



Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Dear Secretary Chiavetta:

We are a diverse group of businesses, associations, and large commercial and industrial energy customers who recognize the value of energy efficiency, including distributed energy resources, in reducing costs for all customers, protecting against higher future energy costs, hedging against fuel price volatility, and ensuring a reliable, affordable, and secure electricity grid for the state.

We are writing in support of the Public Utility Commission's proposed Policy Statement regarding alternative ratemaking. The Policy Statement clearly aligns Pennsylvania's utility ratemaking with the Commonwealth's energy efficiency goals, and we encourage the Commission to issue a final policy statement that establishes similarly clear guidelines. We thank the Commission for its recognition of the value of energy efficiency and distributed energy resources for Pennsylvania's economy and energy future.

When deciding to invest, expand, and hire in Pennsylvania, it is important for our companies to feel confident that the local policy environment encourages energy efficiency. In Pennsylvania, Act 129 has provided consistent support for energy efficiency investment that have enabled our businesses to establish in the state, make energy efficiency investments, and grow. The first 7 years of Act 129 implementation delivered \$6.4 billion in benefits for Pennsylvania electric customers and is expected to deliver an additional \$3 billion in benefits by 2021.<sup>1</sup>

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<sup>1</sup> Data from Statewide Evaluator final reports for Phase I and Phase II, and Phase III Implementation Order. Reports available online at: [http://www.puc.pa.gov/filing\\_resources/issues\\_laws\\_regulations/act\\_129\\_information/](http://www.puc.pa.gov/filing_resources/issues_laws_regulations/act_129_information/)

Utility ratemaking has a significant impact on energy efficiency investments. When aligned with energy efficiency goals, rate mechanisms such as full revenue decoupling may increase benefits from energy efficiency policies by 50%.<sup>2</sup> However, rate mechanisms designed without energy efficiency goals can result in unclear price signals and undermine the impact of energy efficiency investments.

The passage of Act 58 represents an important opportunity to complement Act 129 and strengthen the policy environment for energy efficiency by aligning utility rate mechanisms with energy efficiency goals. However, absent a clear policy statement establishing guidelines for energy efficiency, the Commonwealth's commitment to aligning utility ratemaking with energy efficiency policy remains ambiguous, and we fear ratemaking policies will be pursued on an *ad hoc* basis. Such a process would lead to confusion and harm our companies' investments in energy efficiency in Pennsylvania.

The business environment for energy efficiency thrives when legislative policy, market signals, and utility ratemaking are all aligned toward encouraging investment in Pennsylvania's energy efficiency resource. We encourage the Commission to issue a strong final policy statement that encourages energy efficiency and distributed energy resources in Pennsylvania.

Sincerely,

Advanced Energy Economy  
Aerzen USA  
Bidgeley  
Celentano Energy Services  
DMI Companies  
Geisinger USA  
Keystone Energy Efficiency Alliance  
Lime Energy  
MaGrann Associates  
National Energy Improvement Fund  
Plug Smart  
PA Solar Energy Industries Association  
Philadelphia Solar Energy Association  
Sealed  
Warren Energy Engineering

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<sup>2</sup> ACEEE, Policies Matter: Creating a Foundation for an Energy-Efficient Utility of the Future, available online at <https://aceee.org/sites/default/files/policies-matter.pdf>