



May 12, 2020

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

Re: Docket No. P-2020-3019562

Opposition to IECPA petition to suspend Act 129 Phase IV requirements and for other relief

Dear Secretary Chiavetta,

I am writing to you on behalf of Ceres – a nonprofit sustainability advocacy organization that works with companies and investors to build a more sustainable global economy, including many members and partners with significant operations and facilities in Pennsylvania.

A number of our member companies have operations across the Commonwealth and believe the Act 129 energy efficiency and conservation (EE&C) programs have been a success for the state thus far and will play a critical role in the state’s recovery in the aftermath of COVID-19. We look forward to the potential of Phase IV programs to further these objectives and help the state lead on achieving its climate goals. On behalf of Ceres, I am writing to urge you to reject the petition from the Industrial Energy Consumers of Pennsylvania (IECPA), filed on April 22, 2020.

I. The Commission should reject efforts to suspend or undermine Act 129 EE&C programs.

Using energy efficiently, promoting smart economic growth and achieving the state’s climate goals are essential as we learn from the current public health crisis and set in place an economic recovery. In order to do this, the Commission should reject efforts to undermine Act 129.

The request by IECPA to suspend the implementation of the Act 129 Phase IV requirements and undo a number of Phase III requirements, including a reduction in EE&C surcharges and the suspension of penalties for failure to meet specified energy or peak demand reduction for the

duration of Phase III, is the wrong approach. While we agree with IECPA that current or planned projects should continue or start as soon as possible, we believe the Commission can be more strategic in the deployment of EE&C program resources, as we will discuss later.

A delay or minimizing of current program obligations under Act 129 will undermine the success Pennsylvania has had under current EE&C programs. According to the Commission's own analysis, every dollar invested in energy-saving programs returns \$1.31 in benefits.¹ Commercial customer efficiency benefits will exceed \$453 million for last year's programs.² All consumers experience these benefits whether or not they directly participate in energy-saving efforts.

II. Suspending or delaying EE&C programs will cost Pennsylvania jobs and result in higher energy costs for business and residential customers.

Pennsylvania started the year 2020 with over 70,000 jobs in energy efficiency. Most of these jobs were with small businesses who are now desperately trying to survive in the face of economic uncertainty. In March, the state lost 6.2% of its clean energy workforce, which accounted for over 6,000 lost jobs.³ We have seen even more job losses in April and expect more job losses in May as on-site work in homes and businesses has declined significantly due to social distancing. Suspending Phase IV or undermining funding and programs under Phase III will lead to additional job losses. The IECPA approach will set the state back years in not only Pennsylvania's energy and climate goals, but also in its economic recovery.

At this time, businesses—whether they operate in the energy efficiency industry or are beneficiaries of the savings and benefits that EE&C programs bring—need economic certainty. As Pennsylvania's least expensive energy option, energy efficiency helps keep energy costs affordable, which will be important as businesses consider how to reopen and are required to make critical budget decisions. If the PUC were to effectively eliminate EE&C programs, those operating in energy efficiency services may never reopen. For all other businesses and residential customers, they are at risk of facing higher energy costs at a time when all consumers could really benefit from energy savings opportunities. Suspending Phase IV or undermining Phase III EE&C programs will cause significant financial harm to a number of businesses while also leading to increased energy costs across the board.

¹ "Act 129 Statewide Evaluator Annual Report: Program Year 9: June 1, 2014 – May 31, 2015," Presented to the Pennsylvania Public Utilities Commission, February 28, 2019, http://www.puc.pa.gov/Electric/pdf/Act129/Act129-SWE_AR_Y9_022819.pdf.

² *Id.*

³ E2 Report on "Clean Energy Employment Initial Impacts from the COVID-19 Economic Crisis, March 2020," April 14, 2020, <https://e2.org/wp-content/uploads/2020/04/Clean-Energy-Jobs-Initial-COVID-19-Memo-Final.pdf>.

III. Instead of considering proposals to suspend Act 129, the Commission should strategically utilize EE&C programs to help get Pennsylvanians back to work while promoting public health.

There are a number of near-term actions that the state can take that will move Pennsylvania toward its climate goals, help get energy efficiency workers back on the job and promote public health. With the right support, the energy efficiency sector can maintain and grow its employment base while continuing to address climate change and generate savings for hospitals, institutions, and businesses. The following are suggestions on a path forward as Pennsylvania continues its phased reopening.

A. Target unoccupied facilities for energy efficiency projects

While we agree with IECPA's recommendation that current and planned projects should continue, we also believe the state can be more strategic in the deployment of resources. Due to mandatory building closures as a result of COVID-19, there are likely to be energy savings projects that can be moved up the cue as a result of facilities being unoccupied.

The necessary closure of facilities throughout the state provides an opportunity for building upgrades which would otherwise be difficult to schedule. Universities, schools, meeting halls, and airport concourses are major energy users, with oftentimes significant energy savings potential, which are normally in use continuously. These facilities are closed for the foreseeable future. This presents an opportunity to help the state achieve energy efficiency goals while also restoring employment to workers in energy efficiency since these facilities are available now for upgrades with less risk of disease transmission.

Clear direction and safety protocols can allow work in unoccupied or lightly-occupied facilities to resume. With the facilities vacant, installation workers would be able to operate with additional space and social distance that is normally impossible. Depending on the size of the facility, a crew would likely contain 2-7 members, including a site supervisor, who would ensure health and safety protocols are being followed. This would allow for appropriate physical distancing.

To complete this work, the Commission will need to identify funding for projects through current EE&C programs. We recommend existing programs be refocused on projects that are viable in the short term. With many projects currently on hold, resources can be directed to the opportunities that are available at vacant or lightly-occupied facilities during the early phases of the recovery. For example, energy efficiency program incentives and technical support that were planned for all types of customers could be reallocated to focus on unoccupied buildings.

B. Expand Hospital Efficiency Services to Serve Ambulatory Facilities

Many of the state's health systems are in a severe financial crisis due to the direct response to COVID-19 and from the cancellation of non-urgent or elective procedures. Due to limitations on the types of medical services available, there are a number of healthcare sites throughout the state that are not in use or are in limited use. By targeting projects at unoccupied or lightly-occupied ambulatory health care facilities, for instance, the state can help save the healthcare system money now.

Energy efficiency projects can help health systems save millions every year on their energy costs. These savings will have significant short and long-term financial impacts on the sector and will save the state money since energy efficiency lowers hospital costs. Even more importantly, this is an opportunity to help an essential sector realize savings that could be critical in the event of a second COVID-19 wave that further strains budgets. The Commission should work with the healthcare sector and Administration to identify health facility projects that can happen right now while ambulatory and outpatient facilities are otherwise largely vacant.

C. Focus on Health & Hygiene Improvements to Air Ventilation Systems

Indoor air quality has profound effects on the long term health of citizens and influences the transmissibility of illnesses within buildings. This is a particular concern with COVID-19, especially as businesses begin to reopen. New data suggests that air handling systems which can bring more fresh air from outside, with less recirculation of indoor air, can decrease the likelihood of disease transmission by diluting any viruses that are present. In addition, managing indoor spaces with negative pressure has shown promising potential in hospitals and medical facilities.

By providing technical support, equipment and controls, and education of facility managers, building air quality can be managed and significantly improved. This can be achieved in facilities that would be reopened, but also in spaces that are already deemed essential in which people continue to work now. These are projects that would have an immediate public health impact and are capable of completion through existing EE&C programs (with some refocusing) and with appropriate protective measures by workers.

We recommend the state repurpose current program funds to prioritize air ventilation system and controls upgrades, which will help lower transmission risks while enabling buildings to operate to meet current needs and be more efficient in the long term.

D. Incorporate Flexibility and Responsiveness in Critical Building Infrastructure

COVID-19 has caused significant changes in the ways people work. Some of the recent changes, including increased telecommuting and remote work, are likely to persist as we recover from the pandemic. To address decreased occupancy, maintain reasonable costs for building owners, and ensure healthy indoor air for workers and customers, Pennsylvania will need to manage buildings in a more flexible and responsive manner.

The state will need to employ building management and ventilation systems in new ways to help meet these objectives. There will also be pressure for building spaces to be flexible to respond to changes in facility use, including emergency uses, so that buildings can be operated for different purposes without requiring major renovations that take too much time and money. EE&C programs—and the equipment, building management systems, and training offered through them—can help Pennsylvania increase the flexibility and responsiveness of its buildings.

Thank you for the opportunity to provide comment on the IECPA petition and offer an alternative approach. Please do not hesitate to call on us if we can provide additional information and share our experience as this important public process progresses.

Sincerely,

Brianna Esteves
Manager, State Policy
Ceres
esteves@ceres.org

CC:

Commissioner Gladys Brown Dutrieuille, Chair
Commissioner David W. Sweet, Vice Chair
Commissioner John F. Coleman, Jr.
Commissioner Ralph V. Yanora