



August 17, 2020

Rosemary Chiavetta, Esq., Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Implementation of Act 129 of 2008 – Phase IV Energy Efficiency and Conservation Plan Template, Docket No. M-2020-3015228

Comments of the Energy Association of Pennsylvania to the Proposed Phase IV Plan Template

Dear Secretary Chiavetta:

On July 27, 2020, the Pennsylvania Public Utility Commission (“Commission”) issued a Secretarial Letter seeking comments on the proposed Phase IV Energy Efficiency and Conservation (“EE&C”) template for EE&C Plans directed to be filed on or before November 30, 2020 by electric distribution companies (“EDCs”) with at least 100,000 customers that operate in the Commonwealth. Comments are due on August 17 and there is no provision for reply comments. The Energy Association of Pennsylvania (“EAP”) offers the following comments to the proposed template on behalf of its EDC members subject to the EE&C mandates of Act 129 of 2008.

Introduction and Background.

It is worth noting that over the past decade, EDCs have developed and implemented approved Act 129 EE&C Plans based on program designs that successfully engage Conservation Service Providers (“CSPs”), program allies including retailers, distributors and contractors, and, most importantly, customers. EDC program designs developed with input from stakeholders have achieved EDC Act 129 EE&C Plan sector and program targets and other requirements over several Act 129 phases while obtaining broad and significant customer participation. EAP maintains that any proposal to direct a change in the manner that EDCs design and implement

EE&C plans, including modifications to the plan template, must be considered in the context of the mature well-functioning marketplace developed over the last twelve years and with the recognition that it is the EDCs that bear all the risk of achieving mandated targets. In this respect, EAP and its member EDCs subject to the requirements of Act 129, believe that some of the proposed changes for the Phase IV template would unnecessarily increase administrative costs and dictate program design without providing any tangible benefits or improving energy efficiency and conservation outcomes.

The primary objective of a template is to establish reasonable guidelines that ensure the various EDC plan documents contain information required under Act 129 in a consistent and organized manner, i.e. each section within an EDC plan covers the same topic and information so that Section 3 is Program Design and Section 8 is Cost Effectiveness whether a reviewer is reading the EE&C Plan filed by Duquesne or by PECO. The template should be structured to require the information necessary for the Commission to assess whether each plan addresses the requirements of the statute and the applicable Implementation Order. The template should not dictate additional substantive requirements nor require information/data that is unnecessarily detailed, not readily available or reasonably calculable at the time of plan filing. EAP believes that the template proposed for Phase IV Plans - (1) sets forth new substantive requirements that were not introduced during the tentative order process that resulted in the Final Implementation Order for Phase IV and, (2) in some instances, seeks an overly precise level of data related to program design and modeling that is difficult to develop with any degree of certainty at the plan submission stage. As detailed below, EAP requests a number of changes to the proposed template.

Specific Comments.

The Phase IV Plan Template Should Not Establish New Substantive Requirements.

At Section 3 – Program Descriptions, the proposed template adds language in an introductory parenthetical that provides: “Note that a customer sector is not a program. Programs should not have more than one implementation CSP. If more than one implementation CSP is required, the definition of program is too broad.” Likewise, new language in footnote six (6) of the proposed template provides, in part, that “[p]rograms should be organized around a common technology, end-use, or delivery mechanism.” However, current and prior approved EE&C plan designs have established programs based on customer sectors and have employed more than one CSP to deliver the program to customers via multiple technologies, end-uses, delivery channels or solutions. EAP contends that the additional language both in the parenthetical and footnote six (6) conflicts with existing successful program design and implementation and should not be included as guidance in the final Phase IV template.

By way of example, a common program design in the industry and one which is already offered by several EDCS in Phase III includes an Energy Efficient Products program that entails both appliance rebate and appliance recycling to customers using two CSPs, one to handle rebates and

the other to process recycling. The same program can include various delivery mechanisms: downstream rebates to customers for specific appliances; midstream incentives through distributors for particular equipment, such as HVAC units; and upstream incentives with equipment manufacturers. Similarly, programs offered to Commercial & Industrial (“C&I”) customers may include multiple solutions or delivery channels such as mid-stream lighting or other energy efficient equipment through distributors; downstream rebates for prescriptive or custom projects; include multiple end-uses such as lighting, HVAC and Food Service; and involve multiple contracted CSPs which can deliver unique services or target particular customer segments within the C&I class. This program design aimed at a customer sector has successfully streamlined offerings and services to customers through coordinated retailer, distributor and contractor engagement and marketing, achieved improved customer engagement and avoided customer or program ally confusion while minimizing administrative costs. The proposed Phase IV template appears to preclude this established and successful program design.

Further, EDCs could not have anticipated that the Phase IV template would add new requirements by changing the definition of program and the manner in which CSPs are utilized where, as here, those modifications were not addressed in the tentative implementation order process for Phase IV. Given the tight statutory time frame, EDCs have necessarily begun and in some cases completed preliminary program design for Phase IV based, in part, on the currently approved and successful EE&C plans. Such efforts have involved stakeholders, none of whom have raised issues or concerns relating to program design that contemplates the use of multiple CSPs or delivery channels. Programs will apparently need to be redesigned to comply with the modified definition of program and utilization of CSPs as set forth in the proposed Phase IV template; EAP maintains such redesign will lead to market confusion and unanticipated increased incremental administrative costs. Moreover, these new requirements seemingly raise barriers to participation by multiple CSPs which is antithetical to prior Commission interest in promoting broad CSP inclusion in the implementation of Act 129 EE&C plans. For all these reasons, EAP respectfully requests that the Commission refrain from including the proposed changes to both the initial parenthetical under Section 3 – Program Descriptions and to footnote six (6).

The Phase IV Plan Template Provides a Framework for the Submittal and Subsequent Review of EE&C Plans.

EAP also seeks changes to proposed language additions at paragraphs 1.6 as well as Tables 7, 9, 10 and 13 to the extent that new requirements seek information/data that is comprised of projections that cannot be readily supplied within a reasonable degree of certainty at the plan submission stage and/or seek a level of detail in program design or modeling that is unnecessary in the context of determining whether the plan itself meets both statutory requirements and those set forth in the Final Phase IV Implementation Order. EAP believes that in these instances this forecasted information/data would not be useful as compared to the data collected via required plan evaluation, measurement and verification (“EM&V”) data and would lead to unnecessary, time-consuming and costly plan modeling modifications. Additionally, inclusion of this

forecasted information/data may require time-consuming and costly plan modifications to the extent that results do not match the earlier projections.

EAP suggests that the proposed language for paragraph 1.6 be modified to strike the final clause “along with the projected MW totals to be bid by year.” Initially, projecting the MW totals to be bid each year would not necessarily provide a reliable estimate and would have minimal value to a determination of whether a proposed EE&C plan should be approved. EAP maintains that a “[s]ummary description of the programs or measure categories from which the EDC *intendsto* nominate peak demand reductions (PDR) into PJM’s Forward Capacity Market (FCM)” is adequate for purposes of reviewing and approving an EE&C Plan. EAP further notes that, as of this date, the timing and scheduling for PJM’s capacity auctions over the next several years is still undecided which adds to the uncertainty of any projections that might be provided.

With respect to Table 7: Eligible Measures, EAP requests the elimination of the column labeled “Gross TRC Ratio” for individual measures inasmuch as there is no statutory or implementation order requirement that EDCs demonstrate the cost-effectiveness of individual measures. Nor has the Phase IV TRC Order (or prior phase TRC orders) provided any direction on how TRC ratios for individual measures would be calculated. Additionally, EAP is concerned that the provision of such detail, not required under the law, would be misleading and undermine the provision of a number of energy efficient measures provided for low-income customers which may have poor TRC test results. As stated by the Commission in its Phase IV Implementation Order Re: Energy Efficiency and Conservation Program, Docket No. M-2020-3015228 (entered June 18, 2020), “[r]egarding program-level and measure-level cost-effectiveness, the Commission declines to adopt a requirement for measure-level TRC test screening and that the EDCs will be required to report program-level cost efficiency test ratios but not at the measure level.” *Id.* at p. 24.

With respect to Table 9: Program Budget and Table 10: Sector-Specific Summary of EE&C Costs, EAP notes that there are new cost categories, a number of which are overly prescriptive and narrow. EDCs certainly recognize the need to provide adequate information relating to Act 129 costs and the use of ratepayer money to achieve energy efficiency and conservation targets but are concerned that the cost categories added to the Phase IV plan template as compared to the Phase III plan template are artificial and do not reflect actual distinct cost categories. EAP requests that Tables 9 and 10 be revised to consolidate the “Rebates” and “Upstream/Midstream Buydown” categories into a single “Incentives” category and that further, “Program Design”, “Administrative” and “EDC Delivery” categories be combined into a single “Utility Administration” cost category.

With respect to Table 13: TRC Benefits, EAP requests that the Commission eliminate the new categories which further breakdown TRC Costs and TRC Benefits in the proposed Phase IV Plan Template. EAP believes that the additional detail will require modeling changes and are of little value in the context of plan submission.

Further, EAP suggests the elimination of language in section 2.1 of the proposed Phase IV Plan Template and Table 5 as well as a number of other tables that continue to identify the Government/Nonprofit/Institutional (GNI) as a separate sector for purposes of plan design as compared to a sector for the purposes of subsequent reporting. Ascribing specific projections/forecasts for costs, benefits and savings to this sector at the plan submission stage appears contrary to the Commission's determination not to propose a specific carve-out for the GNI sector for Phase IV of Act 129. *See* Phase IV Implementation Order Re: Energy Efficiency and Conservation Program, Docket No. M-2020-3015228 (entered June 18, 2020) at p. 39. EAP maintains that EE&C Plans could "highlight how the GNI sector will be served" via descriptions without including the detail called for in a number of the tables addressing costs, benefits and savings. *Id. See also*, Section 3.5 of the proposed Phase IV Plan Template. In this case, providing the information/data at the reporting stage, rather than at the plan submission stage, would align with the Phase IV Implementation Order and avoid the cost involved in plan modeling modifications and/or future plan amendments.

EAP appreciates the opportunity to provide comments to the proposed Phase IV EE&C Plan Template and requests that the final template include the revisions outlined above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donna M.J. Clark". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Donna M.J. Clark
Vice President and General Counsel

cc: Adam Young, Assistant Counsel, Law Bureau
Charles Covage, Bureau of Technical Utility Services