The Act”) Energy Efficiency and Conservation Program Phase Three (“Phase Three” or “Phase III”).

CAUSE-PA is a statewide unincorporated association of low-income individuals which advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping low-income families access and maintain affordable utility services and achieve economic independence and family well-being.

CAUSE-PA supports the creation, development, and implementation of effective energy efficiency and conservation programs, targeted to assist low-income Pennsylvanians. These programs are an essential component for obtaining and maintaining long term electricity affordability as well as the continued fostering of a household’s health and welfare. To that end, CAUSE-PA, through its attorneys at the Pennsylvania Utility Law Project, has commented upon and actively participated as a stakeholder in meetings convened by the Commission and individual Electric Distribution Companies (“EDC”s) regarding Act 129.

CAUSE-PA thanks the Commission for this opportunity to comment on the Phase III TO implementation proposals and will address matters which affect the ability of low-income households to achieve verified, long-term energy savings and improved health and welfare.

II. BACKGROUND

On October 15, 2008, House Bill 2200 was signed into law as Act 129, with an effective date of November 14, 2008. Among other things, Act 129 required Energy Efficiency & Conservation (EE&C) programs for the Commonwealth's largest electric distribution companies and required that the Pennsylvania Public Utility Commission evaluate the costs and benefits of the EE&C programs by November 31, 2013. The Act further directs that the Commission must set additional incremental consumption and peak demand reductions if the benefits of the EE&C Programs exceed the costs. 66 Pa. C.S. § 2806.1(c)(3).

The Act contains two specific carve-outs:

Specifically, in regard to low-income households, Act 129 provides:

The plan shall include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another federal or state agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under Pa. Code Ch. 58 (relating to residential low income usage reduction programs).¹

Act 129 further requires that:

EE&C Plans obtain a minimum of ten percent (10%) of all consumption and peak demand reduction requirements from units of the federal, state and local governments, including municipalities, school districts, institutions of higher education and nonprofit entities..66 Pa. C.S.§ 2806.1(b)(1)(i)(B).

On October 23, 2014, the Commission, in order to enable a smooth and coordinated transition from the EE&C Programs' Phase II to a possible third phase and to minimize any harmful or disruptive breaks between programs, issued a Secretarial Letter which began the

¹ 66 Pa.C.S. §2806.1(b)(i)(G).

advanced planning process for a potential Phase Three.² Subsequently, the Commission held Stakeholder meetings on December 2, 2014 and April, 8, 2015, received initial comments from interested parties, released the Statewide Evaluator’s Pennsylvania electricity baseline study and statewide electricity market potential reports, and, on March 11, 2015, entered its Tentative Implementation Order (“TO”). Notice of the TO was published in the Pennsylvania Bulletin on March 28, 2015 at 45 Pa. B. 1586.

III. COMMENTS

CAUSE-PA appreciates and commends the Commission and its staff for the significant detail, consideration, and analysis of the issues within the TO.

In these comments, CAUSE-PA respectfully requests and recommends that the Commission include the following requirements in its Final Phase Three Implementation Order to ensure adoption of robust and equitable program designs:

- Programs specifically designated to low-income households at or below 150% of the Federal Poverty Level (“FPL”) are to continue in Phase Three, and must achieve the Commission’s proposed required minimum level of five and a half percent (5.5%) energy savings by each EDC – without attribution from general residential ratepayer programs. (See Sections A.ii and A.iv)
- The quality of measures designated to the low-income sector must be comprehensive, robust and deep. A minimum of three percent (3%) of each EDC’s overall low-income sector consumption reduction target should be obtained exclusively from direct-installed measures to ensure that low income populations continue to be served by EE&C programming at a proportionate and equitable level. (See Section A.iii)

² See Secretarial Letter Re: Act 129 Energy Efficiency and Conservation Program Phase III, Docket No. M 2014-2424864, dated October 23, 2014.

- Specific savings targets and funding allocation should be designated for multi-family housing. (See Section B).
- The G/E/NP sector savings targets should be maintained at ten percent (10%), with clear direction that a minimum of three percent (3%) must be achieved from affordable multi-family housing buildings which serve low income households. (See Section B.i).
- The multifamily work group should be convened as quickly as possible and provided specific direction to develop a proposal for EDC implementation with targeted savings requirements. (See Section B.ii).

A. Low-Income Sector Carve-Out

Regarding the Low-Income Carve Out, the Commission proposes to:

- Require Electric Distribution Companies (“EDC’s”) to provide a proportionate number of measures equivalent to the low-income sectors share of usage, as previously required in Phases I and II of the program and that the EDCs use the same proportionality percentages as used in Phase II (TO at 55);
- Modestly increase the overall low income savings target from 4.5% in Phase II by requiring that each EDC obtain a minimum of 5.5% of their total consumption reduction target from the low-income sector in Phase III.
- Continue to count qualifying low-income savings from participation in non-low-income (residential) programs, and also from qualifying multifamily housing savings towards the overall compliance target;
- Require that each EDC must obtain no less than 2% of their overall consumption reduction target exclusively from direct-installed low-income measures.
- Not subject EDCs that fail to meet the proposed Phase III low-income carve-out, to the penalties prescribed under subsection 2806.1(f) of the Act, 66 Pa. C.S. § 2806.1(f); but to the penalties prescribed under Chapter 33 of the Public Utility Code, 66 Pa. C.S. § 3301(a).

Concurrently with the TO, Commissioner Pamela A. Witmer, elicited comment regarding

the Commission's low-income sector proposals. Commissioner Witmer stated:

The Tentative Order recommends continuing the low-income carve-out which requires a specific number of energy measures for households at or below 150% of the federal poverty income guidelines. Additionally, rather than retaining the minimum 4.5% as used in Phases I and II, the Commission is proposing to require that each EDC obtain a minimum of 5.5% of their total consumption target from the low-income sector, with the additional requirement that no less than 2% of this reduction target be obtained exclusively from direct-install low-income measures. *Commenters are encouraged to explain whether these determinations are consistent with the policy goals and statutory requirements of Act 129 as well as whether the corresponding result is in the public interest.*³

In response to the Commission's Tentative Order with respect to its proposed low income sector carve-out requirements, and further in response to Commissioner Witmer's explicit request for comment, CAUSE-PA offers the following assessment and recommendations.

i. Implementation of a Robust Low Income Program, Which Includes Lasting and Verifiable Energy Efficiency Measures, Is Firmly in the Public Interest and Fits Squarely Within the Policy Goals of Act 129.

To begin, CAUSE-PA asserts that the continued incorporation of a proportional low-income carve-out is critical to fulfilling the intent of the General Assembly in passing Act 129. CAUSE-PA therefore commends the Commission for continuing to require utilities to achieve a specific percentage of savings from the low income sector, for modestly increasing the savings requirement to 5.5%, and for requiring utilities to obtain 2% of the low income carve-out from direct-install measures. The Commission's proposed low-income targets will further build on the achievements gained Phases I and II to fulfill the explicit and implicit public policy objectives of the legislature in passing Act 129.⁴ Although CAUSE-PA recommends that the saving target for direct install measures be set at three percent (3%), as explained later in these

³ Witmer ST, Issue 3, at 2 (emphasis added).

⁴ 66 Pa. C.S. § 2806.1(b)(1)(i)(G) ("The plan shall include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory.").

comments, CAUSE-PA nonetheless strongly contends that the low-income carve-out proposed by the Commission in its TO aligns with the policy goals and statutory requirements of Act 129, and in turn serves the public interest.

The intent of the legislature is most clearly conveyed in the language of the Act, which undeniably embraces the inclusion of robust low-income programming.

The plan shall include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another federal or state agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under Pa. Code Ch. 58 (relating to residential low income usage reduction programs).⁵

As set forth in the initial statutory provision outlining the EE&C Program, the legislature specifically acknowledged the need for the Commission to “ensure that each plan includes a variety of energy efficiency and conservation measures and will provide the measures equitably to all classes of customers.”⁶ Further, the legislature required that Act 129 programming, as a whole, be incrementally increased provided that the program portfolios as a whole are cost effective.⁷

Indeed, the inclusion of a mandatory carve-out for low-income programming, coupled with the requirement that programs be equitably designed and increased incrementally in each programming phase, is a clear indication that continuing low-income programming – including a modest overall increase and a specific directive to include a modicum of direct-install measures –

⁵ 66 Pa. C.S. § 2806.1(b)(i)(G).

⁶ 66 Pa. C.S. § 2806.1(a)(5).

⁷ 66 Pa. C.S. § 2806.1(c)(3) (requiring that, every five years after 2013, the commission must evaluate the costs and benefits of the EE&C program, and – if cost effective – must “adopt additional required incremental reductions in consumption.”).

was contemplated by the legislature as a necessary component of the Act to achieve overarching policy goals of saving energy and decreasing energy costs for all Pennsylvanians.

The intent of the legislature to ensure that every rate class benefit from EE&C is not only clear through the language of the statute, it also rings true when looking at the legislative history of the Act, which was debated at length. While the legislature argued over the technical approach to the legislation, each Representative and Senator who rose to speak to their respective chamber noted the importance of the Act in controlling costs for consumers through wide-spread usage reduction.⁸

Families and individuals with limited economic resources have the highest energy burden, but have the least ability to pay.⁹ Often, this translates to a rise in food insecurity,¹⁰ poor health,¹¹ dangerous living conditions,¹² and often homelessness.¹³ But this dichotomy not only harms

⁸ See Pa. H.R., House Journal at 386-403 (Feb. 11, 2008); Pa. H.R., House Journal at 430-432 (Feb. 12, 2008); Pa. S., Senate Journal at 2626-2631 (Oct. 8, 2008); Pa. H.R., House Journal at 2323-2328 (Oct. 8, 2008), *available at* http://www.legis.state.pa.us/cfdocs/billInfo/bill_history.cfm?year=2007&sind=0&body=H&type=B&bn=2200.

⁹ LIHEAP-eligible households pay between 17 and 22 percent of their income on energy costs. Economic Opportunity Studies, Meg Power, *The Burden of Residential Energy Bills on Low-Income Consumers* (Mar. 20, 2008), *available at* http://www.opportunitystudies.org/repository/File/energy_affordability/Forecast_Burdens_08.pdf.

¹⁰ Heating and cooling is intimately tied to home habitability and, as a result, low-income families often go to great lengths to pay energy bills -- often forgoing food, medicine, and medical care to stay warm. A 2011 survey of LIHEAP recipients conducted by the National Energy Assistance Directors' Association (NEADA) revealed that, to pay for energy, 24% of LIHEAP recipients went without food, 37% went without medical or dental care, and 34% did not fill or took less than the prescribed dosage of medication. NEADA, *2011 National Energy Assistance Survey* (Nov. 2011), *available at* <http://www.neada.org/news/nov012011.html>.

¹¹ *Id.*; see also Deborah A. Frank et al., *The Low Income Home Energy Assistance Program and Nutritional and Health Risks Among Children Less than 3 Years of Age*, 118 *AAP Pediatrics*, 1293-1302 (2006); Child Health Impact Working Group, *Unhealthy Consequences: Energy Costs and Child Health: A Child Health Impact Assessment of Energy Costs and the Low Income Home Energy Assistance Program* (Boston: Nov. 2006).

¹² "Space heaters accounted for 33% of 2007-2011 reported home heating fires, 81% of home heating fire civilian deaths, 70% of home heating fire civilian injuries, and 51% of home heating fire direct property damage." Nat'l Fire Protection Ass'n, Fire Analysis & Research Division, *Home Fires Involving Heating Equipment*, at ix & 33 (Oct. 2013). While there are no state-wide statistics on space heater-related fires in Pennsylvania, we can see that the national statistics are on par with statewide statistics by looking to the local news carriers, which regularly report on space-heater related fires, injuries, and deaths. See, e.g., CW15, *Extension Cord Powering Space Heater Believed to Cause Blaze in Harrisburg* (March 20, 2014), <http://www.cw15.com/news/features/top-stories/stories/extension->

low income individuals and families – it also contributes to the overall cost of energy for all Pennsylvanians through increased uncollectible accounts and ongoing programmatic costs. The cost in dollars and social resources of uncollectible expenses related to low-income customer defaults, ever-rising CAP costs, service terminations, and medical resources is significant, and energy-efficiency services directed to low-income households is an effective tool to reduce these costs to other ratepayers and to society as a whole.

Energy unaffordability for low income consumers is unwaveringly identified by the General Assembly and the Commission as a critical issue which necessitates clear policy guidance, as it serves both low income households – which are often unable to afford basic utility service - and general ratepayers who bear the cost of addressing unaffordability. Effective design and implementation of a Phase III low income carve-out can significantly reduce the energy burden of low income individuals and families across the state, and in turn will contribute to the decrease in cost for all ratepayers across the state. As such, in response to Commissioner Witmer’s explicit request for comment, CAUSE-PA strongly asserts that modestly increasing the savings target for low income customers, and imposing incremental adoption of direct install measures, fits squarely within the public interest and fulfills the intent of the legislature in passing Act 129.

[cord-powering-space-heater-believed-cause-blaze-harrisburg-7136.shtml](http://www.local21news.com/news/features/top-stories/stories/official-space-heater-may-cause-lancaster-co-fire-13398.shtml); CBS 21 News, *Space Heater may be Cause of Lancaster Co. Fire* (Nov. 17, 2014), <http://www.local21news.com/news/features/top-stories/stories/official-space-heater-may-cause-lancaster-co-fire-13398.shtml>; CBS 21 News, *Dog Saves 3 People From House Fire* (Nov. 19, 2014), <http://www.local21news.com/news/features/top-stories/stories/dog-saves-3-people-house-fire-13460.shtml>; Fox 43 News, *Stove Used to Heat Home Sparks Rowhome Fire in Harrisburg* (Jan. 7, 2014), <http://fox43.com/2014/01/07/stove-used-to-heat-home-sparks-rowhome-fire-in-harrisburg/>. In January 2014, a local news outlet reported that in just 24 hours, the Harrisburg Fire Department responded to over 20 fire emergencies, many of which were due space heaters and kitchen stoves being used to heat homes. WGAL News 8, *Harrisburg Fire Department Urges Safe Use of Space Heaters, Stoves* (Jan. 7, 2014), available at <http://www.wgal.com/news/susquehanna-valley/dauphin/harrisburg-fire-department-urges-safe-use-of-space-heaters-stoves/23821264>.

¹³ Research conducted by the University of Colorado, Denver, in 2006 found that the inability to pay for home energy is a leading cause of homelessness for families with children. Colorado Interagency Council on Homelessness et al., *Colorado Statewide Homeless Count* (2007).

ii. The Commission Should Increase the Low-Income Target for Direct Install Measures to Three Percent (3%) to More Appropriately and Equitably Address Overall Low Income Consumption.

CAUSE-PA asserted in its initial Comments, in response to the October 23, 2014, Phase III Secretarial letter, that the total low-income savings requirements should be set at levels higher than in Phase II to reflect the range of overall low-income household consumption. Further, CAUSE-PA urged the Commission to limit the level of savings attributable from general residential programs, as the method used for attribution is not sufficiently accurate or verifiable.

In its TO, the Commission adopted a modest increase of one percent (1%) to the low income sector carve-out, and – while it did not fully prohibit attribution of residential savings to low income households (addressed below) – it proposed that two percent (2%) of low income savings be derived from direct install measures.

Again, CAUSE-PA strongly supports this proposal. However, we assert that deeper targeting is necessary to appropriately reflect usage levels and realistic program participation of low income customers. ***We submit that a greater impact on low-income households could be achieved by directing that three percent (3%) (rather than two percent (2%)) of low-income savings be derived from direct-install measures.***

Increasing the direct installation requirement would best ensure that Phase III is appropriately designed to create lasting energy savings and, in turn, reduced energy bills for all ratepayers. Likewise, an increased direct-install requirement would promote early planning to ensure that the low income customer sector receives a proportionate level of appropriate and meaningful energy saving, beyond basic lighting and energy report card programs.

CAUSE-PA further notes that the proposed percentage of savings to be achieved in the low-income sector, 5.5%, is significantly lower than the estimated low-income consumption

rates.¹⁴ The Low-Income Working Group estimated that, in 2009, the percentage of total consumption by low income populations was between 7.84 and 9.51%. In addition to falling below the relative percentage of total consumption, the 5.5% low income savings target is easily achieved through the attribution of savings from participation in non-low-income residential and qualifying multifamily housing, which the Commission proposed to continue in Phase III.¹⁵ Therefore, CAUSE-PA asserts that there is sufficient room for additional energy savings growth and improvement in the quality of measures installed. It is in keeping with the goals of Act 129 to promote an increase of energy savings for this sector and to take steps now to prevent low-income households from falling behind in achieving a level of appropriate and meaningful energy savings.

Unlike higher income households, low income households are not able to adopt energy efficiency measures without full subsidization because these households lack the requisite financial resources and capital to invest. In recognition of the financial limitations of these households and the significant benefits to all rate-payers in achieving verifiable energy and bill reduction, direct install – as opposed to short-term, unverifiable measures such as home energy reports, efficiency kits, giveaways, and other non-low-income sector program savings (upstream lighting, rebates, etc.) – is a superior investment. Indeed, whole-house and/or weatherization (insulation, air sealing) measures typically have higher realization rates, are verifiable and represent a better investment of the low-income program dollars.

The direct-install requirement also advances the public interest more broadly in reducing low-income utility debt and, in turn, reducing the associated costs borne by residential ratepayers. The inelasticity of the low-income household budget not only prevents adoption of

¹⁴ TO at 56.

¹⁵ TO at 56.

EE&C measures which require capital expenditure, it also renders that household incapable of bearing the cost of high energy use. In turn, the inability to pay for energy costs results in higher levels of uncollectible debt and service termination of low income households, leading to unsafe housing situations.¹⁶ The direct-install requirement addresses this inherent issue, as it ensures that low income populations have access to measures that produce deep, long term savings which will decrease their bill, reduce their arrears, and ultimately serve as a cost control mechanism for other ratepayers.

Therefore, while CAUSE-PA strongly supports the proposal that low-income energy sector savings be derived from direct-install measures, we urge the Commission to start with a 3% requirement, as it will place an appropriate emphasis on efficient direct installation programs and will ensure that low income customers do not fall further behind in achieving lasting energy savings.

iii. The Commission Should Prohibit Attribution of Residential Program Savings to the Overall Low-Income Savings Target to Appropriately Account for Low-Income Program Participation.

CAUSE-PA continues to urge the Commission to prohibit and/or – as suggested above -- further curtail the level of savings attributed to the low-income sector from general residential programs by increasing the percentage of required direct install measures. The method used for attribution is not sufficiently accurate nor verifiable and does not promote strategic advancement in the creation and implementation of programs for low income populations that will offer coordinated, long-term energy savings.

¹⁶ 2010 Report on Universal Service Programs & Collections Performance of the Pennsylvania Electric Distribution Companies & Natural Gas Distribution Companies,, Pennsylvania Public Utility Commission, Bureau of Consumer Services; Percent of Total Residential Electric Customers in Debt = 10% (p.15), Percent of Confirmed Low Income Electric Customers in Debt = 26% (p.55); Termination Rate of Residential Electric Customers = 3.46% (p.11), Termination Rate of Confirmed Low Income Electric Customers = 11.72% (p.12). Gross Write-Offs Ratio-Residential Electric Customers = 1.78% (p.23), Gross Write-Offs Ratio-Confirmed Low Income Residential Electric Customers = 7.9% (p.24).

The attribution of savings within basic residential lighting and rebate programs to the low income household sector is contrary to data which suggests that these programs do not reach low income individuals and renders the attribution of low-income sector savings from general programs questionable. As explained at the 2013 International Energy Program Evaluation Conference, “lighting program [savings] estimates are plagued by uncertainty. ... Existing evaluation methods are expensive, questionable in terms of their validity, and produce results that are unpredictable.”¹⁷ Essentially, EDCs are allowed to use an estimate of an estimate, producing a percentage of savings for attribution that is far from accurate and verifiable.

Households at or below 150% do not have the financial resources available to invest in energy efficiency measures which are part of the general residential Act 129 portfolio. Each of the Pennsylvania energy assistance programs directed to low-income households¹⁸ (renters and homeowners alike) charge no fees to the participating household. It is difficult to conceive that an informed low-income household would knowingly pay for a measure in a general residential Act 129 program which would be available to that household at no charge within the low-income sector program. And, to the extent that low income households do use their limited financial resources to participate in general residential programs and pay for the measures, they are diverting funds needed for other basic necessities, including the payment of basic utility service.

Looking to the 2013 Statewide Residential Baseline Study, we further see how attribution harms the continued effectiveness of Act 129 programs in reaching low income customers, as it fails to promote the development of targeted programs to serve this unique

¹⁷ Tami Buhr & Stan Mertz, The Revenue Neutral Sales Model: A New Approach to Estimating Lighting Program Free Ridership, presented at The 2013 International Energy Program Evaluation Conference, *available at* <http://www.opiniondynamics.com/wp-content/uploads/2013/08/The-Revenue-Neutral-Sales-Model-A-New-Approach-to-Estimating-Lighting-Program-Free-Ridership1.pdf>.

¹⁸ LIURP, Act 129 low-income sector programs, the Weatherization Assistance Program, and the LIHEAP Crisis Interface Program.

population after the basic lighting and rebate programs reach saturation. As of 2013, the saturation rate of CFL and LED bulbs was over one third (37%) for low income homes, with an average of 6.5 bulbs per home. But for non-low income homes, the saturation rate of CFL and LED bulbs was just over one quarter (26%) - even though the average number of bulbs per home was 13.4, over two times the number of bulbs in low income homes. Low income homes have far fewer sockets to fill with alternative light bulbs, so saturation is reached well before saturation of the general residential market. The same is true of appliance rebates and hard building measures, perhaps even to a greater extent than lighting because the low income population has far more renters which, as a group, are less likely than homeowners to purchase major appliances or hard building measures. Low income renters and homeowners simply do not have expendable income, resources, and/or landlord permission to adopt energy efficiency measures beyond simple, low-cost lighting.

As the level of low income saturation for rebate and lighting programs grows, there will be a tremendous drop-off in participation of low income households in any general residential program, thereby curtailing the actual savings achieved for the low income sector and skewing the attribution system currently approved by the Commission.¹⁹ When participation of low income households reaches full saturation, there must be other fully implemented programs for low income individuals to pick up the slack in lost savings. Thus, in addition to suggesting an increase in direct installation measures to three percent, CAUSE-PA urges the Commission to eliminate its former practice of allowing estimated attribution of savings from general residential

¹⁹ Market saturation is a basic concept in business. Once saturated, markets often must shift to service-based models for the business to continue to thrive. The same is true in for energy efficiency programs. Now that energy efficiency programs have neared saturation for low-income participation in lighting and rebate programs, energy efficiency programs serving the low income sector must look to hard, service-based measures to continue achieving energy savings for this class.

programs. Doing so will ensure that critical programming continues to reach low income populations without interruption or delay.

iv. The Commission Should Include a Clear Definition of “Direct Install” in Its Implementation Order to Fulfill the Intent of the Commission to Achieve Deeper, More Meaningful Savings.

Although the Commission has indicated that measures such as energy reports, efficiency kits, giveaways at community events and all other non-low-income sector program savings (upstream lighting, rebates, etc.) will not count toward meeting the 2% consumption target,²⁰ it is submitted that an explicit definition of *direct-install* should be included in the Final Order. Greater clarity as to which measures will or will not be counted toward the direct install requirement will ensure that installation of energy efficient light bulbs and other basic, short-term and unverifiable measures are not counted toward the low-income direct install measure requirement.

B. Multifamily Housing

i. The Commission Should Maintain the Government / Education / Nonprofit (G/E/NP) Sector Savings Target At Ten Percent (10%), with Clear Direction that a Minimum of Three Percent (3%) be Achieved from Affordable Multi-Family Housing Buildings which Serve Low Income Households.

In Phase II, the Commission proposed that multifamily housing – particularly housing which serves low income Pennsylvanians, such as government owned and/or tax credit properties – be given special emphasis and consideration within the government/educational/nonprofit (G/E/NP) sector. While no specific funding or savings targets were proposed for multifamily housing, the Commission encouraged EDCs to recognize the available potential for energy savings present in multifamily housing and develop strategies and programs to sufficiently address this opportunity within their Phase II EE&C plans. The

²⁰ TO at 56.

Commission believed this sector provided significant potential for the EDCs' attainment of the proposed government/educational/nonprofit carve-out.

However, in Phase III, the Commission proposes to reduce the G/E/NP 10% target suggested by statute and reduce the EDC requirement to obtain a minimum of 3.5% of all EE requirements from the federal, state and local governments, including municipalities, school districts, institutions of higher education and nonprofit entities.²¹ CAUSE-PA is concerned that such a significant reduction of targeted savings for the G/E/NP sector may cause a significant reduction of EDC activity in multifamily energy efficiency absent affirmative Commission direction.

The Commission acknowledges that there exists unanimous support for the inclusion of multifamily housing in Phase III by all stakeholders who submitted comments on this issue; and that there are potential energy savings that can be obtained across the low-income, small commercial and G/E/NP sectors.²²

CAUSE-PA fully supports the targeting of energy efficiency upgrades in multifamily rental housing as a cost-effective means to reduce energy consumption, maintain housing affordability, and create healthier, more comfortable living environments for moderate- and low-income families. Many of CAUSE-PA's members are renters and reside in low-income, multifamily residential buildings.

Energy efficiency improvements in these buildings will supplement the benefits which are provided directly to low-income ratepayers (which should continue through existing low-income utility programs) and otherwise benefit low- and moderate-income residents through reduced utility costs and increased affordable housing opportunities. In properties where owners pay the utility bill, energy efficiency improvements will lower operating costs, reducing the need

²¹ TO at 62.

²² TO at 66.

for owners to raise rents. All Pennsylvania taxpayers will benefit through reduced demand on the state's energy system and increased economic output.

CAUSE-PA is therefore concerned that the reduction in the G/E/NP savings target, combined with no specifically designated energy savings target or budgetary allocation for multifamily housing, will cause this important new initiative to run the danger of being neglected or at best receiving receive limited attention. To avoid such a result and to continue to provide a framework for the growth of multifamily energy efficiency programs, CAUSE-PA continues to support the continued level of a 10% savings target for the G/E/NP sector; the continued inclusion of multifamily energy efficient projects within this sector with clear direction that a minimum of 3% is provided by affordable multi-family housing serving low or lower income households; and an energy savings level of 12% be required to be achieved from multifamily housing energy efficiency efforts.

ii. The Commission Should Provide Explicit Direction to Expediently Convene the Multifamily Work Group and to Develop a Proposal and Recommendations for EDC Adoption in Phase III.

The Commission has indicated that there may be potential benefits to convene a working group or collaborative to address the many barriers that exist to serving the multifamily housing segment and proposes that interested stakeholders work with the Commission's Bureau of Consumer Services (BCS) to explore possible cost-effective solutions and program designs that could be developed and presented to the EDCs as potential pilots.²³ CAUSE-PA agrees with the Commission's assessment that this may be a worthwhile undertaking. To that end, it is submitted that additional guidance and direction be provided to direct that the multifamily work group be convened as quickly as possible and provided specific direction to develop a proposal for EDC

²³ TO at 67.

implementation, which consists of targeted savings requirements and budgetary allocations. Further, CAUSE-PA submits that the Commission should direct each EDC to address multifamily housing energy efficiency programs within its Phase II plans in a manner consistent with work group recommendations.

In addition, CAUSE-PA asserts that the working group should define the term “coordination” and address methods of facilitating meaningful and effective Act 129 coordination between the DCED Weatherization Assistance Program and its providers, and LIURP.

CAUSE-PA suggests that representatives of DCED and the Pennsylvania Housing Finance Agency (PHFA) be invited to participate to aid in the completion of a comprehensive listing of both affordable housing providers and energy efficiency providers capable of engaging in multifamily housing efficiency projects. To that end, the 2015-2016 Weatherization Assistance Program State Plan indicates DCED’s intent to renew its multifamily energy efficiency program which had been previously active through PHFA involvement.

CONCLUSION

In conclusion, CAUSE-PA again thanks the Commission for the opportunity to submit these comments to the Phase Three Tentative Implementation Order and looks forward to a successful Phase Three. CAUSE-PA respectfully requests that the Commission issue a Final Order reflecting the comments expressed herein and which incorporates a low income carve out containing specified energy savings of at least 5.5%; a direct-install requirement targeted to achieve low-income energy savings by a minimum of 3%; define “direct-install”; maintain the G/E/NP budget at 10%, with 3% to be derived from affordable multifamily properties; and

convene the multifamily work group as expeditiously as possible to develop recommendations for EDCs to adopt in their respective Phase III plans.

Respectfully submitted,



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