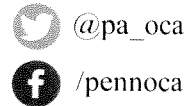


COMMONWEALTH OF PENNSYLVANIA



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November 12, 2019

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Act 129 Total Resource Cost (TRC) Test
Docket No. M-2019-3006868

Dear Secretary Chiavetta:

Attached for electronic filing are the Reply Comments of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

Handwritten signature of Christy M. Appleby in cursive.

Christy M. Appleby
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Enclosure:

cc: David Edinger, Bureau of Technical Utility Services
Louise Fink Smith, Law Bureau

*280549

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

2021 Total Resource Cost (TRC) Test : Docket No. M-2019-3006868

REPLY COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On September 19, 2019, the Pennsylvania Public Utility Commission (Commission) issued its Tentative Total Resource Cost (TRC) Order “for use in planning for and during a potential Phase IV of Act 129 that, if approved, would begin June 1, 2021,” Tentative Order at 1. As the Commission’s Order explains, Act 129 defines a TRC test as:

a standard test that if met, over the effective life of each plan not to exceed 15 years, the net present value (NPV) of the avoided monetary cost of supplying electricity is greater than the NPV of the monetary cost of energy efficiency conservation measures.

Tentative Order at 4, citing 66 Pa. C.S. § 2806.1(m); see also, Tentative Order at 5; 66 Pa. C.S. § 2806.1(c)(3), 2806.1(d)(2). Pennsylvania conducts the benefit/cost [B/C] analysis using the TRC Test. The TRC Test provides an important measuring tool to determine the overall cost-effectiveness of an EDC’s EE&C Plan. The Commission states that the TRC Test “considers the combined effects of an EDC’s EE&C plan on both the EDC and any participating customers” and also includes avoided costs. Tentative Order at 5.

The Tentative Order states that the Commission’s proposed 2021 TRC Test “builds on the four previous Pennsylvania TRC Test Orders and industry documents, such as the 2002 *California Standard Practice Manual- Economic Analysis of Demand-Side Programs and Project* (California

Manual), for the B/C [Benefit/Cost] analysis of EE&C plans for the potential Phase IV.” Tentative Order at 3. The 2021 Technical Resource Manual will also be used to measure and verify applicable energy efficiency and demand side management measures used by the electric distribution companies to meet the Act 129 consumption and peak demand targets. Tentative Order at 4.¹ The Commission states that the final Order for the 2021 TRC Test Order will provide the constraints that the Phase III Statewide Evaluator (SWE) will need in order to finalize the Phase IV market potential study.

The Tentative Order was published in the Pennsylvania Bulletin on Saturday, October 12, 2019. The Commission has requested that interested parties provide comments regarding the proposed changes identified in the Tentative Order. Comments from interested parties were due on November 1, 2019, and Reply Comments are due on November 12, 2019.

The following interested parties filed Comments on November 1, 2019: the Office of Consumer Advocate (OCA); the Office of Small Business Advocate (OSBA); Advanced Energy Management Alliance (AEMA); Building Performance Association (BPA); Duquesne Light Company (Duquesne); Energy Association of Pennsylvania; the Joint Comments of the Green and Healthy Homes Initiative, Housing Alliance of Pennsylvania, Keystone Energy Efficiency Alliance, Natural Resources Defense Council, National Housing Trust, Pennsylvania Utility Law Project, and Regional Housing Legal Services (collectively the Pennsylvania Energy Efficiency for All Coalition (PA-EEFA)); the Joint Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (FirstEnergy Companies); the Keystone Energy Efficiency Alliance (KEEA); PECO Energy Company (PECO); and PPL Electric Utilities Corporation (PPL Electric).

¹ A final Order regarding the update to the TRM was issued on August 9, 2019 at Docket No. M-2019-3006867.

On November 6, 2019, a Petition for Permission to Submit Late-Filed Comments on behalf of the Met-Ed Industrial Energy Users Group (MEIUG), the Penelec Industrial Customer Alliance (PICA), the Philadelphia Area Industrial Energy Users Groups (PAIEUG), the PP&L Industrial Customer Alliance (PPLICA), the West Penn Power Industrial Intervenors (WPPII), and the Pennsylvania Energy Consumer Alliance (PECA) (collectively Industrial Intervenors) was filed.

The OCA provides Reply Comments regarding the following areas: (1) TRC for low-income customer programs; (2) inclusion of participant health benefits.

II. COMMENTS

A. TRC for Low-Income Customer Programs

In its Tentative Order, the Commission proposes to maintain its historic policy of measuring the TRC on a portfolio basis instead of on a program measure basis but reserves the right to reject any program based on a low TRC. Tentative Order at 12. In particular, the Commission does not recommend any changes to the low-income component of the program. The Industrial Intervenors recommend that “if a measure does not have a TRC value greater than 1.0, then the measure should be modified or terminated.” Industrial Intervenors Comments at 5-8. The Industrial Intervenors propose to apply this standard to all customers, including the low-income customer programs, and state that the low-income programs should have a positive TRC value. Industrial Intervenors Comments at 8. The OCA does not support the Industrial Intervenors proposal to require a positive TRC on the measure level for all plan programs, in particular for the low-income customer programs.

Act 129 specifically carves out the need for the inclusion of low-income customer programs in the Energy Efficiency and Conservation Plans. Act 129 states:

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 52 Pa. Code Ch. 58 (relating to residential low income usage reduction programs).

66 Pa. C.S. § 2806.1(b)(1)(G). Moreover, Act 129 does not require that an individual measure have a positive TRC, but in fact, Act 129 specifically defines the total resource cost on a plan, not measure, level. Act 129 defines Total resource cost test as “a standard test that is met if, over the effective life of each plan not to exceed 15 years, the net present value of the avoided monetary cost of supplying electricity is greater than the net present value of the monetary cost of energy efficiency conservation measures.” See, 66 Pa. C.S. § 2806.1 (emphasis added). The Commission has also reserved the full authority to reject any program based on a low TRC measure.

The low-income customer programs provide additional weatherization and energy efficiency measures beyond those required for the Low Income Usage Reduction Program (LIURP) and are designed, under the statute, to supplement the available LIURP programs. These measures are provided at no cost to the low-income customers and are designed to help low-income customers maintain electric distribution service. Because there is no cost contribution portion for the low-income customers, however, the TRCs for the low-income customer programs may be below 1.0. That does not mean that the measures do not provide a benefit to low-income customers. These measures assist low-income customers with reducing their energy usage, help them to maintain safe and adequate electric distribution service, and also help to lower the amount of the CAP shortfall (the difference between the CAP customer “asked to pay” amount and the full residential tariff rate) paid for by other ratepayers. Maintaining this policy is consistent with Act 129 and the purpose of the Commission’s low-income programs.

B. Inclusion of Participant Health Benefits

The Commission has not previously included participant health benefits in the calculation of its TRC. KEEA and the Building Performance Association propose to include participant health benefits in the calculation of the TRC. KEEA Comments at 3-4; Building Performance Comments at 8-9. The OCA submits that KEEA does not specify which participant health benefits should be included but cites to other states that have included health benefits. KEEA cites to an ACEEE study for such examples as mold growth and pests, asthma attacks, fewer missed work days. KEEA Comments at 4, fn. 9. The Building Performance Association cites to similar potential benefits. Building Performance Association Comments at 8-9. KEEA argues that the inclusion of participant health benefits is easily quantifiable. KEEA Comments at 4. Contrary to the Comments of KEEA and the Building Performance Association, these health benefits, however, are not easily quantifiable. While an adder may potentially be created in order to account for health benefits, that would not provide any degree of monetary quantification of the benefits. The OCA submits that the health benefits should not be included at this time.

Out of the nine states identified in the ACEEE Cost Effectiveness Test Topic Brief that include health benefits in its cost-benefit tests, only three monetize the avoided costs and the remainder use an adder.² Delaware and Rhode Island each include a monetized health and safety benefits that is applied to low-income weatherization programs only, whereas Massachusetts applies a quantified avoided health and safety costs to all weatherization measures.³ The avoided costs of health and safety vary significantly between these states, potentially indicating the level

² “Cost-Effectiveness Tests: Overview of State Approaches to Account for Health and Environmental Benefits of Energy Efficiency,” American Council for an Energy-Efficient Economy, December 2018, <https://aceee.org/sites/default/files/he-ce-tests-121318.pdf>.

³ “Non-Energy Impacts Approaches and Values: an Examination of the Northeast, Mid-Atlantic, and Beyond,” Northeast Energy Efficiency Partnerships, Inc., June 2017, <https://neep.org/non-energy-impacts-approaches-and-values-examination-northeast-mid-atlantic-and-beyond>, p. 37-38.

of complexity and assumptions used to quantify the benefits. Per a 2017 NEEP study, the health and safety non-energy impact is \$16.50 for Massachusetts and ranges from \$4-45 for Rhode Island, compared to Delaware's \$182 per home.^{4,5} Due to the complexity of quantifying the health and safety benefits, these benefits should not be included as part of the TRC.

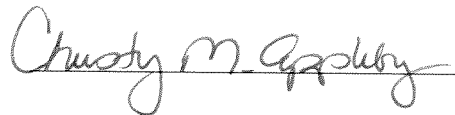
⁴ Ibid p. 55.

⁵ "Cost-Effectiveness Tests: Overview of State Approaches to Account for Health and Environmental Benefits of Energy Efficiency," American Council for an Energy-Efficient Economy, December 2018, <https://aceee.org/sites/default/files/he-ce-tests-121318.pdf> at 6.

III. CONCLUSION

The Office of Consumer Advocate appreciates the opportunity to review the Tentative Order regarding the Total Resource Cost test and to provide Comments. The OCA respectfully requests that its Comments and Reply Comments and recommendations contained therein should be adopted.

Respectfully Submitted,



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DATE: November 12, 2019
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CERTIFICATE OF SERVICE

Re: Act 129 Total Resource Cost (TRC) Test : Docket No. M-2019-3006868

I hereby certify that I have this day served a true copy of the following documents, the Office of Consumer Advocate's Reply Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 12th day of November 2019.

SERVICE BY E-MAIL and INTER-OFFICE MAIL

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