

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Act 129 Energy Efficiency and Conservation Program Phase III : Docket Nos. M-2015-2514767,
M-2015-2514768, M-2015-2514769,
M-2015-2514772**

**COMMENTS OF ENERGY EFFICIENCY FOR ALL REGARDING THE FIRST
ENERGY COMPANIES' ACT 129 PHASE III ENERGY EFFICIENCY AND
CONSERVATION PLANS**

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On behalf of Energy Efficiency for All

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I. INTRODUCTION

These comments are submitted by the Energy Efficiency for All (EEFA) coalition in response to the Act 129 Phase III Energy Efficiency and Conservation Program (EE&C) Plans filed by West Penn Power Company, Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company (collectively the First Energy Companies) on November 30, 2015.

EEFA is a partnership of national and Pennsylvania organizations that share a common goal of ensuring that the owners and tenants of multifamily housing can access energy efficiency services to reduce the energy consumption of these buildings and to preserve existing affordable housing for economically vulnerable households. EEFA members and supporters who participated in the development of these comments include ACTION-Housing, Inc., The National Housing Trust, The Natural Resources Defense Council, the Keystone Energy Efficiency Alliance, and Earthjustice.

In these comments, EEFA (1) identifies four program elements that should inform treatment of multifamily efficiency in all EDCs' plans, (2) discusses, in light of these four elements, several particular issues with the First Energy Companies' plans, and (3) requests that the PUC approve the First Energy Companies' plans only on condition that the First Energy Companies provide certain additional information to the PUC. Within 60 days, the First Energy Companies should be required to provide specific, quantified information (detailed below) concerning its planned budgets, savings, incentives, and outreach plans for multi-family initiatives. Complementarily, EEFA recommends that the PUC direct the SWE, with input from stakeholders and EDCs, to develop requirements for transparent data tracking and reporting for the EDCs' multifamily programs—the tracking and reporting that will be needed to conduct a

potential study for multifamily energy efficiency and assess whether the EDCs are adequately addressing the needs of the multifamily market. Finally, EEFA recommends that the Commission provide additional guidance to increase the effectiveness of the Multifamily Housing Working Group (MHWG) that the Commission directed the Bureau of Consumer Services (BCS) to convene.¹ Where EEFA does not provide specific comments on the EE&C Plans it requests that the Commission not take that to imply endorsement by EEFA.

EEFA thanks the Commission for the opportunity to provide these comments.

II. ESSENTIAL MULTIFAMILY PROGRAM ELEMENTS FOR EE&C PLANS

EEFA appreciates the emphasis that the Commission has placed on providing sufficient benefits to the multifamily market, and recognizes that elements of the plans filed by most of the EDCs demonstrate some effort to improve the availability of these services. However, the EDCs have not gone far enough to assure that their multifamily programs will be successful in meeting the needs of their customers. Consistent with best-practice approaches to providing efficiency services for multifamily housing² and with EEFA's previous comments in Phase III proceedings,³ EEFA recommends that the Commission provide additional direction to the EDCs and require them to place special attention on the following key elements of their multifamily energy efficiency program designs in order to overcome the unique barriers faced by this market:

1. Programs must strive to provide comprehensive savings in multifamily housing that address all applicable end uses, regardless of whether electricity is provided through residential or commercial accounts, or through a combination of the two;

¹ Act 129 Phase III Implementation Order, p.80

² For example, see <http://energyefficiencyforall.org/resources/program-design-guide-energy-efficiency-programs-multifamily-affordable-housing> and <http://aceee.org/research-report/e13n>.

³ <http://www.puc.state.pa.us/pcdocs/1356566.pdf>

2. Program participation requirements must be streamlined to eliminate programmatic barriers to participation;
3. Incentives for affordable multifamily housing initiatives must be sufficient to overcome the unique financial barriers that this market faces, with universally slim operating margins and the inability of affordable housing providers to adequately recover operating and capital costs through increased rents;
4. EDCs must engage housing providers and supporting organizations to develop collaborative approaches to reaching this market and overcoming the participation barriers that it faces.

The Commission should also charge the MHWG with addressing these items at its meetings and in its reports (see below). As filed, the plans of some of the utilities address these program elements to some degree. However it is generally not possible, with the limited detail provided in the EDCs' plans, to confirm the extent to which they have taken these program elements into account in their program designs, nor how they will be applied. Therefore EEFA requests that the Commission clearly state its expectations that the EDCs incorporate these best practices in implementing their multifamily energy efficiency programs, and that it require supplemental information on the EDC Plans as follows.

III. SPECIFIC COMMENTS REGARDING FIRST ENERGY COMPANIES' EE&C PLANS

EEFA finds the Phase III EE&C plans of the First Energy Companies to be woefully short on detail regarding multifamily energy efficiency— so much so that it is difficult to believe that the proposed services will be successful in meeting the needs of this market in the First Energy service territories. The WARM plus and WARM Extra Measures programs appear to be available

to multifamily, but eligibility criteria are not spelled out, there is not an apparent marketing plan to multifamily properties, there is not a listing of the specific services available for multifamily properties, and there is no information on the portion of the overall program budgets and forecast savings that are expected to be devoted to multifamily projects. Additionally, the total portion of low income savings that is expected to come from WARM Plus and WARM Extra Measures is low—in the case of West Penn Power it is only 11% of the total forecast low income savings including both multifamily and single family. The same deficiencies in detail are found in the LILU Audit program, which in the case of West Penn Power is expected to provide less than 7% of the total low income savings including both multifamily and single family projects. In sum, less than 18% of the total low income savings are expected from these two programs, with an undisclosed portion coming from multifamily projects. EEFA requests the Commission to require more detail from the First Energy Companies as described in Section IV below, but in any event finds that it is highly unlikely that the Companies' offerings provide sufficient opportunity to address the needs of multifamily housing.

In contrast, West Penn expects 30% of the low income savings to come from energy efficiency kits, and 32% of the savings to come from behavior programs. The Commission articulated its views on over-reliance on measures of these types in the Final Implementation Order:

The Commission also proposed the additional requirement that each EDC must obtain no less than 2% of their overall consumption reduction target exclusively from direct-installed low-income measures. Programs utilizing measures such as home energy reports, efficiency kits, giveaways at community events and all other non-low-income sector program savings (e.g., upstream lighting, rebates, etc.) would not count toward meeting the 2% consumption target. The Commission wanted to shift the focus for the low-income sector from indirect measures to those

directly-installed measures that will provide more of a whole-house and/or weatherization (e.g., insulation or air sealing) type of program emphasis. We expressed a belief that direct-installed measures typically have higher realization rates, are verifiable and represent a better investment of the low-income program dollars.⁴

Multifamily concerns aside, the reliance of the First Energy Companies on kits and behavior programs to provide low income savings flies in the face of the Commission's preferred direction to increase the portion of direct installed measures for low income customers. The Commission further states:

While the SWE's EE Potential Study data was insufficient to justify establishing a direct-install requirement, we nonetheless feel that the intent of our proposal was accurate.⁵

IV. PLAN TRANSPARENCY AND DATA TRACKING AND REPORTING FOR MULTIFAMILY PROGRAMS

EEFA requests that the Commission require the EDCs to provide supplements to their filed Phase III plans within 60 days to provide greater detail about proposed budgets and savings for the multifamily market. The lack of transparency in the EDC's plans has made it challenging for EEFA to ascertain critical aspects of planned multifamily implementation, without which it is not possible to determine the sufficiency of the EDC's proposed efforts. For example, PECO does not provide any breakdown of the scale of its expected investments or savings in discrete low-income program areas. Similarly, the First Energy Companies provide no detail about how they will conduct outreach to engage multifamily housing owners, or what the specific eligibility criteria are for participation in the different low income programs. This information and more

⁴ Act 129 Phase III Implementation Order, pp. 62-63

⁵ Act 129 Phase III Implementation Order, p. 70

should have been included in the EDCs original filings so that the Commission and stakeholders would be able to discern the EDCs' intent. A requirement for the EDCs to provide explicit multifamily planning data as supplements to their filed plans, and in the future for them to include these data in their primary filings would better serve all parties. The data which are largely unavailable in the EDC filings include, among others:

- Total budgets available for multifamily initiatives. These budgets may already be included as parts of other, more encompassing residential or C&I budgets but it is generally impossible to identify how much of each budget category is planned to contribute to multifamily projects, or what the total combined multifamily expenditures across all budgets are expected to be;
- Planned savings for multifamily programs, both within individual residential and C&I budgets and as a total of all these budget areas combined;
- Number of multifamily buildings and units which are expected to receive efficiency services, and the level of savings that are expected at the building and unit level;
- Magnitude of incentives available for multifamily measures and projects— both the portion of residential and C&I budgets that is expected to be committed for multifamily projects, and the percentage of total project costs that incentives are expected to offset;
- Outreach plans for engaging affordable housing providers and multifamily building owners and managers to ensure meaningful participation in this sector. Indeed, the Commission has previously directed the EDCs to engage with PHFA and affordable housing providers, but there is little discussion of how the EDCs will do this in the plans that they filed. EEFA requests the Commission to require the EDCs to file sufficiently detailed outreach and engagement plans to demonstrate how they will successfully enroll sufficient multifamily properties in

comprehensive projects to assure that this underserved market is receiving equitable treatment under Act 129.

EEFA requests that the Commission order the First Energy Companies to provide these data within 60 days as a condition of plan approval, and that they be explicitly included in future plan updates and filings.

EEFA further recommends that the Commission initiate a process through which the Statewide Evaluator (SWE), working with input from stakeholders and EDCs, will, within 90 days, develop requirements for transparent data tracking and reporting for the EDCs' multifamily programs. Among other key data to be determined upon recommendation of the SWE, the EDCs should track and report both projections and actual results including number of projects completed, total units per project, number of units served per project, savings per unit and per project, utility cost and owner cost per unit and per project, the savings opportunities that have been identified and the actual measures that were installed, and so on. This process should be executed quickly to ensure that mechanisms are put in place early, so that data will be available in the EDCs' regular reporting from the outset of the Phase III program cycle. This will allow the Commission and interested stakeholders to assess the adequacy of the EDC multifamily efficiency efforts. Initiating multifamily reporting requirements will, along with an assessment of multifamily potential from the SWE, provide sufficient data for the Commission to determine the prudence of establishing specific multifamily savings carve-outs in future phases of Act 129 implementation.

V. MULTIFAMILY HOUSING WORKING GROUP

EEFA applauds the Commission for convening the MHWG, and is pleased to have participated in its initial meeting on December 16, 2015. EEFA welcomes the invitation from

several of the EDCs to engage with them directly in informal discussions regarding their multifamily programs, and looks forward both to those discussions and to future meetings of the MHWG. While acknowledging the Commission's decision that the EDCs are not obligated to incorporate any recommendations of the MHWG in the implementation of their programs, EEFA urges the Commission to require the MHWG to meet at least every three months in a format that encourages direct exchanges between participants,⁶ and to report on its progress to the Commission annually. EEFA suggests that a mandate to provide the Commission with a written report of its activities and findings will assure that the MHWG continues to receive sufficient attention from all parties to drive the development of specific recommendations to enhance the multifamily programs. Additionally, a written report will provide the Commission with important information on the successes of the multifamily programs, as well as the challenges they face. In concert with the enhanced multifamily data reporting that EEFA recommends and an assessment of multifamily potential developed by the SWE, this annual report of the MHWG will provide the Commission with the data it needs to assure that this market is being provided with sufficient energy efficiency opportunities. EEFA recommends that the report include:

1. A summary of activities for the year, including meeting schedules, agendas, and minutes;
2. A summary of progress on the four key program elements listed at pp. 3-4 above, and any other specific findings and recommendations for enhancement of multifamily energy efficiency services;

⁶The initial MHWG meeting was held in a hearing room, with Staff at a table at the head of the audience and participants seats that all faced front. EEFA believes that modifying the physical arrangement of the room to facilitate direct exchanges between the participants would be more useful. This could be accomplished easily by arranging chairs in a conference table configuration.

3. Detail on how EDCs have incorporated or will incorporate MHWG recommendations to improve the implementation of their plans, or rationale for not incorporating recommendations where appropriate.

VI. CONCLUSION

The EE&C Plans that the First Energy Companies have provided are woefully deficient in detail and substance regarding their multifamily programs. EEFA urges the Commission to require the First Energy Companies to provide the level of detail needed to allow a meaningful review of its proposals, and to assure that their Plans will include substantive opportunities for providers of multifamily housing for low-income Pennsylvanians to improve the energy efficiency of their buildings. Further, EEFA requests the Commission to initiate a process with the SWE to assure that multifamily data are tracked and reported adequately so that the Commission and stakeholders will be able to determine the extent to which services are meeting the opportunities and needs of those Pennsylvanians who live in multifamily dwellings. Lastly, EEFA asks that the Commission provide additional direction to the MHWG to assure that its work is carried out effectively and in a timely manner.

Respectfully submitted,

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