PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120

Petition of PPL Electric Utilities Corporation (PPL) for Approval of Changes to its Act 129 Phase III Energy Efficiency and Conservation Plan (Phase III Plan)	**Public Meeting October 26, 2017** **2515642-OSA** **Docket No. M-2015-2515642**

MOTION OF COMMISSIONER DAVID W. SWEET

Before the Commission for consideration is the Petition of PPL Electric Utilities Corporation (PPL) for Approval of Changes to its Act 129 Phase III Energy Efficiency and Conservation (EE&C) Plan (Petition). PPL seeks through its Petition the approval of 13 proposed modifications. This Motion is to approve 12 of the 13 proposed modifications while referring one to the Office of Administrative Law Judge (OALJ) for further proceedings.

In particular, included in the Petition is a request to combine the budgets and savings for PPL's Custom and Efficient Equipment Programs into a single Nonresidential Energy Efficiency Program, with no net change in savings or costs to any customer sector. For the reasons outlined herein, I move that PPL's proposal to combine those programs into a single program be approved.

PPL proposes to combine the budgets and savings for the Custom and Efficient Equipment Programs into a single Nonresidential Energy Efficiency Program to enable it to respond quickly to change customer preferences and priorities. PPL states that it is difficult to predict the adoption rates of custom versus standard measures.[1] Combining the programs would provide the utility with the flexibility to direct its budget towards those measures that are most requested by its customers and prevent the need for waitlisting for one of the programs. For example, if customers are more frequently adopting and requesting incentive payments for standard measures, PPL could divert a portion of its budget from custom measures, which may not be as in demand, to aid in the prevention of waitlisting for the standard measures. As noted by PPL, this change will not affect the total estimated cost or the total estimated savings for the combined programs or, notably, any customer sector. Additionally, such a change would generally be invisible to both customers and trade allies as those groups simply see measures for which PPL provides incentives and rebates.

The PP&L Industrial Customer Alliance (Industrials) disagrees with PPL's proposed change. The Industrials argue that this change will reduce transparency regarding the identification, tracking and evaluation of costs and savings attributable to the large commercial and industrial (C&I), small C&I and government/nonprofit/educational (GNE) sectors, potentially leading to interclass subsidization. Additionally, the Industrials present concerns that

[1] Generally, a "standard" measure has deemed savings, while savings from a "custom" measure may vary depending on the application.

the consolidation may be PPL's first step towards consolidating all non-residential customers for purposes of establishing and reconciling its rider.

I find that PPL's responses to the Industrials' comments effectively address these concerns and are persuasive regarding the benefits of consolidating the programs. First, PPL argues that the combining of the two programs into one will have no effect on the monitoring or tracking of costs incurred by customer class. The budgeting, tracking and assigning of actual cost information will still occur separately for each of the five customer sectors and each of the three customer classes regardless of program consolidation.[2] PPL will continue to collect the same information and data for every customer project as currently performed.

Second, PPL will continue to maintain separate budgets for the small C&I, large C&I and GNE sectors under the combined Nonresidential Energy Efficiency Program. No costs will be shifted between the customer sectors; nor will the customer sector budgets be affected. Specifically, as outlined in Table 1 of PPL's reply comments, this consolidation will simply combine six budgets (two for each sector) into three budgets (one for each sector).[3,4] This change does not lead to the movement of money from one sector's budget to another and there is no recovery of costs from one sector's programs from another sector's customers. Therefore, there is no interclass subsidization.

Third, because no costs are shifting between customer sectors, there is no impact on PPL's Act 129 rider. This rider is calculated at the customer class level and is calculated for the upcoming program year based on each customer class's total annual budget. Because these budgets remain unaffected, the rider also remains unaffected. PPL notes that it has no intentions of pursuing a single Nonresidential rate and notes that Act 129 requires the separate recovery of costs from the same customer class that incurred those costs.

Based on these responses, I find that PPL has addressed those concerns expressed by the Industrials. I reiterate to PPL, and the rest of the electric distribution companies with Act 129 EE&C obligations, that budgetary and cost information must be provided in a transparent way for all stakeholders. Additionally, I continue to encourage EDC outreach to stakeholders before, during and after EE&C Plan submission and during each EE&C Program Phase to ensure customer needs are being met in effective and efficient ways. Lastly, I reiterate that not only will PPL and its independent evaluator be reviewing and ensuring that its budgets and costs are allocated according to the appropriate statutes and Commission Orders, but that the Commission's own independent statewide evaluator, as well as our Bureaus of Technical Utility Services and Audits, provide review of the EE&C Plans and the recovery of costs to ensure the Act 129 programs are implemented in compliance with all directives and in a cost-effective manner.

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[2] The five customer sectors are residential, low-income, small C&I, large C&I and GNE. The three customer classes are residential, small C&I and large C&I.

[3] *See* PPL's Reply Comments at 8.

[4] The Small C&I Efficient Equipment Program and Small C&I Custom Equipment Program budgets will be combined into one Small C&I Non-Residential Program budget. The Large C&I Efficient Equipment Program and Large C&I Custom Equipment Program budgets will be combined into one Large C&I Non-Residential Program budget. The GNE Efficient Equipment Program and GNE Custom Equipment Program budgets will be combined into one GNE Non-Residential Program budget.

THEREFORE, I MOVE THAT:

1. PPL Electric Utilities Corporation's proposal to combine the budgets and savings for the nonresidential custom and efficient equipment programs into a single program be approved.
2. The Office of Special Assistants prepare an Opinion and Order consistent with this Motion.

Date: <u>October 26, 2017</u>

David W. Sweet
Commissioner