**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17120**

Public Meeting held March 25, 2021

Commissioners Present:

Gladys Brown Dutrieuille, Chairman, Joint Statement

David W. Sweet, Vice Chairman, Joint Statement

John F. Coleman, Jr.

Ralph V. Yanora

Petition of PPL Electric Utilities Corporation M-2020-3020824

for Approval of its Act 129 Phase IV Energy

Efficiency and Conservation Plan

**OPINION AND ORDER**

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**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Petition of PPL Electric Utilities Corporation (PPL, PPL Electric or the Company) for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan (Phase IV EE&C Plan or Plan) filed on November 30, 2020. (Petition). Also before the Commission is the Joint Petition for Approval of Partial Settlement (Joint Petition or Partial Settlement), filed on February 26, 2021, by PPL Electric, the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Commission for Economic Opportunity (CEO), Natural Resources Defense Council (NRDC), the PPL Industrial Customer Alliance (PPLICA) and the Sustainable Energy Fund (SEF) (collectively, Joint Petitioners). On March 2, 2021, Administrative Law Judges Mark A. Hoyer and Emily I. DeVoe certified the record in this proceeding. For the reasons stated herein, we shall: (1) grant the Joint Petition, and thereby, approve the Partial Settlement, without modification; and (2) grant the Petition, and thereby approve the Phase IV Plan, subject to the terms and conditions of the Partial Settlement and the condition that no Party to the Partial Settlement exercises its right to withdraw therefrom.

# Background[[1]](#footnote-2)

## A. Act 129[[2]](#footnote-3)

On October 15, 2008, House Bill 2200 was signed into law as Act 129 (the Act, Act 129 of 2008 or Act 129) and became effective on November 14, 2008. Among other requirements, the Act directed the Commission to adopt an Energy Efficiency and Conservation (EE&C) Program, codified in the Pennsylvania Public Utility Code (Code) at Sections 2806.1 and 2806.2, 66 Pa. C.S. §§ 2806.1 and 2806.2, under which each of the Commonwealth’s largest electric distribution companies (EDCs) was required to implement a cost-effective EE&C plan to reduce energy consumption and demand.

Specifically, Act 129 required each EDC with at least 100,000 customers to adopt an EE&C plan to reduce energy demand and consumption within its service territory. Initially, Act 129 required each affected EDC to adopt an EE&C plan to reduce electric consumption by at least 1% of its expected consumption for June 1, 2009 through May 31, 2010, by May 31, 2011. By May 31, 2013, the total annual weather‑normalized consumption was to be reduced by a minimum of 3%. Also, by May 31, 2013, peak demand was to be reduced by a minimum of 4.5% of each EDC’s annual system peak demand in the 100 hours of highest demand, measured against the EDC’s peak demand during the period of June 1, 2007 through May 31, 2008.

The Act required the Commission to develop and adopt an EE&C Program by January 15, 2009 and set out specific issues the EE&C Program must address. 66 Pa. C.S. § 2806.1(a). The Commission’s EE&C Program was to include the following:

(1) A procedure for approving EE&C Plans.

(2) A process to evaluate and verify the results of each EE&C Plan and the EE&C Program as a whole.

(3) A process to analyze the costs and benefits of each EE&C Plan in accordance with a total resource cost (TRC) Test.

(4) A process to analyze how the EE&C Program as a whole and each EE&C Plan will enable the EDCs to meet or exceed the consumption and peak demand reduction requirements.

(5) Standards to ensure that each EE&C Plan uses a variety of measures that are applied equitably to all customer classes.

(6) A process through which recommendations can be made for the employment of additional measures.

(7) A procedure to require and approve the competitive bidding of all contracts with conservation service providers (CSPs).

(8) A procedure through which the Commission will review and modify, if necessary, all contracts with CSPs prior to execution.

(9) A requirement for the participation of CSPs in the implementation of all or part of an EE&C Plan.

(10) A procedure to ensure compliance with the requirements of Sections 2806.1(c) & (d).

(11) A cost recovery mechanism to ensure that measures approved are financed by the customer class that directly receives the energy and conservation benefits.

On January 15, 2009, the Commission adopted the *Phase I Implementation Order* at Docket No. M-2008-2069887, establishing the EE&C Program in compliance with Section 2806.1(a), 66 Pa. C.S. § 2806.1(a). In addition to adopting the *Phase I Implementation Order*, the Commission also adopted orders implementing specific and essential components of the EE&C Program to include the establishment of a TRC Test,[[3]](#footnote-4) updates to the Technical Reference Manual (TRM)[[4]](#footnote-5) and the establishment of a Statewide Evaluator (SWE).

Another requirement of Act 129 directed the Commission to evaluate the costs and benefits of the Commission’s EE&C Program and of the EDCs’ approved EE&C plans by November 30, 2013, and every five years thereafter. The Act provided that the Commission must adopt additional incremental reductions in consumption and peak demand if it determines that the benefits of the EE&C Program exceed its costs.

The Commission subsequently issued its second EE&C Plan Implementation Order on August 2, 2014, at Docket Nos. M-2012-2289411 and M‑2008‑2069887 (*Phase II Implementation Order)* which established required standards for Phase II EDC EE&C plans (including the additional incremental reductions in consumption that each EDC must meet) and provided guidance on the procedures to be followed for submittal, review, and approval of all aspects of the EDCs’ Phase II EE&C plans. Within the *Phase II Implementation Order*, the Commission tentatively adopted EDC-specific consumption reduction targets. The Commission subsequently approved a Phase II EE&C Plan (and, in some cases, modifications to the plan) for each affected EDC.

On March 11, 2015, the Commission issued a Tentative Implementation Order (*Phase III Tentative Implementation Order*) at Docket No. M-2014-2424864 for Phase III of the EE&C Program. Following the submittal and review of comments, on June 19, 2015, the Commission issued an Implementation Order at that same docket number (*Phase III Implementation Order*). Among other things, that Order established standards each plan must meet and provided guidance on the procedures to be followed for submittal, review, and approval of all aspects of EDC EE&C plans for the period from June 1, 2016 through May 31, 2021. On August 20, 2015, the Commission issued a *Phase III Clarification Order* in response to several Petitions for clarification of the *Phase III Implementation Order.*

On March 12, 2020, the Commission issued a Tentative Implementation Order at Docket No. M-2020-3015228 (*Phase IV Tentative Implementation Order*) for Phase IV of the EE&C Program. Following the submittal and review of comments, on June 18, 2020, the Commission issued the final *Phase IV Implementation Order*. The *Phase IV Implementation Order* established the required incremental reductions in consumption and peak demand, and standards that each Phase IV plan must meet, and provided guidance on the procedures to be followed for submittal, review, and approval of all aspects of EE&C plans for the period from June 1, 2021 through May 31, 2026.

## B. The Company

PPL Electric is a “public utility” and an EDC as defined in Sections 102 and 2803 of the Code, 66 Pa. C.S. §§ 102, 2803. PPL Electric furnishes electric service to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania. Petition at 2.

## C. PPL Electric’s Prior EE&C Plans

### 1. Phase I Plan (June 1, 2009 to May 31, 2013)

On July 1, 2009, in compliance with Section 2806.l(b)(l)(i) of Act 129, PPL Electric filed its Phase I EE&C Plan for the period of June 1, 2009, through May 31, 2013. On October 26, 2009, the Commission entered an Order approving PPL Electric’s Phase I EE&C Plan with certain modifications and requiring PPL Electric to file a revised Phase I EE&C Plan consistent with its Order.[[5]](#footnote-6) On February 17, 2010, the Commission approved PPL Electric’s revised Phase I EE&C Plan.[[6]](#footnote-7) The Commission subsequently approved various modifications to PPL Electric’s Phase I EE&C Plan during the period it was in effect.[[7]](#footnote-8)

### 2. Phase II Plan (June 1, 2013 to May 31, 2016)

On November 15, 2012, PPL Electric filed its Phase II EE&C Plan for the period of June 1, 2013, through May 31, 2016. On March 14, 2013, the Commission entered an Order approving PPL Electric’s Phase II EE&C Plan with certain modifications and directing the Company to file a revised Phase II EE&C Plan consistent with that Order.[[8]](#footnote-9) On July 11, 2013, the Commission entered an Order approving PPL Electric’s revised Phase II EE&C Plan.[[9]](#footnote-10) Further modifications to the Phase II EE&C Plan had been approved during the period it was in effect.[[10]](#footnote-11)

### 3. Phase III Plan (June 1, 2016 to May 31, 2021)

On November 30, 2015, PPL Electric filed its Phase III EE&C Plan for the period of June 1, 2016, through May 31, 2021. The Commission approved PPL Electric’s initial Phase III EE&C Plan, with modifications, on March 17, 2016.[[11]](#footnote-12) Pursuant to the *March 2016 Order*, PPL Electric submitted a compliance filing on April 22, 2016. The Company subsequently filed an *Errata* to its compliance filing on May 24, 2016. The Commission issued a Secretarial Letter approving PPL Electric’s compliance filing, as amended, on June 27, 2016. Further modifications to the Phase III EE&C Plan had been approved during the period it was in effect.[[12]](#footnote-13)

# II. Procedural History

In the *Phase IV Implementation Order,* we adopted an EE&C plan approval process which directed that a notice of each proposed plan be published in the *Pennsylvania Bulletin* within 20 days of the filing of the plan and be posted on the Commission’s website. The Order further directed that Answers to the Petition requesting approval of the EE&C plan, along with comments and recommendations, be filed within 20 days of the publication of the notice in the *Pennsylvania Bulletin*. Each plan filed was to be assigned to an ALJ for an evidentiary hearing within 65 days after the plan was filed, after which, the parties had 10 days to file briefs. The EDC then had 10 days to submit a revised plan or reply comments or both. The ALJ was directed to then certify the record to the Commission, upon which the Commission is to approve or reject all or part of a plan at public meeting within 120 days of the plan filing. *Phase IV Implementation Order* at 88 (adopting the same process that was utilized in Phase II and III).

Also, in the *Phase IV Implementation Order*, we directed each EDC to file their proposed Phase IV Plans by November 30, 2020. *Id.* at 89.

On November 30, 2020, PPL Electric timely filed the above-captioned Petition with the Pennsylvania Public Utility Commission pursuant to Act 129 of 2008, 66 Pa. C.S. §§ 2806.1 and 2806.2 and the Commission’s Implementation Order entered on June 18, 2020, at Docket No. M-2020-3015228. As part of its Petition, PPL Electric submitted its written direct testimony and exhibits.

Petitions to Intervene were filed by: (1) CAUSE-PA on December 11, 2020; (2) CEO on December 16, 2020; and (3) SEF on December 18, 2020.

Notices of Intervention, Public Statements, and Verifications, as well as Notices of Appearance were filed by the OSBA on December 21, 2020, and the OCA on December 23, 2020.

On December 29, 2020, NRDC filed a Petition to Intervene.

On December 30, 2020, a Call-In Telephonic Prehearing Conference Notice was served on the Parties scheduling a prehearing conference for Thursday, January 7, 2021. Also, on December 30, 2020, a Prehearing Conference Order was issued scheduling a prehearing conference for January 7, 2021.

Notice of the filing was published in the *Pennsylvania Bulletin* on January 2, 2021, 51 Pa. B. 116 and on January 9, 2021, 51 Pa. B. 252[[13]](#footnote-14) which provided that, “[i]n accordance with the *Energy Efficiency and Conservation Program* *Implementation Order*, entered on June 18, 2020, at Docket No. M-2020-3015228, responsive pleadings, along with comments and recommendations are to be e-filed with the Commission within 20 days of the publication of this notice in the *Pennsylvania Bulletin*.” Additionally, the Petition and Plan were posted on the Commission’s website at <http://www.puc.pa.gov>.

On January 6, 2021, PPLICA filed a Petition to Intervene. Also, a Judge Addition Notice was issued adding ALJ Emily I. DeVoe as an additional ALJ in this proceeding.

On January 7, 2021, a prehearing conference, presided over by ALJs Hoyer and Devoe, was held as scheduled. PPL Electric, the OCA, the OSBA, CAUSE-PA, CEO, NRDC, SEF and PPLICA were represented at the conference. No Party objected to the Petitions to Intervene, and the Petitions were granted during the prehearing conference. The Parties also discussed discovery rule modifications and the litigation schedule.

A Prehearing Order was entered on January 8, 2021, which, among other things, established a litigation schedule and modified the discovery rules. Also, the Commission issued a Hearing Notice scheduling an evidentiary hearing for January 21, 2021. Furthermore, the OCA, the OSBA, CAUSE-PA, CEO, NRDC, and SEF filed a Joint Expedited Motion for Extension of Procedural Schedule (Motion), seeking an extension of the procedural schedule that was set out in the Prehearing Order.[[14]](#footnote-15)

On January 11, 2021, the ALJs issued an Interim Order directing the Parties to respond to the Motion and the Office of Administrative Law Judge’s (OALJ) Proposed Revised Schedule, detailed in the January 11, 2021 Order, by January 13, 2021.

On January 13, 2021, PPL Electric, the OCA, the OSBA, CAUSE-PA, NRDC, and SEF timely filed responses to the ALJ’s Interim Order. In addition, the OCA, CAUSE-PA, SEF, CEO, and NRDC served their written direct testimony and exhibits.

On January 14, 2021, Chief Administrative Law Judge Charles Rainey (CALJ Rainey) issued an Order Denying the Joint Expedited Motion for Extension of Procedural Schedule. CALJ Rainey’s Order provided that: (1) Evidentiary Hearings occur on, or before, February 8, 2021; (2) Briefs are to be filed on or before February 18, 2021, Reply Comments and Revised Plan are to be filed by March 1, 2021; and (3) the record is to be certified by March 2, 2021. The CALJ also directed that the presiding ALJs are to take into consideration the positions of the Parties in establishing reasonable deadlines for the submission of written testimony.

Around 10:30 a.m. on January 15, 2021, the Parties contacted the ALJs requesting that a conference be convened that afternoon. The ALJs convened an informal conference at 2:00 p.m. in which all Parties were present. After answering some procedural questions, the ALJs disconnected from the call and the Parties continued to discuss a revised litigation schedule. Around 2:40 p.m., the Parties contacted the ALJs by email and advised them that they had agreed to a litigation schedule.

On January 19, 2021, the Commission issued a Notice rescheduling the evidentiary hearing for February 8, 2021, at 10:00 a.m., consistent with CALJ Rainey’s January 14, 2021 Order.

Consistent with the directive in the June 18, 2020 *Phase IV Implementation Order*, Comments to the Petition were filed on January 21, 2021, by the following: Ceres, Community Action Committee of the Lehigh Valley (CACLV), Daiken Industries, Ltd. (DIL), Energy Efficiency for All Coalition of Pennsylvania (PA-EEFA), Keystone Energy Efficiency Alliance (KEEA), Pennsylvania Coalition of Local Energy Efficiency Contractors (PA-CLEEC), PPLICA, Rovegno’s of Carlisle (Rovegno’s), and SEDA Council of Governments (SEDA).

On January 22, 2021, PPL Electric served its written rebuttal testimony and exhibit.

On January 26, 2021, the presiding ALJs issued an Interim Order Revising Litigation Schedule and Rescheduling Evidentiary Hearing, consistent with CALJ Rainey’s January 14, 2021 Order. The revised schedule cancelled the January 2, 2021evidentiary hearing and rescheduled it for February 8, 2021 at 10:00 a.m. The Order also established the dates for the filing of Supplemental Direct Testimony (January 27, 2021), Supplemental Rebuttal Testimony (February 3, 2021) and reiterated the previously established deadlines for the filing of Briefs (February 18, 2021), Reply Comments/Revised Plan (March 1, 2021) and the Certification of the Record (March 2, 2021).

On January 27, 2021, PPLICA and SEF served their written supplemental direct testimony and exhibits.

On February 3, 2021, PPL Electric filed its written supplemental rebuttal testimony and exhibit.

On February 8, 2021, PPLICA filed an *Errata* to PPLICA Statement No. 1, the supplemental direct testimony of Jeffrey Pollock.

On February 8, 2021, PPL Electric filed an *Errata* to PPL Electric Statement No. 1‑R, the rebuttal testimony of Dirk Chiles. Furthermore, on February 8, 2021, the evidentiary hearing was convened as scheduled. PPL Electric, the OCA, the OSBA, CAUSE-PA, CEO, NRDC, PPLICA, and SEF were in attendance and represented by counsel. The Parties stipulated to the admission of written testimony and exhibits into the record and waived cross-examination of all Parties’ witnesses. Some of the testimonies were admitted subject to the filing of verifications with the Secretary’s Bureau. The required verifications were subsequently filed, and on February 10, 2021, an Interim Order was issued confirming that all the Parties’ exhibits and testimonies had been admitted into the record. Additionally, after extensive settlement discussions, the active Parties were able to reach a settlement on all issues except for PPLICA’s proposal to reduce PPL Electric’s peak demand reduction (PDR) compliance target.

On February 18, 2021, PPL Electric and PPLICA filed Main Briefs.

On February 26, 2021, PPL Electric, the OCA, the OSBA, CAUSE-PA, CEO, NRDC, PPLICA, and SEF (Settling Parties) filed the Joint Petition for Partial Settlement. The following are attached to the Partial Settlement: (1) Statement in Support of PPL Electric as Appendix A; (2) Statement in Support of OCA as Appendix B; (3) Statement in Support of OSBA as Appendix C; (4) Statement in Support of CAUSE-PA as Appendix D; (5) Statement in Support of CEO as Appendix E; (6) Statement in Support of NRDC as Appendix F; (7) Statement in Support of PPLICA as Appendix G; and (8) Statement in Support of SEF as Appendix H.

On March 1, 2021, PPL Electric filed correspondence advising that it would not be filing a Revised Phase IV EE&C Plan. Also, on March 1, 2021, PPL Electric and PPLICA filed Reply Comments in response to the Comments submitted on January 22, 2021, by CACLV, Ceres, DIL, PA-EEFA, KEEA, PA-CLEEC, PPLICA, Rovegno’s, and SEDA.

On March 2, 2021, ALJs Hoyer and DeVoe issued the Order Certifying Record to the Commission (*Certification Order*). The following documents, as cited in the ALJs’ *Certification Order*, comprise the evidentiary record in this case:

1. PPL Electric Utilities Corporation’s Phase IV Energy Efficiency and Conservation Plan filed November 30, 2020, at Docket No. M-2020-3020824.

2. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania’s Petition to Intervene filed December 11, 2020.

3. The Commission on Economic Opportunity’s Petition to Intervene filed December 16, 2020.

4. The Sustainable Energy Fund’s Petition to Intervene filed December 18, 2020.

5. The Office of Small Business Advocate’s Notice of Intervention, Public Statement, and Verification filed December 21, 2020.

6. The Office of Consumer Advocate’s Notice of Intervention and Public Statement filed December 23, 2020.

7. The Natural Resources Defense Council’s Petition to Intervene filed on December 29, 2020.

8. The Telephonic Prehearing Conference Notice issued December 30, 2020.

9. The Prehearing Conference Order issued December 30, 2020.

10. The Judge Addition Notice issued January 6, 2021.

11. The PP&L Industrial Customer Alliance’s Petition to Intervene filed on January 6, 2021.

12. The transcript of the Prehearing Conference held January 7, 2021, consisting of pages 1‑38.

13. The Evidentiary Hearing Notice issued January 8, 2021.

14. The Prehearing Order issued January 8, 2021.

15. Joint Expedited Motion for Extension of Procedural Schedule filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Natural Resources Defense Council, Office of Consumer Advocate, Office of Small Business Advocate, Commission on Economic Opportunity, and Sustainable Energy Fund of Central Eastern Pennsylvania on January 8, 2021.

16. The Interim Order Directing Parties to Respond to Joint Expedited Motion and OALJ’s Proposed Revised Schedule issued January 11, 2021.

17. The Order Denying the Joint Expedited Motion for Extension of Procedural Schedule issued January 14, 2021.

18. The Telephonic Evidentiary Hearing Cancellation/Reschedule Notice issued January 19, 2021.

19. Rovegno’s of Carlisle, Inc.’s comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

20. Pennsylvania Coalition of Local Energy Efficiency Contractors’ comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

21. Daikin U.S. Corporation’s comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

22. SEDA Council of Governments’ comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

23. Energy Efficiency for All Pennsylvania Coalition’s comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

24. Community Action Committee of the Lehigh Valley’s comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

25. Keystone Energy Efficiency Alliance’s comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

26. Ceres’s comments on the Phase IV Energy Efficiency and Conservation Program Plan filed on January 22, 2021.

27. The Interim Order Revising Litigation Schedule and Rescheduling Evidentiary Hearing issued January 26, 2021.

28. The transcript of the Evidentiary Hearing held February 8, 2021, consisting of pages 1‑35.

29. The Interim Order Confirming Admitted Evidence issued February 10, 2021.

30. PPL Electric Utilities Corporation’s Main Brief filed February 18, 2021.

31. PPL Industrial Customer Alliance’s Main Brief filed February 18, 2021.

32. The Joint Petition for Partial Settlement, including Appendices A through H, filed by PPL Electric Utilities Corporation, Office of Consumer Advocate, Office of Small Business Advocate, PPL Industrial Customer Alliance, Commission on Economic Opportunity, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Sustainable Energy Fund of Central Eastern Pennsylvania, and Natural Resources Defense Council on February 26, 2021.

33. PPL Electric Utilities Corporation’s correspondence filed on March 1, 2021, advising it would not be filing a Revised Phase IV Energy Efficiency and Conservation Plan.

34. PPL Electric Utilities Corporation’s reply comments filed March 1, 2021.

35. PPL Industrial Customer Alliance’s reply comments filed on March 1, 2021.

36. The submissions of PPL Electric Utilities Corporation, entitled as follows:

a. PPL Electric Exhibit 1 Phase IV EE&C Plan

b. PPL Electric Statement No. 1 Direct Testimony of Dirk Childs

c. PPL Electric Statement No. 2 Direct Testimony of Terry Fry

d. PPL Electric Statement No. 3 Direct Testimony of Scott Koch

e. PPL Electric Statement No. 1-R Rebuttal Testimony of Dirk Childs, including Errata Sheet

f. PPL Electric Statement No. 4-R Rebuttal Testimony of Melinda Stump

g. PPL Electric Statement No. 1-R SUPP Supplemental Rebuttal Testimony of Dirk Childs

h. PPL Electric Exhibit SRK-1

i. PPL Electric Exhibit DC-1R

j. PPL Electric Exhibit DC-2R

37. The submissions of the Office of Consumer Advocate, entitled as:

a. OCA Statement No. 1 Direct Testimony of Stacy L. Sherwood and Accompanying Attachment A

b. OCA Exhibit A

38. The submissions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, entitled as:

a. CAUSE-PA Statement No. 1 Direct Testimony of Mitchell Miller and accompanying Appendices A and B

b. CAUSE-PA Exhibits MM-1 through MM-9

39. The submissions of the Sustainable Energy Fund of Central Eastern Pennsylvania, entitled as:

a. SEF Statement No. 1 Direct Testimony of John M. Costlow

b. SEF Statement No. 1-SD Supplemental Direct Testimony of John M. Costlow

40. The submission of the Commission on Economic Opportunity, entitled as CEO Statement No. 1 Direct Testimony of Eugene M. Brady.

41. The submissions of the Natural Resources Defense Council, entitled as:

a. NRDC Statement No. 1 Revised Direct Testimony of Alice Napoleon and Kenji Takahashi

b. NRDC Exhibit AN/KT-1 and AN/KT-2

42. The submissions of the PP&L Industrial Customer Alliance, entitled as:

a. PPLICA Statement No. 1 Supplemental Direct Testimony of Jeffrey Pollock

b. PPLICA Exhibits JP-1 though JP-3

The matter is now ripe for disposition.

# III. Description of the Plan and the Partial Settlement

As noted above, the Partial Settlement was filed on February 26, 2021, resolving all but one issue that was reserved for litigation. The Plan, as proposed by the Company, and the terms and conditions of the Partial Settlement is summarized below.

A. The Phase IV EE&C Plan[[15]](#footnote-16)

In its Petition, PPL Electric states that its Phase IV EE&C Plan, which will operate over a five-year period from June 1, 2021 through May 31, 2026, includes a broad portfolio of energy efficiency and energy education initiatives designed to meet the Company’s Phase IV energy consumption and peak demand reduction targets and to comply with the other requirements set forth in the Commission’s *Phase IV* *Implementation Order.* Petition at 7. The Phase IV EE&C Plan is comprised of three programs and their components that include a range of energy efficiency programs geared toward all customer classes in PPL Electric’s service territory. *Id.* Specifically, these programs and each of their associated components are: (1) the Residential Program which includes the Appliance Recycling Component, Efficient Lighting – Specialty Bulbs Component, Energy Efficient Homes Component, and Student Energy Efficient Education Component; (2) the Low-Income Program which includes the Low-Income Assessment Component; and (3) the Non-Residential Program which includes the Efficient Equipment Component for Small Commercial and Industrial (C&I), Efficient Equipment Component for Large C&I, Custom Component for Small C&I, and Custom Component for Large C&I. Petition at 11. These programs and their related components have been designed to achieve the required 1,250,157 MWh of reduced energy consumption and 229 MW of peak demand reduction. *Id.*

The following is a summary of PPL Electric’s proposed Phase IV programs and components, as set forth in its Phase IV Plan:

**Residential Program (2021-2026)**

**• Appliance Recycling Component** (Energy Reduction Objective: ≈ 26,316 MWh/year and 6.7 MW gross verified savings)

PPL Electric Utilities offers free pick-up and recycling of refrigerators, freezers, dehumidifiers, room air conditioners, and possibly consumer electronics (without savings or incentive). The Company offers customers a rebate for each recycled appliance, which must be plugged in and functioning when picked up. Room air conditioners, consumer electronics (if offered), and dehumidifiers are eligible for pick up with a refrigerator or freezer. PPL Electric Utilities may decide to allow dehumidifiers and room air conditioners as stand-alone measures. If feasible, the Company will offer small appliance pick-up events to which customers may bring room air conditioners and/or dehumidifiers for disposal and receive PPL Electric Utilities’ incentives. The component will have the flexibility to offer in-person home pick-up or contactless curbside pick-up. PPL Electric Utilities offers scheduling, pick-up, and decommissioning of refrigerators and freezers units and transports the units to a Pennsylvania-based processing center for disposal in an environmentally responsible manner. The disposal process involves removing hazardous materials, such as chlorinated fluorocarbons, from the refrigerant and foam insulation, preparing refrigerant for reclamation, and recycling other materials including metal and plastic.[[16]](#footnote-17)

**• Efficient Lighting - Specialty Bulbs Component** (Energy Reduction Objective: ≈ 12,763 MWh/year and 14.2 MW gross verified savings)

PPL Electric Utilities encourages residential customers to purchase and install specialty LED bulbs. Participating customers can purchase a variety of discounted LED bulbs at local retail stores and the Company’s Online Marketplace. The Residential CSP will manage operations and provide support to participating retailers and manufacturers that promote and sell eligible bulbs.[[17]](#footnote-18)

**• Energy Efficient Homes Component** (Energy Reduction Objective: ≈ 122,803 MWh/year and 23.8 MW gross verified savings)

PPL Electric Utilities provides comprehensive energy efficiency options for new and existing homes. The Company offers a range of energy efficient measures, rebates, education, and services that help its customers increase their homes’ efficiency. The component contains these delivery channels:

**•** The **new homes channel** encourages construction of energy efficient new homes through a rebate to builders or homeowners who exceed the energy efficiency performance required by current building codes in newly constructed homes. This offer is for both single-family and multifamily buildings.

**•** In the **comprehensive in-home audit and weatherization channel**, customers learn about the benefits of energy efficiency measures, such as appliance recycling, lighting, HVAC, and water heating. Depending on audit recommendations, customers may receive direct-install or giveaway measures and may qualify for insulation and air sealing rebates. Energy efficiency kits may also be offered to PPL Electric Utilities’ customers interested in learning more about energy efficiency and the programs offered by the Company.

**•** In the **midstream and/or downstream energy efficiency equipment** channel PPL Electric Utilities provides rebates for high-performance heat pumps, heat pump water heaters, pool pumps, and central air conditioners, as well as other energy efficient appliances.

PPL Electric Utilities is also considering offering an enhanced bonus incentive to customers who install a Comprehensive package of measures.[[18]](#footnote-19)

**• Student Energy Efficient Education Component** (Energy Reduction Objective: ≈ 37,429 MWh/year and 3.1 MW gross verified savings)

PPL Electric Utilities offers energy efficiency kits and education to students and teachers. The component consists of these three channels:

• **Primary Grade Energy Efficiency Education**, in which the Company offers an interactive classroom presentation to students in grades 2-3.

• **Intermediate Grade Energy Efficiency Education**, in which the Company offers an interactive classroom presentation to students in grades 5-7.

• **Secondary Grade Energy Efficiency Education,** in which the Company offers an interactive classroom presentation to students in grades 9-12.

The presentation educates students about energy and conservation topics using hands-on activities. Content is correlated to Pennsylvania Education Academic Standards for the appropriate grade levels and endorsed by the Pennsylvania Department of Education. Students who participate in the presentation receive a take-home energy efficiency kit.

The CSP will offer a poster contest and innovation challenge, which will support the component by giving students an additional opportunity to reflect on what they learned and how they acted on tips provided during the presentations.

PPL Electric Utilities will provide participating teachers with energy efficiency measures, such as smart power strips, to use as instructional aides to educate students about energy efficiency.[[19]](#footnote-20)

**Low-Income Program (2021-2026)**

**• Low-Income Assessment Component (**Energy Reduction Objective: ≈ 74,793 MWh/year and 10 MW gross verified savings)

Through Low-Income Assessment, PPL Electric Utilities will offer a broad selection of no-cost-energy saving improvements and education to qualifying low-income customers residing in single-family homes, individually metered multifamily units, and manufactured homes. Direct installation of energy efficiency measures for lighting, water aeration, and weatherization will be offered through PPL Electric Utilities’ in-home and remote assessment delivery channels. Additionally, PPL Electric Utilities may offer comprehensive measures, such as ductless mini-split heat pumps, heat pump maintenance, heat pump water heaters, and smart thermostats through the in-home assessment delivery channel.

Low-income residents in individually metered multifamily units will be eligible for all measures provided in the Low-Income Assessment, but specific measures may require landlord approval. Common space in multifamily building will be treated separately through PPL Electric Utilities’ Non-Residential Program. Multifamily buildings’ eligibility requirements are not affected by the number of living units in the buildings. All delivery channels are subject to available funding and must fall within the overall acquisition cost of the program.[[20]](#footnote-21)

**Non-Residential Program (2021-2026)[[21]](#footnote-22)**

**• Efficient Equipment Component** (Energy Reduction Objective: ≈ 665,361 MWh/year and 108 MW gross verified savings for large C&I and small C&I customers, or business types)

Through the Efficient Equipment component, PPL Electric Utilities promotes the purchase and installation of a wide range of high-efficiency measures, including lighting, HVAC, refrigeration, motors/drives, commercial kitchen equipment, agricultural equipment, equipment controls, and new construction projects. The Company provides customers financial incentives based on the measure installed and savings achieved, which offset the higher purchase costs of energy efficient and peak demand-saving equipment.

The component has four delivery channels:

**• Downstream rebates.** In Phase IV, PPL Electric Utilities will continue to offer rebate submissions, similar to the downstream channel successfully used in Phase III. Customers, contractors, or trade allies will submit applications for review and validation by the Non-Residential CSP. The CSP will review and validate all submitted applications and eligible projects will be processed and incentives paid upon project completion and final savings calculations.

**• Direct discount.** PPL Electric Utilities will implement the direct discount delivery channel to engage small C&I customers. This approach is supported by a network of qualified contractors and higher incentives that motivate them to complete projects that would otherwise not receive their attention. The Non-Residential CSP helps the contractor orchestrate the project from beginning to end on behalf of the customer. Small C&I customers benefit by having an expert identify the applicable measures, manage the project, and apply for and secure incentives to offset the upfront cost of the project. The amount of the incentive appears on the project invoice, and the customer is responsible for the remaining project cost. Once the project is complete and the application is updated, the Non-Residential CSP commences measurement and verification. The CSP then reimburses the contractor with a check for the incentive.

**• Direct install.** In Phase IV, PPL Electric Utilities will build on the successful direct install offering from Phase III. The Non-Residential CSP will target hard-to-reach small C&I customers and provide a no-cost assessment to identify retrofit measures and operational improvements to lower energy consumption and costs and to install energy efficiency measures. After the assessment, the Non-Residential CSP will send customers an assessment report with additional recommendations to support their overall energy efficiency and peak demand needs and goals and recommendations for qualified trade allies with whom they can work.

**• Midstream.** PPL Electric Utilities will continue using a midstream delivery channel to help customers choose and procure certain high-efficiency products more quickly and easily than through typical downstream methods. In the midstream approach, trade allies and customers may purchase high-efficiency products listed by ENERGY STAR or DesignLights Consortium (“DLC”) directly from participating and qualified midstream distributors and receive an immediate rebate at the point of purchase. This approach has proven to raise customer and trade ally satisfaction; reduce administrative expenses; increase the volume of installed, high efficiency lighting and socket upgrades, particularly for customers implementing routine projects; and lower the number of contractors and customers who use high-efficiency lighting products but fail to submit program applications.[[22]](#footnote-23)

**• Custom Component** (Energy Reduction Objective: ≈ 601,221 MWh/year and 82 MW gross verified savings that will target large C&I and small C&I customers, or business types)

Through the Custom component, PPL Electric Utilities will offer incentives to support completion of complex and comprehensive projects that involve measures not covered by the Efficient Equipment component. These measures include, but are not limited to, operational process improvements, retrocommissioning, equipment optimization, CHP, solar, advanced lighting controls, compressed air, and other custom measures.

As with Efficient Equipment, PPL Electric Utilities’ Custom component will be offered through a downstream approach. The Non-Residential CSP will work with customers and trade allies to identify and qualify custom projects. Customers or trade allies will submit applications for review. Eligible projects will be processed, and incentives will be paid upon project completion and final savings review.

In Phase IV, an HVAC Optimization delivery channel will be added to serve customers with packaged HVAC systems. The Non-Residential CSP will work with a network of trade allies to implement this channel to produce additional, cost-effective energy and peak demand savings. A Strategic Energy Management (“SEM”) offering may also be implemented at some time during Phase IV. Though the SEM would be a measure in the Custom component, incentive levels may differ from the standard custom incentive amount.[[23]](#footnote-24)

## B. The Partial Settlement

As noted, a Partial Settlement was filed on February 26, 2021, which, if approved, would resolve all but one of the issues raised by PPLICA in this proceeding. Partial Settlement at 1.[[24]](#footnote-25) The terms[[25]](#footnote-26) and conditions,[[26]](#footnote-27) of Partial Settlement are as follows:

**A. GENERAL**

25. The following terms of this Settlement reflect a carefully balanced compromise of the interests of all of the active parties in this proceeding. The Joint Petitioners unanimously agree that the Settlement is in the public interest.

26. The Joint Petitioners agree that PPL Electric’s Phase IV EE&C Plan should be approved, subject to the terms and conditions of this Settlement specified below:

**B. RESIDENTIAL PROGRAM**

27. After the Residential Program Conservation Service Provider’s (“CSP”) contract is approved by the Commission, PPL Electric will develop and implement a detailed marketing plan to foster increased Residential Program participation. This marketing plan will support all components of the Residential Program after the Phase IV EE&C Plan is approved, including the Energy Efficient Homes Component, and will be designed to achieve the 122,803 megawatt-hours per year (“MWh/yr”) of projected savings targeted in the Energy Efficient Homes Component. Copies of this marketing plan will be provided to the other Joint Petitioners by no later than January 1, 2022.

28. In its annual reports, PPL Electric will provide the Energy Efficient Homes Component’s actual incentive costs, electric savings, and [peak] demand reductions broken down by the following three categories: (a) new homes; (b) audit and weatherization; and (c) energy efficient equipment.

29. Under the Energy Efficient Homes Component, the Company will cap the number of: (1) “Fuel Switching – Central Heating” measures at 75 Residential customers; and (2) “Fuel Switching – DHW” measures at 75 Residential customers.

30. The Company will begin offering the Comprehensive Retrofit Bonus Incentives within the Energy Efficient Homes Component by no later than January 1, 2022.

**C. MULTIFAMILY**

31. The Company agrees to provide the same measures available under the Low-Income Program inside the tenant units of low-income residents in master-metered multifamily buildings at no direct cost to the building owners or those tenants, subject to: (1) the measures’ eligibility qualifications; (2) landlord approval; (3) available program funds; (4) the overall Low-Income Program acquisition cost; and (5) a limit on cumulative spending of $2.0 million in direct costs during Phase IV. If PPL Electric determines that it will need to spend more than $2.0 million for such measures, the Company will meet with stakeholders and revise its Phase IV EE&C Plan to update the estimated funding for these measures, subject to Commission approval.

32. Consistent with the proposed Plan, PPL Electric will continue to provide measures for multifamily buildings’ common areas under the Non-Residential Program.

**D. LOW-INCOME PROGRAM**

33. PPL Electric will modify its Low-Income Program to add building shell measures, including but not limited to insulation and weather stripping, as potential measures offered as part of the Low-Income Assessment component.

34. PPL Electric will modify its Low-Income Program’s Low-Income Assessment component so that up to $2.0 million is dedicated to: (1) space heating; (2) building shell measures; (3) water heater maintenance, repair, or replacement; and (4) appliance replacement/recycling.

35. PPL Electric’s Low-Income CSP will make reasonable efforts to meet with the natural gas distribution companies (“NGDCs”) that operate within PPL Electric’s service territory to identify and evaluate opportunities for coordination of low-income EE&C programs that are funded by residential customers. At its annual EE&C stakeholder meetings, PPL Electric will present information about these coordination efforts and will allow stakeholders to provide feedback and recommendations.

36. PPL Electric will continue to coordinate its Low-Income program with its Low-Income Usage Reduction Program (“LIURP”) as proposed in the Plan and consistent with the Company’s coordination in Phase III. If measures are jointly funded by PPL Electric’s LIURP and Low-Income Program, PPL Electric will allocate the actual costs and savings for jointly funded measures based upon the percentage of total costs paid by each funding source. In addition, to further coordinate delivery of services to low-income households and help minimize the number of LIURP and Low-Income Program contractors who visit a customer’s service location, the Low-Income CSP will consider, when selecting potential subcontractors, the efficiencies that can be gained by subcontracting work under the Low-Income Assessment component to community-based organizations (“CBOs”) who provide services under the Company’s LIURP. The Low-Income CSP will also provide all of those CBOs with any invites to bid or requests for proposals to serve as subcontractors.

37. Under its currently-effective Universal Service and Energy Conservation Plan, PPL Electric will continue to carry-over and add any unspent LIURP funds from the previous year to the subsequent year.

38. PPL Electric will develop a list of available assistance programs for each county in its service territory that it can provide to households served through its Act 129 programs and will work with its CBOs and other members of its Universal Service Advisory Committee to help create and maintain these lists for use by PPL Electric’s Low-Income Program CSP.

39. PPL Electric will continue to implement its Low-Income Program after meeting its low income carve-out subject to the Commission-approved budget for the Income-Eligible Program.

**E. PJM FORWARD CAPACITY MARKET**

40. PPL Electric will solicit bids from qualified CSPs to implement the nomination of a portion of its peak demand reduction as a capacity resource into PJM Interconnection LLC’s (“PJM”) Forward Capacity Market (“FCM”). By no later than January 1, 2022, PPL Electric will provide the other Joint Petitioners with details on the selected CSP’s plan to nominate that capacity resource into the FCM, including how the CSP will ensure that the Company and its ratepayers are not exposed to the potential risk of penalties. At the Company’s Act 129 EE&C stakeholder meetings throughout Phase IV, PPL Electric will provide updates on the nomination of this capacity resource.

**F. PILOT PROGRAMS**

41. During Program Year 13 (i.e., June 1, 2021, to May 31, 2022), PPL Electric will work with its Residential CSP or other contractors to develop proposals for a deep energy retrofits pilot program and a net zero building pilot program. As part of the pilot programs, PPL Electric will examine program designs and incentive structures that are offered in other jurisdictions for similar programs and pilots. The Company’s proposals will include a description of the pilot programs’ goals, how the performance of the pilots will be measured, data to be tracked, projected cost, performance and participation, and schedule. Each of the pilot programs will have a budget of no less than $500,000 and no more than $1.0 million. PPL Electric will present the proposals to stakeholders in Program Year 13. The Company will submit, within a reasonable time, a description of the pilot program(s) to the Commission and stakeholders prior to implementation in accordance with Section 9.1.4 of the Phase IV EE&C Plan. If the either or both of the pilots require a change to the Phase IV EE&C Plan, the Company will review the change with stakeholders and submit the change to the Commission in a petition to modify the Phase IV EE&C Plan. Assuming that no Phase IV EE&C Plan change is required to implement these pilot programs, PPL Electric will begin implementing these pilot programs no later than Program Year 14 to allow sufficient time to analyze the pilot programs’ results and incorporate learnings within Phase IV. PPL Electric’s Evaluation, Measurement, and Verification (“EM&V”) CSP will assess the pilot programs’ performance and will recommend changes to PPL Electric’s full-scale energy efficiency offerings based on the EM&V CSP’s assessment of the pilot programs’ performance. Costs for both pilot programs will be recovered from residential customers.

42. PPL Electric will modify its Phase IV EE&C Plan to include a low-income health and safety pilot program to remediate health and safety hazards that prevent low-income customers from receiving comprehensive energy efficiency measures. The pilot program will be funded at no less than $400,000 and no more than $750,000 over the five-year Phase IV and will prioritize high usage customers. Through this pilot program, PPL Electric will assess the extent to which addressing health and safety barriers will allow it to increase energy and bill savings and decrease other universal service program costs. PPL Electric also will track which EE&C measures were allowed to be installed through the installation of the various health and safety measures in the participating customers’ homes. Costs for this pilot program will be recovered from residential customers.

**G. REPORTING**

43. PPL Electric shall revise its Plan to specify how it will comply with the Commission’s requirement that it report savings attained from Government, Non-profit, and Institutional (“GNI”) customers (“Reporting Requirement”). This Reporting Requirement shall include reporting two separate and distinct energy savings numbers: (1) savings that are achieved from GNI customers that PPL Electric classifies as Small C&I customers under its Plan and (2) savings that are achieved from GNI customers that PPL Electric classifies as Large C&I customers under its Plan.

**H. PPLICA’S ISSUES AND RECOMMENDATIONS**

44. PPLICA’s proposal to reduce the Commission-established peak demand reduction compliance target for PPL Electric is reserved for briefing and disposition. All other issues and recommendations raised in PPLICA Statement No. 1 are withdrawn.

\* \* \*

**IV. SETTLEMENT CONDITIONS**

64. This Settlement is conditioned upon the Commission’s approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all Joint Petitioners within five (5) business days after the entry of an order modifying the Settlement. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

65. This Settlement is proposed by the Joint Petitioners to settle certain issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing, and argument. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding.

66. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

67. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities.

68. If the presiding administrative law judges adopt the Settlement without modification, the Joint Petitioners agree they: (1) will not initiate or join in any challenge to the Settlement; (2) will not assert any positions in derogation to the Settlement; and (3) waive their right to appeal or to seek reconsideration, rehearing, reargument, or clarification of the Commission’s Order approving the Settlement, except that PPLICA and PPL Electric reserve the right to appeal or to seek reconsideration, rehearing, reargument, or clarification of any Commission finding regarding PPLICA’s proposal to reduce the Commission-established peak demand reduction compliance target for PPL Electric, which has been reserved for litigation and briefing, as stated in Paragraph 43 *supra*.

Partial Settlement at 4-9, 10-12.

Statements in support of the Partial Settlement were submitted by: PPL Electric, the OCA, the OSBA, CAUSE-PA, CEO, NRDC, PPLICA, and SGF. Those Statements are appended to the Partial Settlement in Appendices A-H, respectively. Each of the Joint Petitioners submitted in their Statements, *inter alia*, that the Partial Settlement is in the public interest and should be adopted.

Accordingly, the Joint Petitioners request that the Commission approve the Partial Settlement without modification and approve PPL Electric’s Phase IV EE&C Plan, subject to the terms and conditions of the proposed Partial Settlement and litigation of the issue reserved for briefing and disposition. Partial Settlement at 1, 13.

# **IV. Discussion**

We note that any issue we do not specifically address herein has been duly considered and will be denied without further discussion. It is well settled that we are not required to consider expressly or at length each contention or argument raised by the parties. [*Consolidated Rail Corporation v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993);](file://C:\research\buttonTFLink?_m=69761b6202cb4178e2a6e6fe02f5751b&_xfercite=%3ccite%20cc=%22USA%22%3e%3c!%5bCDATA%5b2000%20Pa.%20PUC%20LEXIS%2067%20%5d%5d%3e%3c\cite%3e&_butType=3&_butStat=242&_butNum=5&_butInline=1&_butinfo=%3ccite%20cc=%22USA%22%3e%3c!%5bCDATA%5b625%20A.2d%20741%5d%5d%3e%3c\cite%3e&_fmtstr=FULL&docnum=5&_startdoc=1&_startchk=1&wchp=dGLSzS-lSlbz&_md5=ad2b02d95c2a9216e83b92a3570d4785) *see also, generally,* [*University of Pennsyl­vania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).](file://C:\research\buttonTFLink?_m=69761b6202cb4178e2a6e6fe02f5751b&_xfercite=%3ccite%20cc=%22USA%22%3e%3c!%5bCDATA%5b2000%20Pa.%20PUC%20LEXIS%2067%20%5d%5d%3e%3c\cite%3e&_butType=3&_butStat=242&_butNum=6&_butInline=1&_butinfo=%3ccite%20cc=%22USA%22%3e%3c!%5bCDATA%5b485%20A.2d%201217%5d%5d%3e%3c\cite%3e&_fmtstr=FULL&docnum=5&_startdoc=1&_startchk=1&wchp=dGLSzS-lSlbz&_md5=9b1cc8319afd12440738bb82d74455ef)

## A. Legal Standards

As the proponent of a rule or order, the Company has the burden of proof in this proceeding in accordance with Section 332(a) of the Code, 66 Pa. C.S. § 332(a). Courts have held that “[a] litigant’s burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible.” *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600 (Pa. Cmwlth. 1990), *alloc. denied,* 529 Pa. 654, 602 A.2d 863 (1992). That is, the Company’s evidence must be more convincing, by even the smallest amount, than that presented by the other Parties. *Se-Ling Hosiery, Inc. v. Margulies*, 364 Pa. 45, 70 A.2d 854 (1950). Additionally, this Commission’s decision must be supported by substantial evidence in the record. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*,489 Pa. 109, 413 A.2d 1037 (1980).

Because the Joint Petitioners have reached a Partial Settlement, the Joint Petitioners have the burden to prove that the Partial Settlement is in the public interest. Pursuant to our Regulations at 52 Pa. Code § 5.231, it is the Commission’s policy to promote settlements. Settlement terms often are preferable to those achieved at the conclusion of a fully litigated proceeding. In addition, a full settlement of all the issues in a proceeding eliminates the time, effort, and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort, and expense of litigating a case. Act 129 cases often are expensive to litigate, and the reasonable cost of such litigation is an operating expense recoverable in the rates approved by the Commission. Partial or full settlements allow the parties to avoid the substantial costs of preparing and serving testimony, cross-examining witnesses in lengthy hearings, and preparing and serving briefs, reply briefs, exceptions and reply exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission’s decision, yielding significant expense savings for the company’s customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

The Commission must, however, review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004); *Pa. PUC v. C.S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991); *Pa. PUC v. Philadelphia Electric Co.*, 60 Pa. P.U.C. 1 (1985). In order to accept a settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C.S. Water and Sewer Assoc.*, *supra*. Additionally, this Commission’s decision must be supported by substantial evidence in the record. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*,489 Pa. 109, 413 A.2d 1037 (1980).

In the following sections of this Opinion and Order, before addressing the specific merits of the Phase IV Plan and whether the Partial Settlement is in the public interest, we shall first separately address, in Section B, below, the contested issue concerning PPLICA’s objection to PPL Electric’s proposed Phase IV peak demand reduction compliance target.

## B. Issue Reserved for Briefing – Reduction to PPL Electric’s Peak Demand Reduction Compliance Target

### 1. Positions of the Parties

#### a. PPLICA’s Position

PPLICA is an *ad hoc* association of energy-intensive C&I customers receiving electric service in PPL Electric’s service territory primarily under Rate Schedules LP-4, LP-5 and IS-P, and certain available riders. PPLICA argues that approval of PPL Electric’s Phase IV EE&C Plan, as proposed, would impose an inequitable and unreasonable share of Phase IV EE&C measures and costs on the Large C&I customer class in violation of Section 1301 of the Code, 66 Pa. C.S. § 1301, which requires that all rates charged by regulated utilities be “just and reasonable” as well as the requirement under Act 129 which requires that EDCs’ EE&C plans provide EE&C measures “equitably to all customer classes.” 66 Pa. C.S. § 2806.1(a)(5). PPLICA M.B. at 2.

PPLICA submits that based on its analysis of the proposed EE&C Plan, PPL Electric’s proposed Phase IV budget for the Large C&I Program will be 80% higher than under the corresponding Phase III budget.[[27]](#footnote-28) In contrast, the Residential class will receive a budget decrease of 12%, and the Small C&I rate class will receive a budget increase of 35%, from Phase III rates to Phase IV rates. PPLICA St. 1 at 6.; PPLICA M.B. at 3. (See Table 4 and Table 6, below, copied from PPLICA’s Statement No. 1 at 6, in conjunction with Table 9, copied from page 28 of PPL Electric’s Exhibit No. 1 (*i.e.*, the Phase IV Plan) (also Attachment A to the Petition, respectively). Furthermore, PPLICA contends that PPL Electric’s Phase IV allocations would require Large C&I customers to pay for 32% of Phase IV costs despite only being responsible for 22% of PPL Electric’s total annual revenues. PPLICA M.B. at 3.

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PPLICA St. 1 at 6; M.B at 5.

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PPL Exh. 1 (Phase IV EE&C Plan) at 23.

PPLICA also references PPL Electric’s Table 9 and its Table 4, above, to demonstrate that there was greater parity between the EE&C cost allocations among customer classes and the percentages of total annual revenues of each customer class under the Phase III EE&C Plan compared to the proposed Phase IV Plan. In this regard, PPLICA explains that under Phase III, Residential, Small C&I, and Large C&I customers accounted for 45%, 32%, and 23% of PPL Electric’s total annual revenue, respectively, and were allocated 53%, 25%, and 21% of the total Phase III EE&C costs, respectively. However, under the Phase IV, Residential, Small C&I, and Large C&I customers account for 52%, 26%, and 22% of PPL Electric’s total annual revenues, respectively, but are being allocated 39%, 29%, and 32% of the total Phase IV EE&C costs, respectively.

PPLICA contends that the 45% difference between Large C&I customer’s percentage share of EE&C costs and their percentage of PPL Electric’s annual revenues (32% - 22%)/22% = 45% represents a total lack of parity between them. PPLICA argues that the 80% budget increase is more than double the Small C&I 35% budget increase, while the Residential budget is significantly decreased by 12% from Phase III to Phase IV.[[28]](#footnote-29) PPLICA avers that this disparate allocation of Phase IV measures and costs to Large C&I customers is starkly different from PPL Electric’s prior EE&C plans and creates an unreasonable result for large C&I customers. PPLICA M.B. at 3.

PPLICA also objects to the proposed Phase IV Act 129 Compliance Rider (ACR or ACR-4) rate that it would be required to pay under the Phase IV EE&C Plan. PPLICA explains that in order to recover revenues for the budget increase for Large C&I customers, PPL Electric is proposing to increase the Large C&I ACR rate by 102% when the Phase IV Plan begins in June 2021.[[29]](#footnote-30) PPLICA references the following Table 5 to provide a comparison of the 102% ACR rate increase that customers of the Large C&I class will incur under Phase IV, compared to 37% for Small C&I customers and 49% for Residential customers. M.B. at 8.

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PPLICA St. 1 at 7, Table 5.

PPLICA states that it does acknowledge that reasonable measures of disproportionality among customer classes may be permissible in an EE&C plan. It also notes that PPL’s prior EE&C plans included minor adjustments and fluctuations to energy efficiency measures and budgets among customer classes. However, notwithstanding prior measures of disproportionality, PPLICA opines that the budget allocation and the rate impact for Large C&I customers in the Phase IV Plan far exceed the bounds of reasonableness. PPLICA M.B. at 7.

PPLICA further avers that energy costs represent a significant portion of Large C&I customers’ operating costs under normal conditions, but during a pandemic, the Commission should take a particularly conservative approach towards rate increases, including the ACR surcharges.[[30]](#footnote-31) Consistent with principles of gradualism, PPLICA believes the Commission should direct PPL Electric to reduce the unreasonable increase it is proposing for the Large C&I Phase IV ACR rate by at least 50% in order to impose a just and reasonable Phase IV ACR rate for Large C&I customers. PPLICA M.B. at 3, 8‑11. Alternatively, PPLICA suggests that the Commission could reduce PPL Electric’s peak demand target to create parity between Large C&I customers’ percentage of Phase IV EE&C costs and their percentage of PPL Electric’s total annual revenues. PPLICA M.B. at 10.

PPLICA also disagrees with the allocation of the disproportionate share of the Phase IV peak demand reduction for Large C&I customers compared to PPL Electric’s total annual revenues. In this regard, PPLICA submits that PPL Electric’s proposed peak demand reduction in Phase IV is 248.03 MW,[[31]](#footnote-32) and under that reduction, Large C&I measures are designed to achieve a peak demand reduction of 101.5MW, whereas Residential and Small C&I measures are designed to achieve demand reductions of 57.65 MW and 88.6 MW, respectively. PPLICA M.B. at 6 (citing PPL Exh. 1 [Phase IV EE&C Plan] at 14).

PPLCIA asserts that in discovery responses, PPL Electric stated that “the peak demand reduction target in the SWE’s market potential findings require that a larger percentage of total Act 129 costs be shifted to the Non-Residential Program.”[[32]](#footnote-33) Because the Statewide Evaluator’s Report did not specifically state that this demand reduction target must be met through non-residential measures, PPLICA contends that this statement appears to be a conclusion made by PPL Electric. According to PPLICA, this response indicates that, after reasonable due diligence, PPL Electric was unable to identify other measures that could be offered instead of the costly Large C&I measures currently proposed for Phase IV. Accordingly, PPLICA argues that an overall reduction in PPL Electric’s demand reduction target is necessary and should be approved to reduce the unreasonable costs imposed on Large C&I customers. PPLICA M.B. at 12.

In support of its position on this matter, PPLICA also notes that in its Reply Comments to the *Phase IV Tentative Order*, PPL Electric argued that the Commission should reduce the proposed energy efficiency and demand reduction targets as a result of businesses struggling from the pandemic and that the pandemic creates “significant uncertainty for PPL Electric’s ability to achieve the level of savings anticipated given the challenges that many of its business customers are facing during the pandemic” and that “[t]he combined effects of the loss of residential lighting savings and the anticipated depressed economic conditions will, in all likelihood, negatively affect the electric savings and peak demand reduction potential in PPL Electric’s territory.” PPLICA M.B. at 12-13 (citing PPL Electric Reply Comments to *Phase IV Tentative Order* at 4). PPLICA states that it generally agrees with PPL Electric’s Reply Comments to the *Phase IV Tentative Order* and that the Commission also concurred that PPL Electric’s original Phase IV peak demand reduction target of 244 MW should be reduced to the current peak demand reduction target of 229 MW to reflect more conservative projections of the market potential. PPLICA M.B. at 13 (citing *Final Phase IV Implementation Order* at 80). PPLICA argues that PPL Electric now appears to believe the Phase IV energy efficiency and demand reduction targets are attainable because PPL Electric has now proposed an approach to attain and exceed the target Commission’s 229 MW target with a PPL Electric self-imposed target of 248.03 MW. PPLICA M.B. at 13, n.53 at 14.

PPLICA opines that the above arguments are appropriately raised in the instant docket as neither PPLICA, the Commission, nor PPL Electric itself had the benefit of reviewing the actual revenue and rate impacts of PPL Electric’s Phase IV Plan during the *Phase IV* *Implementation Order* phase or at any other point prior to the filing of PPL Electric’s Petition on November 30, 2020. PPLICA M.B. at 11 (citing PPLICA St. 1 at 7).

For the foregoing reasons, PPLICA requests that the Commission reduce PPL Electric’s peak demand target from the current Commission-assigned 229 MW requirement by 50%. PPLICA M.B. at 10-11. As an alternative to PPLICA’s preferred 50% reduction to the peak demand target, PPLICA requests that the Commission adjust PPL Electric’s peak demand target by a lesser amount intended to create greater parity between Large C&I customers’ percentage of PPL Electric’s Phase IV demand reduction target and their percentage of PPL Electric’s total annual revenues. *Id.* However, at a minimum, PPLICA requests that the Commission reassess the prior adjustment to PPL Electric’s peak demand reduction target from 244 MW to 229 MW and consider a further reduction to the 229 MW target to moderate the newly disclosed rate impact on Large C&I customers, thereby avoiding unreasonably severe rate increases for Large C&I customers. PPLICA M.B. at 14.

#### b. PPL Electric’s Position

For the reasons discussed in more detail below, PPL Electric is of the opinion that PPLICA’s proposal on this matter should be denied because: (1) it is outside the scope of this proceeding; (2) it conflicts with the Commission-established processes for challenging peak demand reduction compliance targets and modifying the *Phase IV* *Implementation Order*; and (3) it is without merit and unsupported by any credible evidence of record. Therefore, PPL Electric suggests that PPLICA’s proposal to reduce the Company’s peak demand reduction target for Large C&I customers by 50% to resolve the inequitable distribution of measures and costs to Large C&I customers should be denied.[[33]](#footnote-34) PPLICA M.B. at 4.

First, PPL Electric submits that the Commission should not approve PPLICA’s proposal because the issue regarding the specific peak demand reduction compliance target is not properly before the Commission in this proceeding. PPL Electric emphasizes that this proceeding is limited to determining whether PPL Electric’s proposed Phase IV EE&C Plan meets the requirements under Act 129 and the Commission’s *Phase IV Implementation Order.*[[34]](#footnote-35) PPL Electric notes that PPLICA addressed its concerns about the peak demand reduction target when it jointly filed Comments with other industrial customer groups on the *Phase IV Tentative Implementation Order*. After considering those and other stakeholders’ Comments, the Commission ultimately, reduced PPL Electric’s peak demand reduction compliance target.[[35]](#footnote-36) Therefore, PPL Electric asserts that the proper time for PPLICA to address its concern about PPL Electric’s peak demand reduction compliance target was in the Comments phase of the Commission’s *Phase IV Tentative Implementation Order* and that this proceeding should not be used to provide another opportunity for PPLICA to re-litigate the peak demand reduction compliance target that was established in the Commission’s *Phase IV Implementation Order*. PPL Electric opines that to do so would transform this individual Phase IV EE&C Plan proceeding into a re-litigation of the Commission’s *Phase IV Implementation Order*. PPL Electric M.B. at 8, 10.

PPL Electric avers that PPLICA did file Comments on the *Phase IV Tentative Implementation Order* with the other industrial groups who asked for clarification on the assumptions used to arrive at the proposed peak demand reduction targets. In those comments, PPLICA criticized a lack of detail supporting those targets and supported the complete removal of peak demand reduction targets for the Act 129 EDCs. PPL Electric M.B. at 10-11 (citing *Phase IV Implementation Order* at 6, 76). PPL Electric states that it disagreed with PPLICA’s position but supported the positions of other groups that requested a reduction of consumption and peak demand reduction targets due to the loss of residential lighting savings and anticipated depressed economic conditions.”[[36]](#footnote-37) PPL Electric states that it also explained at that time that more funding will have to be allocated to C&I to meet the peak demand reduction targets, resulting in less funding for residential and low-income customers. PPL Electric further explains that the Commission, in its *Phase IV Tentative Implementation Order*, then considered the concerns expressed in the Parties’ Comments and reduced PPL Electric’s peak demand reduction target from 244 MW to 229 MW. Thus, PPL Electric strongly objects to PPLICA’s recommendation at this phase of the proceeding after PPL Electric’s Phase IV implementation team already worked with its consultant, The Cadmus Group LLC, to design and develop an EE&C Plan in accordance with the designated peak demand reduction target, the electric consumption reduction target, and all other requirements in the Commission’s *Phase IV Implementation Order*. PPL Electric M.B. at 11 (citing PPL St. 1-R(Supp) at 4-5).

In response to PPLICA’s argument that the precise impact on Large C&I customers was not known at the time of the *Phase IV* *Implementation Order*, PPL Electric responds that no party could ever know the precise rate impact on a customer class until the actual EE&C Plan is designed and proposed. PPL Electric submits that PPLICA knew or should have known that the Commission’s programmatic changes for Phase IV would lead to a general increase in Large C&I customers’ costs under the Phase IV EE&C Plan. PPL St. 1-R (Supp) at 14. PPL Electric maintains that if PPLICA’s approach is adopted here, it would upend all the Commission’s work in establishing the peak demand reduction targets in the *Phase IV Implementation Order* and reverse the Commission’s established and sound processes for determining the overall savings targets and approving EDCs’ Act 129 EE&C Plans. PPL M.B. at 11, PPL St. 1-R (Supp) at 14.

PPL Electric further submits that PPLICA’s proposal conflicts with the Commission-established processes for challenging the amount of the peak demand reduction compliance target and modifying the *Phase IV Implementation Order*. In this regard, PPL Electric cites to Section 703(g) of the Code, 66 Pa. C.S. § 7-3(g), and Section 5.572 of the Commission’s Regulations, 52 Pa. Code §5.572, both of which set forth that parties can file petitions for reconsideration, amendment, or rescission of Commission orders. Despite these avenues to seek relief, PPL Electric submits that PPLICA never filed a petition for reconsideration, rescission, or amendment of the *Phase IV Implementation Order.* As such, PPL Electric argues that PPLICA cannot cure its failure to take advantage of these options by using the instant proceeding to challenge the Company’s peak demand reduction target because it would deny due process to all interested parties who did not intervene in this specific EE&C Plan proceeding and receive service of PPLICA’s testimony.[[37]](#footnote-38) PPLICA M.B. at 13.

In response to PPLICA’s contention that the Commission should adopt its proposal because the peak demand reduction target will cause Large C&I customers to experience a “massive rate increase” under ACR-4 and result in a “substantial realignment of costs between Phase III and Phase IV due to the Phase IV peak demand reduction target being higher than the Phase III target,[[38]](#footnote-39) PPL Electric first submits that PPLICA never actually proposed a specific quantified valued for a peak demand reduction compliance target. Rather, PPLICA simply argued that the Commission should “either reject or significantly reduce” that target[[39]](#footnote-40) without any study supporting its proposal. PPL Electric also notes that PPLICA never presented a potential study supporting its proposal to reduce the Company’s peak demand reduction compliance target and never even disputed the Commission’s finding that there is a cost-effective peak demand reduction potential in the Company’s service territory. PPL M.B. at 14(citing PPL St. 1-R (Supp) at 5). In contrast, PPL Electric states the Commission established the peak demand reduction compliance target based on the Statewide Evaluator’s Energy Efficiency and Peak Demand Reduction (EEPDR) Potential Study as well as the Comments filed in response to the *Phase IV Tentative Implementation Order*.[[40]](#footnote-41)

PPL Electric also contends that PPLICA’s witness, Mr. Jeffrey Pollock, never conducted any study or evaluation on how his proposal would affect the individual programs’ costs-effectiveness, the overall portfolio’s cost-effectiveness, the savings for all customer sectors and programs, or the costs for all sectors and programs. PPL St. 1-R (Supp) at 2-3, 15. Accordingly, because PPLICA only alleged in its testimony, but never provided any supporting evidence that the peak demand reduction compliance target was unjust or unreasonable, PPL Electric requests that PPLICA’s proposal be completely disregarded on this ground alone. PPL M.B. at 14.

PPL Electric also argues that it would be unreasonable to consider PPLICA’s proposal to modify the peak demand reduction compliance in this phase of the proceeding which is only a few months before Phase IV begins on June 1, 2021. PPL Electric contends that granting PPLICA’s proposal would not provide sufficient time for PPL Electric to rework its entire Phase IV EE&C Plan and potentially issue new request for proposals (RFPs) to the program implementation CSPs. PPL St. 1-R (Supp) at 14. PPL Electric notes that when the Commission established the expedited hearing process for challenges, it did so because issues regarding those fundamental requirements needed to be litigated before EDCs file their Phase IV EE& Plans.[[41]](#footnote-42)

Next, PPL Electric claims that PPLICA has exaggerated the projected incremental rate impact of the ACR-4 on Large C&I customers. PPL St. 1-R (Supp) at 14. PPL M.B. at 15. In his supplemental direct testimony, PPL Electric avers that PPLICA witness Pollock compared the projected ACR-4 Large C&I rate that will be effective the first program year of Phase IV against the ACR-3 Large C&I rate that has been effective in the final program year of Phase III. PPLICA St. 1 at 7. PPL M.B. at 16. However, PPL Electric alludes to the facts that the ACR rate fluctuates based on the actual costs incurred by the customer classes for the prior program year (trued up in the E-Factor) and the budgeted costs for the upcoming program year (included in the C‑Factor) and that the final ACR-3 rates were generally lower due to: (1) the Company being in the final program year of Phase III when programs are winding down; and (2) the adverse impact of COVID-19 on customers’ willingness and ability to implement EE&C measures. PPL M.B. at 16 (citing PPL St. 1-R (Supp) at 12, 13). PPL Electric suggests that a better measure of the projected rate would be to compare a three-year average of the ACR-3 Large C&I rate against the projected ACR-4 Large CI rate for the first program year of Phase IV. This would result in a Large C&I class’ three-year average ACR-3 rate of $0.778 per kW, which is much higher than the current ACR-3 rate of $0.505 per kW, which Mr. Pollock used in his calculation, and much closer to the ACR-4 rate for first program year of Phase IV of $1.021 per kW. PPL Electric further notes that if the final Phase III year’s ACR-3 rate were excluded from the calculation, the difference between the ACR-3 and ACR-4 Large C&I rates is even smaller.[[42]](#footnote-43) As such, PPL Electric asserts that the PPLCIA’s purported rate impact is not nearly as significant as it alleges. PPL M.B. at 16.

PPL Electric also claims that PPLICA’s witness Pollock did not use an “apples-to-apples” comparison of the Phase III and Phase IV demand reduction targets in his analysis because the Phase III target was “at the meter level,” while the Phase IV target was “at the system-level” meaning that it includes line losses, which naturally increases the peak demand reductions that are projected and measured. PPL M.B. at 16‑17; PPL St. 1-R (Supp) at 6. Furthermore, PPL Electric explains that the increase in the peak demand reduction target from Phase III to Phase IV reflects how the EDCs in Phase IV will now be required to rely on PJM Interconnection LLC (PJM)-accepted energy efficiency measures to produce peak demand reductions.[[43]](#footnote-44)

PPL Electric further notes that PPLICA witness Pollock overlooked the fact that the elimination of Residential lighting measures in the Phase IV EE&C Plan contributed to the shift in focus to obtaining additional peak demand reductions through energy efficiency measures implemented by the Small C&I and Large C&I sectors. In this regard, PPL Electric explains that its Residential lighting measures produced 56.83 MW of peak demand reductions in Phase III, which equates to approximately 25% of its Phase IV peak demand reduction target of 229 MW that now primarily will be focused on the Small C&I and Large C&I sectors. PPL M.B. at 17 (citing PPL St. 1-R (Supp) at 8.

Finally, with regard to PPLICA’s concerns about increasing ACR rates for the Large C&I sector during the COVID-19 pandemic, PPL Electric responds that the Commission should reject PPLICA’s argument because the Commission previously considered and rejected similar concerns argued by the Commenters in the *Phase IV Implementation Order* when it stated that “comments regarding potential future impacts of COVID-19 and incorporating a process into the Phase IV Implementation Order for adjusting reduction targets within Phase IV” are “speculative and premature.”[[44]](#footnote-45) PPL M.B. at 17-18. PPL Electric opines that it believes its Phase IV EE&C Plan can play a prominent role in the economy in that its broad portfolio of EE&C measures will help participating customers reduce their electric consumption and peak demand which, in turn, lowers their bills for electric service. PPL M.B. at 18 (citing PPL St. 1-R (Supp) at 16‑17.

For all the foregoing reasons, PPL Electric requests that we deny PPLICA’s proposal to reject, or significantly reduce by an unspecified amount, the peak demand reduction compliance target for PPL Electric.

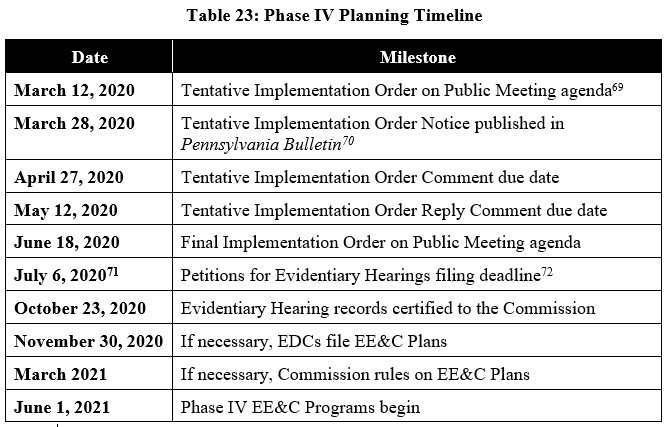
#### c. Disposition

Upon our review of the record in this proceeding on this issue, we are of the opinion that PPLICA’s proposal requesting we reduce PPL Electric’s Phase IV peak demand reduction compliance target for Large C&I customers by 50%, or as an alternative, adjust PPL Electric’s peak demand target by a lesser amount intended to create greater parity between Large C&I customers’ percentage of PPL Electric’s Phase IV demand reduction target and their percentage of PPL Electric’s total annual revenues, is without merit. For the reasons discussed below, we shall deny PPLICA’s request.

First, we agree with PPL Electric that PPLICA’s proposal is outside the scope of this proceeding. In our *Phase IV Implementation Order*, we stated the following regarding the establishment of a timeline for the filing of the EDCs’ Phase IV EE&C Plans:

The Act requires EDCs to file a new EE&C Plan with the Commission every five years or as otherwise required by the Commission. Such new plans must set forth the manner in which the EDC will meet the required reductions in consumption under subsections (c) and (d) of the Act. *See* 66 Pa. C.S. § 2806.1(b)(1)(ii). Therefore, we proposed that the EDCs file new EE&C Plans outlining how they will implement measures/programs necessary to attain the consumption and peak demand reduction targets proposed herein. Additionally, we proposed, for the approval of the EDCs’ Phase IV EE&C Plans, the same process that was utilized in Phases II and III. We judged that this process balances the needs of all stakeholders while recognizing the time constraints and resource allocation required in the litigation of the Plans. As no comments were received, the Commission adopts with this Order the EE&C plan approval process as proposed.

*Phase IV Implementation Order* at 88. As noted in Table 23 [Phase IV Planning Timeline], below, the Commission’s timeline for the implementation of Phase IV of the EE&C Program balances the needs of all parties to provide input, with the appropriate level of due process, as well as providing the EDCs adequate time to implement their EE&C Plans in a manner to meet the Phase IV consumption and peak demand reductions requirements.



*Phase IV Implementation Order* at 88-89.

In accordance with the *Phase IV Implementation Order*, this part of the Phase IV proceedings started on November 30, 2020, upon the filing of the Phase IV EE&C Plans by the EDCs. Furthermore, we limited the scope of this proceeding to determining whether PPL Electric’s Phase IV EE&C Plan “will meet the required reductions in consumption under subsections (c) and (d) of the Act. *See* 66 Pa. C.S. § 2806.1(b)(1)(ii),” and “how the Company will implement the measures/programs necessary to attain the consumption and peak demand reduction targets” proposed therein such that it is understood that the expedited hearing process for challenges to the overall compliance targets would need to be litigated before the EDC files its Phase IV EE&C Plan. See *Phase IV Implementation Order* at 47.

In consideration of the schedule, we established in the *Phase IV Implementation Order* and the limited scope of the proceeding, we agree with PPL Electric that permitting PPLICA’s approach to prevail essentially would: (1) reverse the Commission’s established and sound processes for determining the overall savings targets and approving EDCs’ Act 129 EE&C Plans. PPL St. 1-R (Supp), page 14; (2) place PPL Electric in an untenable position of having to redesign and resubmit its Phase IV EE&C Plan and to rebid its CSP Contracts all before June 1, 2021. PPL St. 1-R (Supp), page 14; and (3) deny due process to all interested parties who did not intervene in this specific EE&C Plan proceeding and receive service of PPLICA’s testimony. PPL M.B. at 13.

Furthermore, nothing in PPLICA’s proposal suggests that PPL Electric’s Phase IV EE&C Plan is inconsistent with Act 129, the Commission’s Regulations, or *Phase IV Implementation Orders*. PPLICA’s proposal merely requests, without offering any evidentiary support, that the Commission reduce PPL Electric’s peak demand reduction compliance target for Large C&I customers by 50% without having conducted or presented any study or evaluation of the proposal’s impact on the Phase IV EE&C Plan’s programs, cost-effectiveness, savings, or costs for all sectors and programs.[[45]](#footnote-46)

In addition, PPLICA completely fails to dispute a critical underpinning of the peak demand reduction compliance target established via the Statewide Evaluator’s EEPDR Potential Study. In this regard we note that this matter was raised by other Parties during the Comment period prior to the release of our *Phase IV Tentative Implementation Order*. As a result of the Comments we received, we directed the Statewide Evaluator in the *Phase IV Tentative Implementation Order* to evaluate PDR targets, which subsequently resulted in certain reductions:

In light of the objections raised by several parties regarding the PDR targets, our decision to establish a PDR compliance target from EE, and our rejection of requests to implement PDR carryover from Phase III to Phase IV, the Commission directed the SWE to carefully review all PDR assumptions and calculations in its EEPDR Potential Study. During this review, the SWE identified two areas where peak demand savings were neither explicitly excluded nor clearly specified in the 2021 TRM, commercial HVAC controls measures, and Home Energy Reports. Based on stakeholder comments and acknowledging that Phase IV will represent the first phase in which PDR targets have to be met exclusively with EE, the Commission directed the SWE to re-estimate the Phase IV PDR targets to reflect more conservative PDR requirements. More conservative assumptions regarding the peak MW savings attributable to these measures resulted in a lower demand savings of approximately 8% statewide. We note that the values shown in ***Figure 1*** are prior to this adjustment and the affected end-uses are Cooling and Total Electric. Peak demand savings from the Cooling end use are lower by approximately 50 MW statewide, and peak demand savings from the Total Electric end use are lower by approximately 20 MW.  ***Table 22*** presents the updated PDR targets for Phase IV of Act 129.  EDCs that fail to meet the PDR target will be subject to penalties under subsection 2806.1(f) of the Act, 66 Pa. C.S. § 2806.1(f).

*Phase IV Tentative Implementation Order* at 79-80. The *Phase IV Tentative Implementation Order* would have been the proper time for PPLICA to raise its concern in the form of a petition for reconsideration; however, no such petition was ever filed. Moreover, by not taking advantage of the Commission’s established processes for seeking reconsideration, amendment, or rescission of the *Phase IV Implementation Order*, PPLICA has denied due process to all interested parties who did not intervene in this specific EE&C Plan proceeding and receive service of PPLICA’s testimony. PPL M.B. at 13.

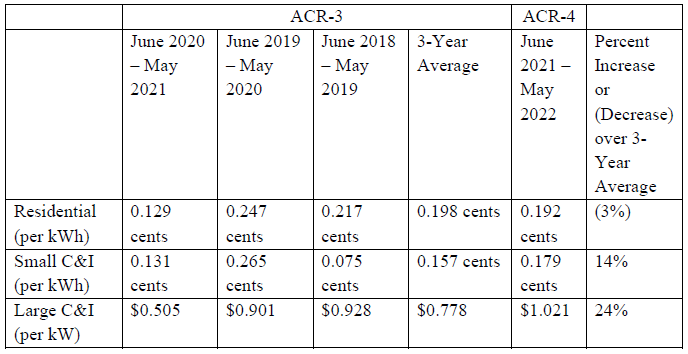
For the foregoing reasons, we conclude that at this phase of the proceeding, which addresses the compliance issues of PPL Electric’s proposed Phase IV EE&C Plan, is not the time or place for any Party to propose revisions to PPL Electric’s peak demand reduction compliance target. If PPLICA wanted to dispute the peak demand reduction target established in the *Phase IV Implementation Order*, it should have filed a petition for reconsideration, amendment, or rescission of the *Phase IV Implementation Order* or other orders in this proceeding. Nevertheless, we will consider some of PPLICA’s concerns as they may be relevant to future EE&C Plan proceedings.

PPLICA argues that it has filed its proposal at this time because it was not aware of the precise rate impact that the *Phase IV Implementation Order* would have on Large C&I customers at the time the *Phase IV Implementation Order* was entered (PPLICA St. 1 at 7). As noted, PPL Electric explained that no Party could ever know the precise rate impact on a customer class until the actual EE&C Plan is designed and proposed. PPL St. 1-R (Supp) at 13-14. Nevertheless, the Parties were aware, based on the *Phase IV Tentative Implementation Order*, that the Commission’s Phase IV changes would lead to a general increase in Large C&I customers’ costs under the Phase IV EE&C Plan and that would have been the proper time and opportunity for PPLICA to raise its concern.

Regarding PPLICA’s concern about the increase in ACR-4 rates for Large C&I customers, our review of the record shows that the percent ACR-4 rate increases for Large C&I customers as claimed by Mr. Pollock are not as extreme as he represents them to be. According to PPL Electric’s witness Dirk Chiles, Mr. Pollock calculated the percentage increase of ACR-4 compared to ACR-3 rates using the ACR-3 rates in effect for Large C&I customers in the final year of Phase III’s five-year plan. Mr. Chiles notes that the final ACR-3 rates are generally lower for various reasons, and that the percent increase of ACR-4 rates over ACR-3 rates are more meaningful if an average of the ACR-3 rates over the 5-year Phase III program were used. In that case, the ACR-4 rate for Large C&I customers would only be a 24% increase over ACR-3 rates compared to Mr. Pollock’s 102% increase. Small C&I customers would receive 14% increase compared to Mr. Pollock’s 37% increase and Residential customers would receive a 3% decrease compared to Mr. Pollock’s 49% increase. Mr. Chiles addressed this in his testimony as follows:

Mr. Pollock exaggerates the projected incremental rate impact of the ACR-4 on Large C&I customers. The ACR rate fluctuates based on the actual costs incurred by the customer classes for the prior program year (trued up in the E-Factor) and the budgeted costs for the upcoming program year (included in the C-Factor). In his supplemental direct testimony, Mr. Pollock compares the projected ACR-4 Large C&I rate against the ACR-3 Large C&I rate that has been effective in the final program year of Phase III. Based on that comparison, he claims that the ACR-4 rates will be a 102% increase for Large C&I, a 37% increase for Small C&I, and a 49% increase for Residential.

However, the final ACR-3 rates are generally lower due to: (1) the Company being in the final program year of Phase III when programs are winding down; and (2) the adverse impact of COVID-19 on customers’ willingness and ability to implement EE&C measures. A better measure of the projected rate increase would be to compare a three-year average of the ACR-3 Large C&I rate against the projected ACR-4 Large C&I rate. As seen below, the purported rate impacts are not nearly as significant as Mr. Pollock portrays them:



PPL St. 1-R (Supp) at 12-13.

Additionally, to expand on PPL Electric’s projected ACR-3 to ACR-4 comparison, the fifth year of Phase III is not representative of the average for that Phase due to COVID-19 and the winding-down of Phase III programs. We note that if we exclude the anomalous data associated with the fifth year, the result is a reduction in the Phase IV rate increase that is much more in line with PPLICA’s proposed request.

Finally, as noted, PPLICA argued that the ACR-4 rate increase would be “questionable policy and problematic” during COVID-19. PPLICA St. 1 at 8-9; PPLICA M.B. at 10, 12-13. Inasmuch as we already considered and rejected concerns about the impact of the COVID-19 pandemic in our *Phase IV Implementation Order*,[[46]](#footnote-47) we decline to discuss this matter any further.

Thus, we conclude that the ACR-4 rate increases proposed in PPL Electric’s Phase IV EE&C Plan for Large C&I customers, as well as for the Small C&I and Residential customers are not excessive and appear to be just and reasonable. Accordingly, for all the above reasons, we conclude that PPLICA failed to meet its burden of proof in demonstrating that the rate impacts of the proposed Phase IV Plan are unreasonable and in conflict with the Commission’s adherence to principles of gradualism. Accordingly, PPLICA’s proposal is denied.

## C. Review of PPL Electric’s Proposed Phase IV EE&C Plan in Conjunction with Partial Settlement

Before addressing the merits of the proposed Phase IV Plan in conjunction with the Partial Settlement, we first note that in the Partial Settlement, PPL Electric agrees to adopt or investigate and study several improvements proposed by the Parties to the Settlement. All Parties to this proceeding either agreed to the Partial Settlement or did not oppose it. Since we will review the Company’s Plan in conjunction with the terms of the Partial Settlement, it appears there are no remaining contested issues related to the improvements proposed by PPL Electric. Accordingly, we will not specifically discuss the Comments filed by the various entities on January 22, 2021 in this Opinion and Order because, although they were not parties to the Partial Settlement, none of them have opposed it.

Accordingly, we will now address PPL Electric’s Proposed Phase IV EE&C Plan in conjunction with the Partial Settlement to determine whether the Partial Settlement is in the public interest and whether the Phase IV Plan, either on its own, or as supplemented by the Partial Settlement, complies with the Act 129, the *Phase IV Implementation Order* and related Phase IV Orders.

### 1. Phase IV Conservation and Demand Reduction Requirements

#### a. Overall Conservation Requirements

The *Phase IV Implementation Order* established a Phase IV energy consumption reduction target of 1,250,157 MWh for PPL Electric, which was based on a 3.3% reduction in the Company’s expected load as forecasted by the Commission for the period June 1, 2009 through May 31, 2010. *Phase IV Implementation Order* at 8 (Table 2: Final Phase IV Targets, by EDC). Consumption reductions are measured using a savings approach which we also required for Phases II, III and IV. *Id.* at 49. Each EDC was directed to develop a plan that was designed to achieve at least 15% of the target amount in each program year.[[47]](#footnote-48) *Id.* at 22.

In the *Phase IV Implementation Order*, we expressed concern that the carryover of all excess savings from phase to phase of the EE&C Program will lead to a scenario in whichEDCs meet most, if not all, of its reduction target simply with carryover savings. As a result, we concluded that EDCs shall be permitted to carry-over only excess savings obtained in Phase III toward Phase IV targets. *Phase IV Implementation Order* at 45-46. We emphasized that any excess savings carried over from Phase III should not include any amounts that were carried over from Phase II to Phase III. *Id.* at 44.

PPL Electric designed its Phase IV EE&C Plan to achieve a 3.3% reduction in overall energy consumption resulting in a total energy savings of 1,250,157 MWh by May 31, 2026. Phase IV Plan at 2. In addition, PPL Electric noted that it designed its Plan to exceed its Phase IV energy consumption demand reduction target by approximately 39% to provide a reasonable margin for risks and uncertainties, such as evaluation results that will not be available until significantly after the conclusion of each program year. Petition at 16, ¶ 40; Phase IV EE&C Plan (Sections 1.1.1, 1.2.1, 9.1.2).

PPL Electric indicates that it “has designed its EE&C Plan to exceed all of the compliance targets, within the expenditure cap, to account for risks and uncertainties, such as evaluation results that differ from expectations.” PPL St. 1 at 9. As such, the estimated overall consumption reduction is 1,540,687 MWh, which exceeds the 1,250,157 MWh overall compliance target by approximately 23% (or by approximately 39% with 200,000 MWh of carryover savings from Phase III); the estimated consumption reduction from low-income customers is 74,793 MWh, which exceeds the 72,509 MWh Low-Income compliance target by approximately 3%; and the estimated overall peak demand reduction of 248 MW exceeds the 229 MW peak demand reduction compliance target by approximately 8%.” Petition at 16, ¶ 40; Phase IV EE&C Plan (Sections 1.1.1, 1.2.1, 9.1.2); PPL St. 1 at 10.

Also, in accordance with the *Phase IV Implementation Order*, PPL Electric’s Plan provides that its programs have been designed to achieve at least 15% of the total consumption reduction target in each program year, and that it has directed its CSPs to develop implementation strategies that also reflect this objective. Phase IV EE&C Plan (Section 1.5) at 16. PPL avers that its Plan includes many components and measures that will continue from Phase III and based on the significant experience with these measures and programs, it believes it can control the programs’ pace as it has in previous phases. *Id.* In addition, PPL Electric will manage participation as necessary based on its monitoring of actual performance and adjusting marketing, advertising, incentive levels, and eligible measures, to achieve at least 15% of its portfolio target annually. *Id.*

A summary of the reductions in consumption and peak demand (discussed below) for each Program and the various components of each Program is included in Table 1, below.

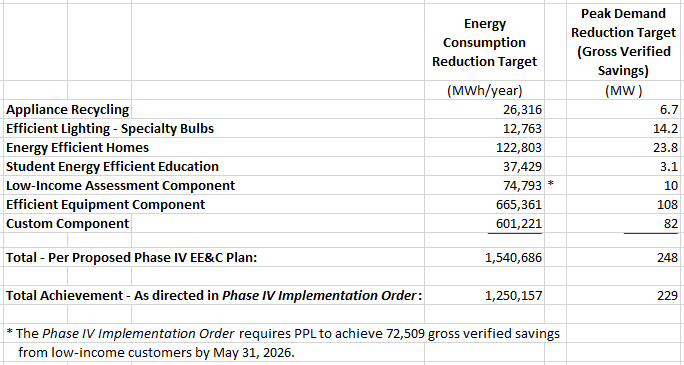


Table 1: Summary of Target Reductions in Consumption and Peak Demand Directed in Phase IV Implementation Order and as Proposed in PPL Electric’s Phase IV EE&C Plan.

Upon review of PPL Electric’s Phase IV Plan, we find that its projected total energy savings will exceed the prescribed Phase IV energy consumption reduction targets set forth in our *Phase IV Implementation Order.* We also find that the Plan complies with our directive that any carryover savings be limited only to those carryover savings that only accrued during Phase IV. Moreover, we find that the Plan is designed to achieve at least 15% of the total energy savings amount in each Phase IV program year.

#### b. Overall Peak Demand Reduction Requirements

Act 129 required the Commission, by November 30, 2013, to compare the total costs of the EDCs’ EE&C Plans to the total savings in energy and capacity costs to retail customers or other costs as determined by the Commission. If the Commission determined that the benefits of the plans exceeded the costs, the Act required the Commission to set additional incremental requirements for reduction in peak demand for the 100 hours of greatest demand, or an alternative reduction approach approved by the Commission. Any such reductions in peak demand must be measured from the EDC’s peak demand for the period from June 1, 2011 through May 31, 2012. *See* 66 Pa. C.S. § 2806.1(d)(2); *Phase IV Implementation Order* at 50.

Phase I of the EE&C Program included peak demand reduction (DR) requirements. 66 Pa. C.S. § 2806.1(d). However, at that time, we did not believe we had the information necessary to definitively determine that a peak DR program would be cost-effective as part of Phase II. Consequently, Phase II did not include DR requirements. *Phase II Implementation Order* at 32-33. For Phase III, we concluded sufficient information existed to determine that peak DR requirements would be cost-effective in the service territories of six of the seven EDCs (all EDCs except Penelec). *Phase III Tentative Implementation Order* at 36; *Phase III Implementation Order* at 34‑35.

In Phase IV, we set the peak DR target for PPL Electric at 229 MW, which is a 3.5% reduction in peak demand. *Phase IV Implementation Order* at 8, 80. To determine peak demand reductions, we required that they be measured using the demonstrated savings approach. *Id.* at 82. In addition, we directed each EDC to develop a plan that was designed to achieve at least 15% of the target amount in each program year. *Id.* at 81.

Upon our review of the Phase IV Plan, we find that the projected annual peak demand reduction in the Company’s Plan will exceed the Commission-prescribed Phase IV target of 229 MW set forth in our *Phase IV* *Implementation Order. See* Table 1, above. Specifically, we find that PPL Electric’s Phase IV Plan has been designed to achieve a compliance target of cumulative peak demand reduction of 248 MW of gross verified savings exclusively through deployment of energy efficiency measures offering coincident peak reduction benefits. Petition at 1, 6, 7; Phase IV Plan at 2, 14, 24. The estimated overall peak demand reduction of 248 MW exceeds the 229 MW peak demand reduction compliance target by approximately 8%. Phase IV Plan at 151; PPL St. 1 at 10. In addition, to comply with the requirement that each EDC develop a plan designed to achieve at least 15% of the target amount in each program year, PPL Electric has designed its EE&C Plan to achieve 22% of the total consumption reduction target in Program Year 13 (2021), 23% in Program Year 14 (2022), 22% in Program Year 15 (2023), 21% in Program Year 16 (2024), and 20% in Program Year 17 (2025) by leveling projected program performance and pace. PPL Electric will also specify these objectives in the contracts for all program implementation CSPs. Phase IV Plan at 2, 10, 13, 16; PPL St. 1 at 10.

#### c. Requirements for a Variety of Programs Equitably Distributed

The Act requires that we establish standards to ensure that each EDC’s EE&C Plan includes a variety of measures and that each plan will provide the measures equitably to all customer classes. 66 Pa. C.S. § 2806.1(a)(5).[[48]](#footnote-49)

In our *Phase IV Implementation Order*, we did not require a proportionate distribution of measures among customer classes. Instead, we required that the EDCs offer each customer class at least one program. *Phase IV Implementation Order* at 91‑93. Additionally, we required that Phase IV EE&C Plans include at least one comprehensive program for residential customers and at least one comprehensive program for non-residential customers. *Id.* at 23-24.

In compliance with the directive that all Phase IV EE&C Plans meet the requirements that each customer class be offered at least one program, and that at least one comprehensive program be offered to residential customers and at least one comprehensive program be offered to non-residential customers, the Company will offer three separate programs and nine program components. These programs and their components include the following:

(1) Residential Program and its four components:[[49]](#footnote-50)

Appliance Recycling Component

Efficient Lighting – Specialty Bulbs Component

Energy Efficient Homes Component

Student Energy Efficient Education Component

(2) Low-Income Program and its component:[[50]](#footnote-51)

Low-Income Assessment Component

(3) Non-Residential Program and its four components:[[51]](#footnote-52)

Efficient Equipment Component for Small C&I

Efficient Equipment Component for Large C&I

Custom Component for Small C&I

Custom Component for Large C&I

PPL St. 1 at 7-9; Petition at 11; Phase IV EE&C Plan (Sections 3.2 to 3.4) at 30-124.

Each program and associated components that will be offered under Phase IV are included in Sections 3.2 (Residential Program), Section 3.3 (Low Income Program), and Section 3.4 (Non-Residential Program) of PPL Electric’s Phase IV Plan. These sections provide detailed information on each program/component including the following: descriptions; objectives; target markets; implementation strategies; issues, risks, and risk management strategies; anticipated costs to participating customers; ramp-up strategies; marketing strategies; and eligible measures and incentive strategies.

We note that the Partial Settlement also addresses matters involving PPL Electric’s Residential Program. Although no Party disputed that the Company’s Phase IV EE&C Plan would achieve the overall electric consumption reduction compliance target,[[52]](#footnote-53) the OCA and NRDC expressed some concerns about PPL Electric’s Residential Program.

The OCA expressed concern that there was “limited leeway for underperformance” with regard to the Total Resource Cost (TRC) Test benefit-cost ratio (BCR) because the level of discounted net lifetime benefits from the program were low due to the maturity of the Residential Program. OCA St. 1 at 9. The OCA requested that PPL Electric continue to innovate its Residential Portfolio through Phase IV to address its over TRC BCR. OCA St. 1 at 4, 9-10, 18. In addition, the OCA questioned how the Company could achieve the projected savings for the Energy Efficient Home Component “without significant programmatic changes to its marketing, which is not included in the Plan.” OCA St. 1 at 11-12.

PPL Electric disagreed with the OCA’s concerns about the Residential Program’s TRC BCR because the Phase IV EE&C Plan sets attainable goals that lead, in aggregate, to the Company achieving its overall savings targets. PPL Electric indicated that achieving those goals depends on the actual experience during Phase IV and that PPL Electric will continually monitor the progress of the programs and measures and make any necessary mid-phase adjustments to achieve the required savings targets. PPL St. 1‑R at 5-6. The OCA conceded that the Company is in the best position to evaluate and provide the level of evaluation of energy efficiency conservation offerings. With regard to the OCA’s recommendation that the Company continue to innovate its Residential Portfolio, PPL Electric agreed with the OCA and noted that the Company has been doing this during prior EE&C Plans and would continue to do so throughout Phase IV. PPL St. 1-R at 6-7. PPL Electric stated that the Company’s marketing plan would be designed to support the expansion of the Energy Efficient Homes component. PPL St. 1‑R at 7-8. In addition, PPL Electric explained that the Company is “introducing the mid-stream HVAC delivery channel based on the success of the mid-stream lighting delivery channel in Phase III.” PPL St. 1-R at 7.

NRDC had two concerns with the Residential Program. First, NRDC was critical of the Company’s summary of projected savings and costs for the Energy Efficient Homes Component “because the data for typical home retrofit measures such as insulation and appliance and equipment rebates are combined together.” NRDC St. 1 at 25-26. NRDC recommended that PPL Electric: (1) provide both costs and energy savings estimates separately under the Energy Efficient Homes component for (a) new homes, (b) audit and weatherization, and (c) energy efficient equipment; and (2) provide program achievements in the Company’s annual program reports separately for each of those three categories. NRDC St. 1 at 27. The second issue raised pertained to electric-to-gas fuel switching measures being “misaligned with Pennsylvania’s long-term climate goals” and resulting “in higher costs to ratepayers.” NRDC St. 1 at 27-31. To alleviate this concern, NRDC suggested that PPL Electric eliminate such measures from the Phase IV EE&C Plan and focus instead on incentives for high-efficiency heat pump water heaters and heat pumps. NRDC St. 1 at 31-32. NRDC also recommended that PPL Electric commit to implementing the Comprehensive Retrofit Bonus Incentive under the Residential Program. NRDC St. 1 at 22.

In response to NRDC’s issues and recommendations, PPL Electric explained that the “projected costs and savings for each of these measures are not broken out separately under the Energy Efficient Homes component because the measures are a subset of measures included in that component, but that projected incentive costs, energy savings, and demand reductions could be broken down for these sub-components.” PPL St. 1-R at 10. Regarding the NRDC’s witnesses’ suggestion that the electric-to-gas fuel switching measures are “misaligned with Pennsylvania’s long-term climate goals,” PPL Electric stated that PPL Electric supports efforts to reduce greenhouse gas emissions; however, the Company had to “develop a balanced Plan to meet the targets set forth by the Commission.” PPL St. 1-R at 11-12. PPL Electric noted that electric-to-gas fuel switching measures were included in the 2021 Technical Reference Manual (TRM) and recommendations that such measures be eliminated from the TRM were expressly rejected in the *Phase IV Implementation Order.* PPL St. 1-R at 12. Accordingly, PPL Electric maintained that such measures were compliant with the *Phase IV Implementation Order* and appropriate to include in the Phase IV EE&C Plan. PPL St. 1-R at 12. PPL Electric also clarified that it will offer the Comprehensive Retrofit Bonus Incentive and make it clearer in the Revised Phase IV EE&C Plan. PPL St. 1-R at 11.

The Partial Settlement resolves the concerns of the OCA and NRDC regarding the Residential Program. Under the Partial Settlement, PPL Electric agrees to develop and implement a detailed marketing plan to foster increased Residential Program participation across all residential components, including the Energy Efficient Homes Component, designed to achieve the 122,803 MWh per year of projected savings targeted in the Energy Efficient Homes Component. Partial Settlement ¶ 27. PPL Electric will: (1) provide copies of the marketing plan to the other Joint Petitioners no later than January 2, 2022; and (2) begin offering the Comprehensive Retrofit Bonus Incentives within the Energy Efficient Homes Component by no later than January 1, 2022. Partial Settlement ¶¶ 27, 30. Under the Energy Efficient Homes Component, the Company further agrees to cap the number of residential customers for “Fuel Switching – Central Heating” measures and “Fuel Switching – DHW” at seventy-five customers each, and to provide, in its annual reports, the Energy Efficient Homes Component’s actual incentive costs, electric savings, and demand reductions broken down by (a) new homes; (b) audit and weatherization and (c) energy efficient equipment. Partial Settlement ¶¶ 28, 29.

We are of the opinion that these provisions of the Partial Settlement are a reasonable compromise of the Parties’ positions on the proposed Residential Program and thus, conclude that the resolution is in the public interest. In addition, we find that the Company has complied with our directives in the *Phase IV Implementation Order* that each customer class be offered at least one program, and that at least one comprehensive program be offered to residential customers, and at least one comprehensive program be offered to non-residential customers. Accordingly, we also find that PPL Electric’s Phase IV EE&C Plan, as modified by the Partial Settlement, meets the requirements of Act 129, 66 Pa. C.S. § 2806.1(a)(5)which require that EE&C Plans include a variety of EE&C measures that are provided equitably to all classes of customers.

#### d. Government/Educational/Non-Profit Requirement

Act 129 required that Phase I EE&C Plans obtain a minimum of 10% of all consumption and peak demand reduction requirements from units of the federal, state and local governments, including municipalities, non-profit entities and institutions, including school districts and institutions of higher education (GNI carve-out). 66 Pa. C.S. § 2806.1(b)(1)(i)(B). No such stipulation was required for subsequent phases of implementation. We prescribed a similar requirement for the Phase II EE&C Program.[[53]](#footnote-54) In Phase III, we required each EDC to obtain at least 3.5% of all consumption reduction requirements from GNI entities.[[54]](#footnote-55)

For Phase IV, we did not require a specific carve-out for the GNI sector because the results of the Statewide Evaluator’s EEPDR Potential Study indicated that the GNI sector for Phase IV is expected to produce a significant share in Phase IV consumption reductions at a comparable acquisition cost to the broader small and large C&I customer classes without a specific compliance target. We determined that, unlike the low-income sector, which would likely be underserved without a carve-out, the GNI sector can adequately be served by measures offered to other non-residential customers. *Phase IV Implementation Order* at 39-40. We further determined that the EDCs and their stakeholders would be in the best position to determine the appropriate programs in each territory; however, we required that the EDCs report the savings achieved for the GNI sector in Phase IV and to highlight how the GNI sector will be served in their EE&C plans. *Phase IV Implementation Order* at 43.

Inasmuch as the Commission did not require the EDCs to carve out a separate sector for GNI, PPL Electric states that there are no GNI targets included in its Phase IV Plan and that it will continue to serve the GNI sector through the Non-Residential Program. Phase IV EE&C Plan, Table 2 (n.1 at 2), 13, 69; PPL St. 1 at 11.

The Partial Settlement addresses the issue on how PPL Electric will comply with the requirement in the *Phase IV Implementation Order* that the Company report savings attained from GNI customers (Reporting Requirement) to the Commission. SEF claimed that there is a lack of detail to ensure that savings attained by GNI customers are accurately tracked. As such, SEF recommended that PPL Electric: (1) provide a detailed proposal as to how it will ensure that savings attained by GNI customers are separately tracked; and (2) separately track savings attained from small GNI customers and large GNI customers. SEF St. 1 at 9-10. PPL Electric stated that it would continue to track GNI customer savings the same way as they were tracked in Phase III, and for this reason it is not necessary for it to prepare a detailed proposal to track GNI savings because it is already doing it and will continue to do it. PPL St. 1-R at 31. Accordingly, SEF and PPL Electric agreed that the Company’s commitment to track and report GNI customers’ savings be memorialized in the Partial Settlement.

In accordance with the terms of the Partial Settlement, PPL Electric will revise its Plan to specify how it will comply with the Commission’s requirement that it report savings attained from GNI customers. This Reporting Requirement shall include reporting two separate and distinct energy savings numbers: (1) savings that are achieved from GNI customers that PPL Electric classifies as Small C&I customers under its Plan; and (2) savings that are achieved from GNI customers that PPL Electric classifies as Large C&I customers under its Plan. Partial Settlement ¶ 43.

We are of the opinion that since we are not requiring a specific GNI carve-out and target in Phase IV plans, memorializing PPL Electric’s commitment to track and report GNI customers’ savings in the EE&C Plan will enhance the Plan and adequately resolve the concerns about whether GNI savings will be accurately tracked. Furthermore, this aspect of the Partial Settlement will assist PPL Electric’s stakeholders in analyzing the Company’s progress in achieving savings from GNI customers.

We also find that PPL Electric’s Plan satisfies our requirement set forth in the *Phase IV Implementation Order* that the EE&C plans designate how the GNI sector will be served. Thus, we find that the Company’s Phase IV Plan, in conjunction with provision of the Partial Settlement, is reasonable and in the public interest.

#### e. Low-income Program Requirements

For Phase IV, as in all prior phases, we are requiring that each EE&C Plan include specific energy efficiency measures for households at or below 150% of the Federal Poverty Income Guidelines (FPIG) in proportion to that sector’s share of the total energy usage in the EDC’s service territory consistent with Act 129. *See* 66 Pa. C.S. § 2806.1(b)(1)(i)(G).[[55]](#footnote-56) In addition, we are requiring that each EDC obtain a minimum of 5.8%[[56]](#footnote-57) of its total consumption target from the low-income sector. Savings counted toward this target could only come from specific programs solely directed at low‑income customers or low‑income-verified participants in multifamily housing programs. Savings from non‑low-income programs, such as general residential programs, cannot be counted toward these targets.[[57]](#footnote-58) We are also permitting EDCs to carryover low-income carve-out savings only if they have carryover savings for the entire portfolio of programs in Phase III and if they have low-income carve-out savings attained in Phase III in excess of their Phase III carve-out targets for application towards Phase IV targets. *Phase IV Implementation Order* at 27-28.

PPL Electric’s Phase IV Plan identifies 16 of 128 measures (or 12.50% of total measures) that specifically target low-income customers. *See* Table 61, Plan at 152. This percentage exceeds PPL’s Electric estimate of total energy usage attributable to low-income customers in PPL Electric’s service territory, which is 9.95%. *Phase IV* *Implementation Order* at 35.

PPL Electric’s 5.8% minimum consumption reduction target from its low-income sector is 72,509 MWh. *Phase IV* *Implementation Order* at 35. PPL Electric designed its Phase IV Plan to produce total energy savings from low-income customers of 74,793 MWh, which exceeds our minimum total consumption reduction target by approximately 3%, by the end of the last Program Year 2026 (May 31, 2026). *See* EE&C Plan, Table 4, page 13; EE&C Plan at 152. PPL Electric’s Plan also provides that all low-income measures will be available at no cost to low-income customers. EE&C Plan at 151-152.

We also note that various concerns related to PPL Electric’s Low-Income Program’s coordination with other programs, program measures and tracking were addressed by CAUSE-PA, the OCA, and CEO in the Partial Settlement. In addition, CAUSE-PA raised a series of issues regarding PPL Electric’s Low-Income Program as it pertains to consumers who live in multifamily housing. The Parties’ concerns along with the resolutions reached with PPL Electric in the Partial Settlement are addressed below.

##### i. Program Coordination, Measures and Tracking

CAUSE-PA expressed several concerns with PPL Electric’s Plan regarding the proposed Low-Income Program. First, CAUSE-PA was concerned that PPL Electric did not focus on comprehensive measures in the Low-Income Program.[[58]](#footnote-59) CAUSE-PA recommended that PPL Electric revise its Plan to increase the availability of measures related to the availability of water heating measures; HVAC maintenance, repair, or replacement; inefficient appliance replacement; and comprehensive building shell measures such as insulation and air sealing. CAUSE-PA St. 1 at 22.

Second, CAUSE-PA was concerned that the Low-Income Program relies too heavily on low-cost and low-savings measures that will not produce meaningful, long-term bill savings for program participants. CAUSE-PA St. 1 at 11.

Third, with regard to the coordination of PPL Electric’s Low-Income Program with its LIURP and other federal programs, CAUSE-PA suggested: (1) that PPL Electric should be required to provide additional clarity for how it intends to coordinate services through its Act 129 Low Income Assessment Program with other low-income programs operated by PPL Electric or within PPL Electric’s service territory;[[59]](#footnote-60) (2) that if PPL Electric splits services across LIURP and Act 129 programs as proposed, PPL Electric should be required to explain how it intends to track jobs to ensure that it is not overreporting its job rates or the per-job savings achieved through its LIURP;.[[60]](#footnote-61) and (3) that PPL Electric should “keep a list of available assistance programs in each county that it can provide to households served through the program” and that the Company should work with its CBOs and other members of its Universal Service Advisory Committee to help create these resource lists for use by its Low Income CSP. CAUSE-PA St. 1 at 34.

The OCA recommended that the Company develop a methodology to allocate and track the savings captured under the Low-Income Program when it leverages funding from LIURP to avoid double counting. OCA St. 1 at 4, 16, 18.

CEO proposed that: (1) income eligible customers should be referred to the CBOs that perform the Company’s LIURP work for the installations of Act 129 measures; and (2) such work be accomplished using existing non-CSP contracts. CEO St. 1 at 5-6.

In response to the Parties’ issues and recommendations regarding the Low-Income Program, PPL Electric explained that there are several comprehensive measures included in the proposed Phase IV EE&C Plan, such as Heat Pump Water Heater replacement, removal and replacement of refrigerators and freezers, installation of smart thermostats and ductless mini-split heat pumps, and heat pump maintenance to existing units. PPL St. 1-R at 15-16. However, PPL Electric noted that the Company is required to design its Low-Income Program to meet the *Phase IV Implementation Order’s* target of achieving 5.8% of total plan savings from the Low-Income sector while staying under total Plan budget requirements. *Id.* PPL Electric explained that this requires the Company to deliver the Low-Income Program with a low acquisition cost and the Company cannot simply commit to include additional comprehensive measures without analyzing the impact of such additions on the Phase IV EE&C Plan as a whole. *Id.* Furthermore, PPL Electric contended that given that a majority of the comprehensive measures in the Low-Income Program are already not cost effective, expending more resources on measures that are not cost-effective negatively impacts the Residential and Non-Residential Programs. PPL St. 1-R at 16.

PPL Electric also disagreed with CAUSE-PA’s characterization of the Low-Income Program as relying heavily on low-cost and low-savings measures that will not produce meaningful, long-term billing savings for customers. In this regard, PPL Electric noted that 76% of the Company’s planned EE&C measures have an “estimated useful life of 10 to 15 years and that the lighting measures that CAUSE-PA criticized have an expected measure life of 15 years and will produce “meaningful, long term bill savings.” PPL St. 1-R at 17.

Regarding coordination of the Company’s Low-Income Program with other programs, PPL Electric explained that it expects its coordination of the Low-Income Program and LIURP in Phase IV will be similar to Phase III. PPL St. 1-R at 19-21. PPL Electric also clarified that, contrary to CAUSE-PA’s belief, the Company will coordinate its Low-Income Program with other programs besides the Company’s LIURP, such as OnTrack, Low-Income Home Energy Assistance Program (“LIHEAP”), Weatherization Assistance Program (“WAP”), and United Way 211 and will coordinate multi-family common space measures with the Non-Residential Program. PPL St. 1-R at 19-20. PPL Electric explained that it does not maintain a Company developed list of available assistance programs in each county because the Low-Income CSP relies on the United Way 211’s referral system for available assistance programs and encourages customers who participate in the Low-Income Program to use the 211 system. PPL St. 1-R (Supp) at 21. However, PPL Electric stated it was willing to develop its own lists by county for use by the Low-Income CSP, as suggested by CAUSE-PA. PPL St. 1-R (Supp) at 21.

In response to OCA’s concerns about cross-funding of measures under LIURP and the Low-Income Program, PPL Electric clarified that the Company does not plan on cross funding individual measures and thus, the OCA’s recommendations were moot. PPL St. 1-R at 21, 24.

In response to CEO’s proposal about the LIURP CBOs performing work under the Low-Income Program, PPL Electric explained that “[t]he Company moved toward a single Low-Income Program CSP in Phase III to reduce administrative costs and increase efficiencies.” Thus, PPL Electric stated that CEO’s recommendation would have the opposite effect by increasing administrative costs and reducing efficiencies under the Phase IV EE&C Plan. PPL St. 1-R at 24. Further, unless the CBOs are working as subcontractors under the Low-Income CSP, their contracts with the Company to perform work under the Phase IV EE&C Plan would have to be Commission-approved CSP Contracts. PPL St. 1-R, at 24. Accordingly, PPL Electric submitted that CEO’s proposal to use the existing non-CSP Contracts for this type of work is not permissible. PPL St. 1-R at 24.

In the Partial Settlement, PPL Electric agreed to modify its Low-Income Assessment component of the Low-Income Program so that up to $2.0 million is dedicated to: (1) space heating; (2) building shell measures; (3) water heater maintenance, repair, or replacement; and (4) appliance replacement/recycling. The Partial Settlement indicates that PPL Electric’s Low-Income CSP will make reasonable efforts to coordinate with the natural gas distribution companies (NGDCs) in its service territory to identify and evaluate opportunities for coordination of low-income EE&C programs that are funded by residential customers. PPL Electric will present information on these efforts at its annual EE&C stakeholder meetings and solicit feedback and recommendations from stakeholders. Partial Settlement at ¶¶ 33-35.

Additionally, the Partial Settlement indicates that PPL Electric will continue to coordinate its Low-Income program with its LIURP. Under its current Universal Service and Energy Conservation Plan (USECP), [[61]](#footnote-62) PPL Electric intends to continue to carry-over and add unspent LIURP funds from the previous year to the subsequent year. Further, PPL Electric agrees to allocate the actual costs and savings for measures that are jointly funded by its LIURP and Low-Income Program based upon the percentage of total costs paid by each funding source. PPL Electric’s Low-Income CSP will consider, when selecting potential subcontractors, the efficiencies that can be gained by subcontracting work under the Low-Income Assessment component to CBOs who provide services under the Company’s LIURP. Partial Settlement at ¶¶ 36-37.

In part of the Partial Settlement terms, PPL Electric agreed to modify its Plan to include a low-income health and safety pilot program to remediate health and safety hazards that prevent low-income customers from receiving comprehensive energy efficiency measures. The pilot will be funded at no less than $400,000 and no more than $750,000 over the five-year Phase IV and the costs for the pilot will be recovered from residential customers. Prioritization will be given to high usage customers. Through the pilot, PPL Electric will assess the extent to which addressing health and safety barriers will allow it to increase energy and bill savings and decrease other universal service program costs. PPL Electric will track which EE&C measures could be installed due to the remediation of health and safety issues in the participating customers’ homes. Partial Settlement at ¶ 42.

We strongly support PPL Electric’s efforts to remediate health and safety barriers that would otherwise prevent the installation of comprehensive energy efficiency measures in low-income homes. The number of households disqualified for weatherization services due to health and safety issues could be as high as 30-40% statewide. Many times, these homes have some of the highest usage but are ineligible for weatherization.

We find that the Low-Income Program provisions in the Partial Settlement are consistent with the public interest. As OCA expresses, the Partial Settlement term ensures that PPL Electric will avoid double counting energy savings when a measure is funded by both LIURP and its Low-Income Program. OCA Statement in Support at 6-7. We agree with CAUSE-PA that PPL Electric’s originally proposed Low-Income Program derived too much of their low-income savings targets through low-cost and low-impact measures that do not produce significant lasting bill savings for low-income consumers. CAUSE-PA contends the overall Partial Settlement addresses this concern by requiring PPL Electric to measurably increase its inclusion of comprehensive direct install measures capable of achieving deeper energy and bill savings for low-income consumers. CAUSE-PA Statement in Support at 5-6. We also agree with CAUSE-PA that the provision in the Partial Settlement to require PPL Electric to carryover and add unspent LIURP funds to the following program year is critical given that PPL Electric intends to primarily provide baseload services through Act 129 and full cost jobs through LIURP. CAUSE-PA opines this provision will ensure that funding for PPL Electric’s LIURP will remain steady and allow for the planned program coordination with PPL Electric’s Act 129 Low-Income Program. CAUSE-PA Statement in Support at 7-8.

##### ii. Multifamily Buildings

CAUSE-PA expressed concerns over whether the proposed Low-Income Program would be disproportionately provided to homeowners, leaving tenants without equitable access to energy efficiency services and whether PPL Electric’s Low-Income Assessment Program would provide equitable services to consumers who reside in multifamily housing. To address these concerns, CAUSE-PA suggested that PPL Electric: (1) adjust its projected participant rates for single family and multifamily measures to match the projections in the *Phase IV Implementation Order*; and (2) include a breakdown of all measures installed in various housing types, including single family, multifamily (individual and single metered), and manufactured housing in its reporting to the Commission. CAUSE-PA St. 1 at 24-25.

PPL Electric opined that CAUSE-PA’s recommendations are not necessary because the Company’s approach to addressing multifamily housing under its EE&C Plans has been successful. In this regard, PPL Electric states that in Phase III, 36% of Low-Income savings were from multifamily assessments (formerly known as WRAP) and when including the low-income kits program, 50% of PPL Electric’s reported Low-Income savings have been achieved in multifamily housing. PPL St. 1-R at 36. PPL Electric contended that the Company has been “relatively successful” in getting both mastermetered and individually metered multifamily housing customers to participate in its Phase III Plan[[62]](#footnote-63) and that it will strive to build upon that success and make multifamily housing an equitable part of the Company’s Phase IV EE&C Plan. PPL St. 1-R at 36.

In addition, PPL Electric explained that the Company designed the Low-Income Program to be delivered in compliance with the *Phase IV Implementation Order* in which the Commission did not establish a specific multifamily target because it “disagree[d] with the suggestions to set specific targets, such as targets for multifamily properties or street lighting, as this will result in increased administrative burden and potentially hinder the EDCs’ flexibility to design a mix of programs to meet Phase IV overall targets.” *Phase IV Implementation Order* at 43. PPL Electric stated that it will continue to work with stakeholders in finding multifamily customers; but to continue to run a successful program, the Company must continue to have the flexibility to meet its actual compliance targets. PPL St. 1-R at 37.

Regarding CAUSE-PA’s reporting recommendation, PPL Electric indicated that, consistent with the Commission’s directive, it will “report savings achieved in multifamily housing, both for the low-income carve-out and for their portfolio of programs;”[[63]](#footnote-64)  but that the further subsets of information that CAUSE-PA recommends are burdensome and not necessary. PPL St. 1-R at 37.

PPL Electric also disagreed with CAUSE-PA’s contention that the Low-Income Program would be disproportionately provided to homeowners, leaving tenants without equitable access to energy efficiency services. PPL Electric explained that it does not approach customers based on whether they are homeowners or tenants; rather, the Company strictly focuses on whether they are at or below 150% of the Federal Poverty Level. PPL St. 1-R at 38. PPL Electric estimated that less than 2% of the total projected savings measures would need landlord approval and therefore, tenants will have equitable access to energy efficiency services under the Phase IV Plan. PPL St. 1-R at 38.

Under the Partial Settlement, the Joint Petitioners agree that PPL Electric will provide the same measures under the Low-Income Program inside the tenant units of low-income residents in master-metered multifamily buildings at no cost to the building owners or tenants, subject to: (1) the measures’ eligibility qualifications; (2) landlord approval; (3) available program funds; (4) the overall Low-Income Program acquisition cost; and (5) a limit on cumulative spending of $2.0 million in direct costs during Phase IV. Partial Settlement ¶ 31. If PPL Electric determines that it will need to spend more than $2.0 million for such measures, the Company will meet with stakeholders and revise its Phase IV EE&C Plan to update the estimated funding for these measures, subject to Commission approval. *Id.* Moreover, consistent with the proposed Plan, the Partial Settlement provides that PPL Electric will continue to offer measures for multifamily buildings’ common areas under the Non-Residential Program. Partial Settlement ¶ 32.

It appears that the above Partial Settlement provisions related to multifamily housing provisions adequately address the concerns raised by CAUSE-PA. Additionally, we are of the opinion that these provisions are in the public interest as they will serve to improve the accessibility of energy efficiency programming for low-income housing providers.

In concluding this section on Low-Income Program Requirements, we find, as noted, *supra*, that each of the resulting low-income sector provisions in the Partial Settlement related to PPL’s Electric’s Low-Income Program’s coordination with other programs, program measures, program tracking, and multifamily buildings, is in the public interest. We also find based upon our review of the Company’s Low-Income Program Requirements, in conjunction with the proposed Partial Settlement, that PPL Electric’s Low-Income Program complies with the Phase IV requirements that EE&C plans: (a) include a number of low-income measures in proportion to the low-income households’ usage of total energy usage in its service territory, and (b) obtain a minimum of 5.8% of its total consumption target from the low-income sector.

#### f. Proposals for Improvement of Plan

The Commission’s EE&C Program must include “procedures to make recommendations as to additional measures that will enable an electric distribution company to improve its plan and exceed the required reductions in consumption.” 66 Pa. C.S. § 2806.1(a)(6).

The Company offered the following explanation on some ways it plans to improve the efficiency or cost-effectiveness of its Phase IV EE&C Plan:

During the preparation of the Phase IV EE&C Plan, PPL Electric pursued opportunities to solicit input from and inform stakeholders of the Company’s progress. The Company maintained communications with a range of interested parties, including other investor-owned utilities, consumer advocates, environmental advocates, non-utility parties, governmental and non-governmental organizations, potential trade allies, and CSPs. [footnote omitted]

PPL Electric anticipates that this collaborative process will increase the likelihood of success in implementing the portfolio. Information about stakeholder participation is summarized in Section 4.1.6 of the Phase IV EE&C Plan. Although it was not possible to include every recommendation received through the stakeholder process, the Company considered the input it received from its stakeholders.

PPL Electric intends to meet with stakeholders as needed (but not less than twice annually) until May 31, 2026, and use their input to help identify modifications that would improve the efficiency or cost-effectiveness of the Phase IV EE&C Plan (subject to regulatory approval where required). This process should assist the review of the Phase IV EE&C Plan by the stakeholders and the Commission and should hopefully serve to expedite the Plan’s approval, thereby allowing more

time to prepare for implementation and expanding the opportunities for consumer savings.

Petition at 10.

The EE&C Plan further includes procedures to measure, evaluate, and verify performance of the programs and the Plan as a whole. *See* Phase IV EE&C Plan (Section 6) at 136-140. PPL Electric states that for each program in the EE&C Plan, cost-effectiveness was estimated in accordance with the Commission’s *2021 TRC Test Order.*[[64]](#footnote-65)In addition, the Company will conduct an annual cost-effectiveness evaluation of the EE&C Plan and report the results of that evaluation in its final annual report in accordance with the Commission’s *2021 TRC Test Order.[[65]](#footnote-66)* Petition at 13.

In addition, as discussed in detail in the Partial Settlement, *supra*, PPL Electric has agreed to adopt, investigate and/or study a number of improvements to its Phase IV Plan. The following is a list of some of the measures that resulted from negotiations between PPL Electric and the Joint Petitioners of the Partial Settlement:

• The development and implementation of a detailed marketing plan to foster increased Residential Program participation.

• The addition, to PPL Electric’s annual report, of the Energy Efficient Homes Component’s actual incentive costs, electric savings, and demand reductions broken down by new homes; audit and weatherization, and energy efficient equipment.

• The offering of the Comprehensive Retrofit Bonus Incentives within the Energy Efficient Homes Component no later than January 1, 2022.

• The agreement by PPL Electric to provide the same measures available under the Low-Income Program inside the tenant units of low-income residents in master-metered multifamily buildings at no direct cost to the building owners or those tenants.

• The modification to the Low-Income Program to add building shell measures, including but not limited to insulation and weather stripping, as potential measures offered as part of the Low-Income Assessment component.

• The modification to PPL Electric’s Low-Income Program’s Low-Income Assessment component so that up to $2.0 million is dedicated to space heating, building shell measures, water heater maintenance, repair, or replacement, and appliance replacement/recycling.

• The development and continued maintenance of a list of available assistance programs for each county in its service territory that PPL Electric can provide to households served through its Act 129 programs.

• The development of proposals, in conjunction with the Residential CSP or other contractors for a deep energy retrofits pilot program and a net zero building pilot program during Program Year 13 (*i.e.*, June 1, 2021, to May 31, 2022).

• The modification to PPL Electric’s Phase IV EE&C Plan to include a low-income health and safety pilot program to remediate health and safety hazards that prevent low-income customers from receiving comprehensive energy efficiency measures.

• The revisions to PPL Electric’s Phase IV EE&C Plan that will specify how the Company will comply with the Commission’s requirement that it report savings attained from Government, Non-profit, and Institutional customers.

• The Company tracking of which EE&C measures were allowed to be installed through the installation of the various health and safety measures in the participating customers’ homes.

### 2. Cost Issues

In the *Phase IV Implementation Order*, we stated the following regarding EE&C Plan costs:

The Act directs the Commission to establish a cost recovery mechanism that ensures that approved measures are financed by the customer class that receives the direct energy and conservation benefit of the measure. 66 Pa. C.S. § 2806.1(a)(11). All EDC plans must include cost estimates for implementation of all measures. 66 Pa. C.S. § 2806.1(b)(1)(i)(F). Each plan must also include a proposed cost recovery tariff mechanism, in accordance with Section 1307 (relating to sliding scale or rates; adjustments), to fund all measures and to ensure full and current recovery of prudent and reasonable costs, including administrative costs, as approved by the Commission. 66 Pa. C.S. § 2806.1(b)(1)(i)(H). In addition, each plan must include an analysis of administrative costs. 66 Pa. C.S. § 2806.1(b)(1)(i)(K).

The Act dictates that the total cost of any plan must not exceed two percent of the EDC’s total annual revenue as of December 31, 2006, excluding Low‑Income Usage Reduction Programs established under 52 Pa. Code § 58 (relating to residential Low-Income Usage Reduction Programs). 66 Pa. C.S. § 2806.1(g). Finally, all EDCs, including those subject to generation or other rate caps, must recover on a full and current basis from customers, through a reconcilable adjustment clause under Section 1307, all reasonable and prudent costs incurred in the provision or management of its plan. 66 Pa. C.S. § 2806.1(k).

*Phase IV Implementation Order* at 119.

#### a. Plan Cost Issues

##### i. Phase IV Allowable Costs

The Act allows an EDC to recover all prudent and reasonable costs relating to the provision or management of its EE&C Plan but limits such costs to an amount not to exceed 2% of the EDC’s total annual revenue as of December 31, 2006, excluding Low‑Income Usage Reduction Programs established under Chapter 58 of our Regulations, 52 Pa. Code § 58. 66 Pa. C.S. § 2806.1(g).

In our *Phase IV Implementation Order* we noted that the annual Phase IV budget limits are identical to prior phases of Act 129 in that they rely on the same base year annual revenue as of December 31, 2006. PPL Electric’s total annual revenues for calendar year 2006 were approximately $3.08 billion. Accordingly, the 2% cost cap established by Act 129 for prior phases as well as for Phase IV is approximately $61,501,376. We noted that this is an annual budgetary limitation, rather than a budget for all of Phase IV. *Phase IV. Implementation Order* at 119-20. Thus, the 2% cost cap for PPL Electric is $307,506,880 over the five-year course of Phase IV.[[66]](#footnote-67) *Phase IV Implementation Order* at 120.

The total projected costs for the Company as set forth in its Phase IV Plan is $312,491,356, which includes $269,391,356 for Total Sector Portfolio Specific Costs and $43,100,000 for Total Common Costs. Phase IV Plan at 143 (Table 56. Pa PUC Table 12 – Summary of Portfolio EE&C Costs).[[67]](#footnote-68) PPL Electric submitted that it would spend most of its $307.5 million budget to implement its EE&C Plan during Phase IV. This budget also includes costs PPL Electric incurs to develop and modify its EE&C Plan. With regard to recovery of the incremental cost PPL Electric incurred to design, create, and obtain Commission approval of an EE&C Plan, the Company proposes to amortize and recover those deferred costs ratably over the sixty-month life of its Phase IV EE&C Plan (June 1, 2021, through May 31, 2026). PPL EE&C Plan at 141.

We find that the PPL Electric proposed Phase IV budget will not exceed the 2% cap over the life of the Plan. In addition, the Company’s projected Phase IV costs appear to be prudent and reasonable, and directly related to the development and implementation of the plan.

##### ii. Application of Excess Phase III Budget

Pursuant to our *Phase IV Implementation Order*, EDCs cannot use excess Phase III funds to implement Phase IV programs. After June 1, 2021, the EDCs can only use Phase III budgets to close out program delivery, Evaluation, Measurement and Verification (EM&V), and reporting obligations for measures installed and commercially operable on or before May 31, 2021. Similarly, EDCs may continue to spend their Phase IV budgets even if their consumption and/or peak demand reduction goals are met before the end of Phase IV. *Phase IV Implementation Order* at 128-29, 132. EDCs can spend their Phase IV budgets past May 31, 2026 only to account for those program measures installed and commercially operable on or before May 31, 2026, and to finalize the CSP and administrative fees related to Phase IV. The Commission’s Bureau of Audits will subsequently reconcile Phase IV funds collected by the EDCs compared to Phase IV expenditures and direct the EDCs to refund any over-collections to the appropriate rate classes.  *Id.*

According to PPL Electric, it will combine its Phase III and Phase IV surcharges consistent with the *Phase IV Implementation Order*[[68]](#footnote-69)by reconciling the actual costs incurred through March 31, 2021, with the actual revenues received through March 31, 2021. The Company will include the following, as clearly identified separate line items, in the reconciliation for the period April 1, 2021 through March 31, 2022: (1) the revenues and expenses of the remaining two months of Phase III (*i.e.*, April 2021 and May 2021); (2) expenses to finalize any measures installed and commercially operable on or before May 31, 2021; (3) expenses to finalize any contracts; and (4) other Phase III administrative obligations. Petition at 19, ¶ 48. The Company also submitted details on how its ACR-4 for Phase IV will accomplish this transition. PPL St. 3; PPL Exh. SRK-1.

Accordingly, we find that PPL Electric’s EE&C Plan complies with our directives in our *Phase IV Implementation Order* as they relate to the use of excess Phase III funds to implement Phase IV programs.

##### iii. Rebate Application Deadlines

The *Phase IV Implementation Order* requires the EDCs, in their EE&C Plans, to include deadlines for the submission of rebate applications offered under EE&C programs. Although the Commission permitted flexibility for the EDCs to determine the deadlines at the end of the phase, the Commission also: (1) established a 180-day deadline as the maximum length of time for customers to submit a rebate application;[[69]](#footnote-70) (2) required that all deadlines be outlined in the EE&C Plans; (3) required the EDCs to include clear deadlines on all rebate forms and applications to ensure that participating customers are aware of the deadlines associated with the program; and (4) that program delivery CSP contracts clearly delineate responsibilities for maintaining up-to-date forms and website information in the event of rebate deadline changes. *Phase IV Implementation Order* at 132-33.

Based on our review of the PPL Electric’s Plan, we have determined that the Company appropriately specified that the deadlines for the submission of rebates do not exceed 180 days from the date the measure was installed. Phase IV EE&C Plan at 47,100,122. We remind the Company of its obligation to comply with the other directives in our *Phase IV Implementation Order* that clear deadlines be included on all rebate forms and applications to ensure that participating customers are aware of the deadlines associated with the program and that program delivery CSP contracts clearly delineate responsibilities for maintaining up-to-date forms and website information in the event of rebate deadline changes. *Phase IV Implementation Order* at 132-33.

#### b. Cost Effectiveness/Cost-Benefit Issues

The Act requires an EDC to demonstrate that its plan is cost-effective, using the TRC Test approved by the Commission. 66 Pa. C.S. § 2806.1(b)(1)(i)(I). The Act defines the TRC 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.” 66 Pa. C.S. § 2806.1(m). The TRC Test to be used for evaluating Phase IV EE&C Plans was approved by our *2021 TRC Test Order*.

In our *Phase IV Implementation Order*, we maintained our requirement from Prior Act 129 phases that Net-to-Gross (NTG) ratio research results be used for modifications to existing programs, as well as for planning purposes for future phases. Furthermore, we required that compliance in Phase IV be determined using gross verified savings. We directed the EDCs to include in their EE&C Plans net TRC ratios, as well as gross TRC ratios, based on the best available estimates of NTG research for a given program type. However, we noted that compliance with the directive to offer a cost-effective portfolio will continue to be based on the gross TRC ratio. We recognized that prospective NTG adjustments would be speculative but concluded that adequate data should be available after a decade of EE&C program implementation and evaluation to produce a reasonable projection. In addition, the inclusion of NTG-based TRC ratios would provide all stakeholders with additional information regarding the effectiveness of EE&C measures and programs. *Phase IV Implementation Order* at 108-09.

In its Petition, PPL Electric summarized the cost-effectiveness areas of its proposed Phase IV EE&C Plan. Petition at 14, ¶ 35. Section 8 (Cost Effectiveness) of the Plan provides that its Phase IV EE&C Plan is cost-effective based on a TRC criterion. *See,* Phase IV EE&C Plan, Section 8 (Cost Effectiveness) at 145-150. In addition, PPL Electric included data tables (Table 59 [Pa PUC Tables 13A] and Table 60 [Pa PUC Tables 13B]) presented in Section 8.2 of the Phase IV EE&C Plan to show the cost-effectiveness of the EE&C Plan and TRC benefits by program and program year for each sector. PPL Electric explained that it determined the lifecycle costs, savings, and avoided cost benefits for each measure to compute the measure’s cost effectiveness from a TRC perspective. *Id.,* Appendix B.

Some of the programs or specific customer sectors within a program identified by the application of the TRC did not meet the cost-effectiveness threshold. Petition at 14, ¶ 35. However, PPL Electric submits that some of the programs with a benefit-cost ratio below 1.0 were retained in the Phase IV EE&C Plan to meet the Low-Income compliance target and to ensure a well-balanced mix of measures that encourages non-low-income customers to take a more comprehensive approach for energy efficiency. Petition at 14, ¶ 35.

Based on our review of the Phase IV EE&C Plan, we find that it is cost-effective and consistent with the TRC criterion required by our *Phase IV Implementation Order*. The Company indicated in accordance with the *2021 TRC Test Order* at 15-17, PPL Electric “will conduct an annual cost-effectiveness evaluation of the EE&C Plan and report the results of that evaluation in its final annual report in accordance with the Commission’s *2021 TRC Test Order.”* Petition at 14, ¶ 33. We remind the Company to consider net TRC ratios, as well as gross TRC ratios, in such evaluations based on the best available estimates of NTG research for a given program type.

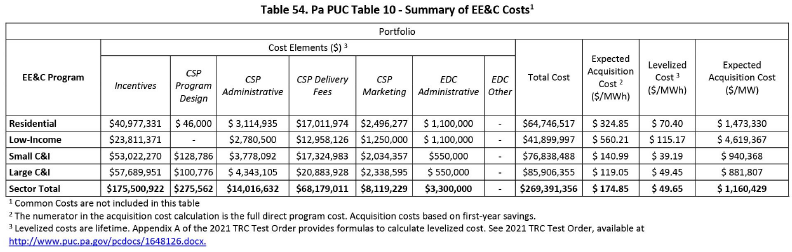
#### c. Cost Allocation Issues

66 Pa. C.S. § 2806.1(a)(11) requires that EE&C measures be financed by the same customer class that receives the energy and conservation benefits of those measures. In the *Phase IV Implementation Order*, we stated:

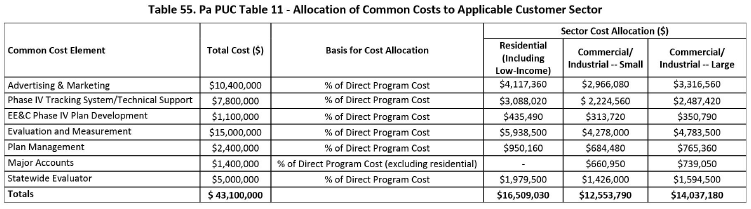
In order to ensure that all approved EE&C measures are financed by the customer classes that receive the benefit of such measures, it will be necessary to first assign the costs relating to each measure to those classes to whom it benefits. Therefore, once the EDC has developed an estimate of its total EE&C costs as directed above, we proposed that the EDC be required to allocate those costs to each of its customer classes that will benefit from the measures or programs to which the costs relate. Those costs that demonstrably and exclusively relate to measures or programs that have been dedicated to a specific customer class should be assigned solely to that class. Those costs that relate to measures or programs that are applicable to more than one class, or that can be shown to provide system-wide benefits, should be allocated using reasonable and generally acceptable cost of service principles as are commonly utilized in base rate proceedings. Administrative costs should also be allocated using reasonable and generally acceptable cost-of-service principles.

*Phase IV Implementation Order* at 144 (note omitted).

PPL Electric included tables in its Plan showing calculations of savings and costs for each program and program year. These tables, which are copied below, are included in Section 7.3 of the Plan and contain the required cost and allocation information. More specifically, Table 54 (Pa PUC Table 10) contains specific assignments of EE&C costs for PPL Electric’s portfolio; Table 55 (Pa PUC Table 11) provides detail on the allocation of common costs to applicable customer sectors; and Table 56 (Pa PUC Table 12) provides a summary of portfolio EE&C costs.



Phase IV EE&C Plan at 142.



Phase IV EE&C Plan at 142.

In addition, the Company included Table 56 in its EE&C Plan which provides a summary of it specific costs, total common costs, and total costs by portfolio sector. Table 56 is copied below:



Phase IV EE&C Plan at 142.

PPL Electric states that although it will spend most of the $312.5 million budget to implement its Phase IV EE&C, it will also include the costs that PPL Electric incurred to develop its EE&C Plan pursuant to the *Phase IV* *Implementation Order* (pages 121, 126-127). Petition at 17, ¶ 44. With regard to the allocation of its costs, the Company will comply with Section 2806.1(a)(11) of Act 129, 66 Pa. C.S. § 2806.1(a)(ll), which mandates that EE&C measures be paid for by the same customer class that receives the energy and conservation benefits of those measures. Although the Phase IV EE&C Plan estimates the costs and savings for each of the four customer sectors (*i.e.*, Residential, Low-Income, Small C&I, and Large C&I),[[70]](#footnote-71) PPL Electric will, for cost recovery purposes: (1) directly assign costs to customer classes; and (2) allocate costs that are applicable to more than one customer class or that provide system-wide benefits using an allocation factor equal to the actual EE&C costs directly assigned to each customer class divided by the actual EE&C costs assigned to all customer classes. Petition at 17-18, ¶ 45 (citing Phase IV EE&C Plan (Section 7.5)).

Based on the foregoing discussion, we find that the Company’s Phase IV EE&C Plan fully complies with the requirements of Act 129 with regard to cost allocation among the portfolio sectors.

#### d. Cost Recovery Issues

The Act allows an EDC to recover from customers, on a full and current basis, through a reconcilable adjustment clause under 66 Pa. C.S. § 1307, all reasonable and prudent costs incurred in the provision or management of its plan. 66 Pa. C.S. § 2806.1(k)(1). Each EDC’s plan must include a proposed cost-recovery tariff mechanism, in accordance with 66 Pa. C.S. § 1307 (relating to sliding scale of rates; adjustments), to fund all measures and to ensure a full and current recovery of prudent and reasonable costs, including administrative costs, as approved by the Commission. 66 Pa. C.S. § 2806.1(b)(1)(i)(H).

In the *Phase IV Implementation Order*, the Commission adopted a standardized cost recovery and reconciliation process that will enable the EDCs and ratepayers to compare the cost recovery of program expenditures of all EDCs on an equal basis. *Phase IV Implementation Order* at 141-143. We also concluded that it is beneficial to the EDCs and ratepayers that, with the implementation of Phase IV, the annual surcharge should be based on the projected program costs that the EDC anticipates will be incurred over the surcharge application year to attain the conservation targets. *Id.* Additionally, we found that actual expenses incurred should be reconciled to actual revenues received. *Id.* For transparency purposes, we directed that the 1307(e) reconciliation statement should clearly identify PJM FCM proceeds as cost reductions and PJM FCM deficiency charges as cost increases. We concluded that these measures would mitigate the over- or under-recovery of costs during the surcharge application period. *Id.*

To further standardize the filing process, we directed EDCs to file by May 1, the annual rate adjustment for the rate to become effective June 1. Concurrent with the annual rate adjustment, the EDCs will submit, in a separate filing, the annual reconciliation statement 30 days following the end of the reconciliation period in accordance with Section 1307(e) of the Code, 66 Pa. C. S. § 1307(e). In order to transition from Phase III, ending May 31, 2021, to Phase IV, beginning on June 1, 2021, we directed that each EDC reconcile its total actual recoverable EE&C Plan expenditures incurred through March 31, 2021, with its actual EE&C Plan revenues received through March 31, 2021.[[71]](#footnote-72) In addition, we directed each EDC to include, as part of the calculation of the Phase IV rates to become effective June 1, 2021, as clearly identified separate line items, projections of the expenses to finalize any measures installed and commercially operable on or before May 31, 2021; expenses to finalize any contracts; and other Phase III administrative obligations. The Phase III rate that becomes effective June 1, 2020, will remain effective through May 31, 2021. We further directed the revenues and expenses of the remaining two months of Phase III (*i.e.*, April 2021 and May 2021); expenses to finalize any measures installed and commercially operable on or before May 31, 2021; expenses to finalize any contracts; and other Phase III administrative obligations to be included, as clearly identified separate line items, in the reconciliation for the period April 1, 2021 through March 31, 2022. *Phase IV Implementation Order* at 142-43.

Each EDC was directed to set forth the standardized reconciliation process and the calculation of the annual surcharge in a supplement or supplements to the EDC’s tariff to become effective June 1, 2021, to be accompanied by a full and clear explanation as to their operation and applicability to each customer class. The EE&C rates are subject to continuous Commission review and audit as well as reconciliation reports in accordance with Section 1307(e) of the Code, 66 Pa. C.S. § 1307(e). *Phase IV Implementation Order* at 143.

We find that PPL Electric’s Phase IV EE&C Plan complies with Act 129 and our directives in the *Phase IV Implementation Order.* In this regard, we note that, in accordance with Act 129 and our directives, PPL Electric has included a Cost Recovery tariff mechanism in its Phase IV Plan entitled “Act 129 Compliance Rider – Phase 4” or ACR 4. PPL Exh SRK-1. Petition at 18, ¶ 46. The Company provided a detailed explanation of its proposed ACR-4 as follows:

[T]he Company’s proposed ACR-4, which is a reconcilable adjustment clause under Section 1307 of the Public Utility Code that will be set to recover the estimated program costs PPL Electric expects to incur each program year to achieve its energy consumption and peak demand reduction targets for that program year. Phase IV EE&C Plan, Section 7.4. The ACR-4 will be filed by May 1 of each year and will set forth the rates that will be charged to each customer depending on the customer’s rate schedule. For each program year, PPL Electric will annually reconcile the actual expenses incurred for each customer class as a whole with the actual revenues it recovers through ACR-4 for that customer class as a whole. Phase IV EE&C Plan, Section 7.4. In addition to the annual reconciliation, upon determination by the Company that the ACR-4 rate (if left unchanged) would result in a material over- or undercollection of Phase IV costs incurred or expected to be incurred during the current 12-month period, the Company may file with the Commission for an interim revision of the ACR IV rate.

Phase IV EE&C Plan (Section 7.4) at 143.

Furthermore, we find that the Company’s Plan complies with the reconciliation and transparency directives in our *Phase IV Implementation Order*. In this regard, the Company states:

In accordance with the Commission’s *Phase IV Implementation Order,* the Company proposes to file with the Commission a report of collections within 30 days following the end of each application year. This report will be the reconciliation of the ACR-4 by each of the three customer classes (*i.e.* Residential, Small C&I, and Large C&I). The reconciliation will compare the actual expenses incurred and the actual revenues received for each of the customer classes at the end of each application year. In addition, as required by the *Phase IV Implementation Order* (page 142), the Section 1307(e) reconciliation statement will clearly identify the PJM Forward Capacity Market (“FCM”) proceeds as cost reductions and PJM FCM deficiency charges as cost increases. No interest will be included monthly on the over or under collections, as directed by the Commission on page of the *Phase IV Implementation Order.*

PPL St. 3 at 6.

The Partial Settlement addresses concerns raised by the OCA and NRDC regarding PPL Electric’s proposed plan for bidding demand response into PJM’s FCM. Specifically OCA witness Sherwood contended that the Commission should require the Company to file its plan for nominating demand response into PJM’s FCM along with the following details: (1) delivery year for the first nomination; (2) measures that will provide demand reductions, by customer class; (3) methodology to determine which rate classes have delivered demand reductions; and (4) details on how PPL Electric “will limit ratepayer exposure to penalties, including a sensitivity analysis of the impact” to the ACR- 4 rider. OCA St. 1 at 4-5, 17-19. In addition, NRDC recommended that PPL Electric provide more details on the Company’s plans to bid demand response into PJM’s FCM. NRDC St. 1 at 34. The NRDC witnesses also recommended that, when there is more clarity about the changes to the capacity market, PPL Electric should consider Reliability Pricing Model requirements when it designs its programs, to optimize these proceeds. NRDC St. 1 at 34.

PPL Electric responded by explaining that the Company is not able to provide the details requested by the OCA and NRDC because the CSP that will administer the PJM FCM bidding services has not been selected yet. PPL St. 1-R at 32‑33. However, once a CSP is selected, the Company stated that it will work with the CSP on developing a detailed plan to bid energy savings into the PJM FCM during 2021 and, thus, PPL Electric could commit to providing plan details by January 2022. PPL St. 1-R at 32.

PPL Electric also noted that it shares the OCA’s concerns over ratepayer’s exposure to penalties. PPL St. 1-R at 32-33. Therefore, PPL Electric committed that, as part of its RFP process for this CSP contract, it will ask bidders to provide their plans on how to insulate the Company and its ratepayers from the risk of potential penalties. PPL St. 1-R at 33. In response to NRDC, PPL Electric explained that the Company does not yet have a position on the Reliability Pricing Model. However, once the Company engages a CSP with expertise in bidding energy savings into the PJM FCM, PPL Electric anticipates that it will be discussing many aspects of the program, including the Reliability Pricing Model, with its CSP. *Id.*

Based on our review of the Partial Settlement, we find that it adequately addresses the issues raised by the OCA and NRDC concerning the Company’s participation in the PJM FCM. Thus, under the Partial Settlement, PPL Electric agreed that: (1) it will solicit bids from qualified CSPs to implement a portion of its peak demand reduction as a capacity resource into PJM’s FCM; (2) by no later than January 1, 2022, PPL Electric will provide the Joint Petitioners with details on the selected CSP’s plan to nominate that capacity resource into the FCM, including how the CSP will ensure that the Company and its ratepayers are not exposed to the potential risk of penalties; and (3) PPL Electric will provide updates on the nomination of this capacity resource at the Company’s Act 129 EE&C stakeholder meetings throughout Phase IV. Furthermore, these Partial Settlement provisions will enable stakeholders to review the Company’s plan to nominate the capacity resource into the FCM and track PPL Electric’s progress throughout Phase IV. Partial Settlement at 7-8, ¶ 40.

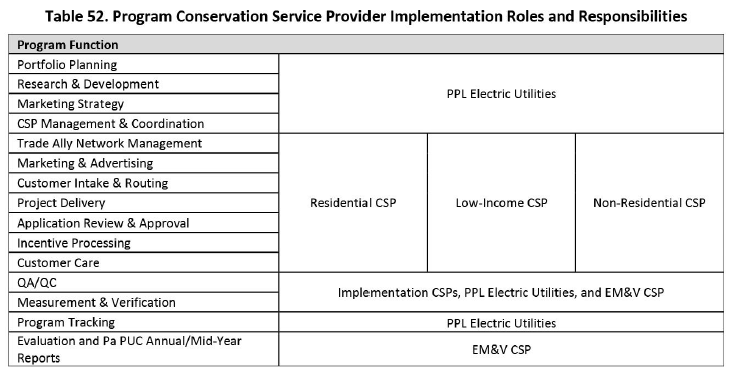
We find that these Partial Settlement provisions are reasonable and in the public interest. We also find that the Company has complied with all directives regarding its proposed ACR-4 rider. Thus, we find that the Company’s Phase IV Plan, in conjunction with the provisions of the Partial Settlement, is reasonable and in the public interest.

### 3. Conservation Service Provider Issues

In the *Phase IV Implementation Order*, we required that all Phase IV CSP contracts be competitively bid. As a result, we required EDCs to file their Phase IV RFP procedures for Commission review and approval. EDCs were encouraged to file their proposed RFP process by August 30, 2020. We further directed that if Commission staff did not comment on the proposed process within fifteen days of its filing, the EDC would be permitted to use their RFP procedures as filed. *Phase IV Implementation Order* at 111-14.

Pursuant to the *Phase IV Implementation Order*, PPL elected to use its previous Commission-approved Phase III CSP bidding procedures that was filed on June 19, 2015 and approved by Secretarial Letter on July 14, 2015.

PPL Electric states in its Plan that it anticipates that CSPs will have a major role in delivering its Phase IV programs and their respective components. PPL addresses CSP at length in Section 4.1.1. of its Plan. Phase IV EE&C Plan (Section 4.1.1) at 125. To facilitate implementation of the Phase IV EE&C portfolio, PPL Electric Utilities will engage two CSPs – one will deliver the Residential and Non-Residential (small C&I and large C&I) Programs and one will deliver both the Low-Income Program. *Id.* In addition, an EM&V CSP will be responsible for independently evaluating the entire portfolio of EE&C programs and functions. *Id.* Each CSP will be responsible for implementing all program components in their designated sector(s), including overseeing subcontractors. *Id.* PPL Electric included Table 52 (see below) in its Plan to demonstrate the program function responsibilities of each CSP. EE&C Plan (Appendix A) at 155.



Phase IV EE&C Plan (Section 4.1.1) at 126.

PPL Electric notes that the CSP contract for EM&V services to be provided under the EE&C Plan was filed on November 30, 2020. Petition at 7, n.13. This contract was approved by the Commission on January 7, 2021. The Company also notes that, as of the date it filed its Phase IV EE&C Plan, it was currently negotiating CSP contracts to implement the Residential, Non-Residential, and Low-Income Programs.

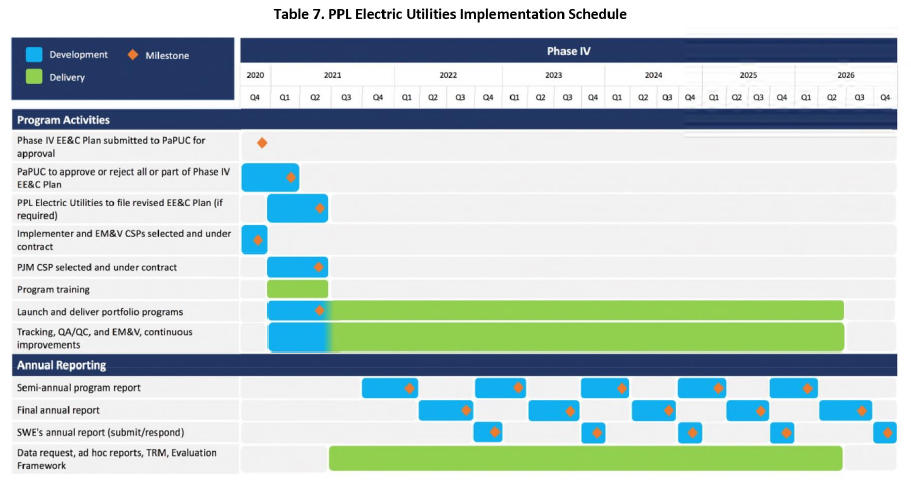
Based on our review of the Company’s Plan as it pertains to CSPs, we find that it fully complies with the requirements of Act 129 and our *Phase IV Implementation Order*.

### 4. Implementation and Evaluation Issues

#### a. Implementation Issues

The Act requires the Commission to establish procedures to ensure compliance with the consumption and peak demand reduction requirements of the Act. 66 Pa. C.S. § 2806.1(a)(9).

PPL Electric included its Phase IV Implementation Schedule in its Plan (see Table 7 below) that provides estimated development phases, milestones and delivery dates for its program activities and annual reporting over the five-year period of its Phase IV EE&C Program. In addition, the Plan also includes specific detailed budgets, milestones, and anticipated delivery dates for each program. *See* Phase IV EE&C Plan (Section 3).



Phase IV EE&C Plan (Section 1.4) at 15.

PPL Electric explains that it has designed an implementation strategy that is based on several key features that the Company has identified as critical to achieving the objectives of the proposed Phase IV EE&C Plan. Petition at 20. PPL Electric references Section 1.7 (Strategy to Manage EE&C Portfolio and Engage Customers and Trade Allies) of the Plan for the details of its implementation strategy. [[72]](#footnote-73) Consistent with those details, PPL Electric first states it will rely on a broad range of CSPs, employees, trade allies, community agencies, stakeholders, and other entities engaged in energy efficiency to promote, deliver, and support the effective deployment of programs. Second, the Company will use program-level CSPs to implement the Residential, Low-Income, and Non-Residential Programs. Third, PPL Electric and its CSPs will engage in active marketing and outreach to customers about the programs. Fourth, the Company will rely on trade allies and other market partners to engage customers, promote programs, evaluate projects, and stock and install energy-efficient equipment. In addition, PPL Electric will monitor actual performance, adjusting marketing, advertising, incentive levels, and eligible measures to manage participation as necessary to achieve at least 15% of its portfolio target annually. EE&C Plan (Section 1.7) at 16.

Upon our review of PPL Electric’s Phase IV Plan, we find its implementation strategies are thorough and reasonable and consistent with Act 129 and the *Phase IV Implementation Order*.

#### b. Monitoring, Reporting & Evaluation Issues

Act 129 requires that each EE&C Program include an evaluation process including a process to monitor and verify data collection, quality assurance and the results of each plan and the program. 66 Pa. C.S. § 2806.1(a)(2). Consistent with this requirement, each EDC’s Plan is to “explain how quality assurance and performance will be measured, verified and evaluated.” 66 Pa. C.S. § 2806.1(b)(1)(i)(C). Each EDC is required to submit an annual report to the Commission relating to the results of its EE&C Plan. 66 Pa. C.S. § 2806.1(i)(1).

Additionally, the *Phase IV Implementation Order* specifically addresses the reports that must be filed by EDC during Phase IV. First, we directed the EDCs to file semiannual reports on January 15 of each year, which are to provide information regarding the first two quarters of the program year. *Phase IV Implementation Order* at 100. We also directed the EDCs to file their statutorily required final annual report on September 30 of each year, 120 days after the end of the program year. *Phase IV Implementation Order* at 102. We required that the final annual report include reported savings for the program year, a cost-effectiveness evaluation (*i.e.*, the TRC Test), a process evaluation, and items required by Act 129 and Commission orders.[[73]](#footnote-74) Additionally, we required the EDCs to submit their annual and semi-annual reports to the Commission’s Secretary’s Bureau at each EDC’s respective Phase IV Docket Number (to be provided upon the submission of Phase IV EE&C Plans) and to post those reports on their respective websites.[[74]](#footnote-75) *Id.*

In its Petition, PPL Electric provides a summary of the measures it will undertake to monitor, report, and evaluate the various aspects of its EE&C Plan:

PPL Electric Utilities’ EM&V CSP will conduct ongoing and annual evaluations of each program in compliance with all Pa PUC requirements and the Evaluation Framework. As part of this process, the EM&V CSP will develop an Evaluation Plan that describes the EM&V scope of work, objectives, methods, and activities for evaluating program impacts, processes, cost-effectiveness, net savings analysis, and QA/QC protocols. The EM&V CSP will develop this Evaluation Plan in accordance with Evaluation Framework requirements and submit it to the SWE for review and approval. PPL Electric Utilities and the EM&V CSP will review (at least annually) and may update the Evaluation Plan if changes are made to programs, participation levels, savings levels, or Act 129 evaluation requirements.

The EM&V CSP will conduct evaluations annually, focusing the impact evaluation on developing accurate estimates of the programs’ actual savings based on protocols developed by the SWE and the Commission, as summarized in the Evaluation Framework and the Pennsylvania Technical Reference Manual (“TRM”), as well as in the Pa PUC’s Implementation Order. The impact evaluation also will include an assessment to confirm that all data required for the impact evaluation are collected (evaluability assessment). For the process evaluation, the CSP will focus on qualitative assessments of the programs’ design, operation, and implementation.

The CSP will also conduct annual evaluations to determine the cost-effectiveness of the programs and portfolio using the TRC test method specified by the Commission in its 2021 TRC Test Order.

Finally, the CSP will conduct net savings evaluations as indicated by the Evaluation Framework and outlined in the Evaluation Plan to determine the net verified savings of each program. Net savings include the effects of free ridership and spillover. The EM&V CSP may also propose to conduct market effects studies to understand changes in the market and to further inform net savings. Guidance for net savings analyses are provided in the Evaluation Framework, with periodic updates from the SWE and the NTG Working Group.

Over the life of the Phase IV EE&C Plan, PPL Electric Utilities expects to revisit and revise a number of assumptions to reflect updated market conditions. The Company will submit required revisions to the Commission for review and approval in accordance with the Commission’s requirements for revising EE&C Plans.

Phase IV EE&C Plan (Section 1.8.3 [Evaluation Processes]) at 18-19.

PPL Electric also states in Section 6.3 (Strategy for Coordinating with the Statewide EE&C Plan Evaluator) of its EE&C Plan that it expects that the Statewide Evaluator will develop an Evaluation Framework, requirements for the Evaluation Plan, a process for creating savings protocols for new measures (not currently in the TRM), standard formats for semiannual and annual reports, and standard formats for data requests and data extracts. PPL Electric commits to coordinating with the SWE for these purposes. In addition, PPL Electric states that it will strive to adhere to the *Phase IV Implementation Order’s* reporting calendar deadlines when the required reports and data must be provided to the SWE, but it would request approval for exceptions if needed. Phase IV EE&C Plan (Section 6.3) at 139.

In Section 5.1 (Semiannual and Annual Reports) of its Plan on page 134, PPL Electric specifically states that it “will provide semiannual, annual, and *ad hoc* reports to the Commission and the Statewide Evaluator in accordance with the schedule, format, and content prescribed by the Commission and the SWE.” PPL Electric notes that it expects the schedule, format, and content to be comparable with its Phase III reports.

PPL Electric also notes its commitment to keeping customers, stakeholders, and the general public informed about the results of the energy efficiency program components and progress toward Plan goals. In this regard, PPL Electric state that it hosts a dedicated section on its website (www.pplelectric.com) that provides Act 129 information, including the required semiannual and annual evaluation reports as well as semiannual and annual reports to stakeholders, customer success stories with customers, trade allies, and the public. Phase IV EE&C Plan (Section 9.2.5 [How PPL Electric Utilities Will Provide the Public with Information about Program Component Results]) at 154.

Finally, regarding ongoing evaluation of its Phase IV EE&C Plan, PPL Electric submits that its staff plans to carefully monitor actual program performance compared to estimates in the EE&C Plan. PPL St. 1 at 12. In addition, PPL Electric avers that its independent evaluator will conduct an impact evaluation, an annual cost-effectiveness evaluation, and process evaluations of each program and the overall portfolio. If actual performance deviates from the estimates in the EE&C Plan, PPL Electric will work with its program implementation CSPs to adjust the performance of programs or will recommend changes to the EE&C Plan. *Id.* PPL Electric notes that this would include modifying marketing tactics, adjusting incentive levels within specified ranges, offering different measures at different times, and offering multiple delivery channels. *Id.* To the extent that there are any changes that require Commission approval, PPL Electric will seek approval of such changes in accordance with the EE&C Plan change procedures outlined in the Commission’s *Minor Plan Change Order* entered on June 10, 2011, at Docket No. M‑2008-2069887, and the *Phase IV Implementation Order. Id.* (also see, Phase IV EE&C Plan (Section 1.8.3 [Evaluation Processes]) at 18.

Based on our review of PPL Electric’s Phase IV EE&C Plan, it appears that its monitoring, reporting, and evaluation strategies are reasonable and consistent with Act 129 and our *Phase IV Implementation Order*.

# V. Conclusion

For the reasons set forth, *supra,* and based on our review of the applicable law and the record in this proceeding, we conclude that the Company’s EE&C Plan is in full compliance with the provisions of Act 129 and the directives contained in the *Phase IV Implementation Order*. We further conclude that the Partial Settlement is in the public interest. Accordingly, we shall: (1) grant the Joint Petition for Partial settlement, and, thereby, approve the Partial Settlement, without modification; and (2) grant PPL Electric’s Petition, and thereby, approve the Phase IV Plan, as modified by the terms of the Partial Settlement, consistent with the discussion in this Opinion and Order; **THEREFORE,**

**IT IS ORDERED:**

1. That the Joint Petition for Approval of Partial Settlement, filed on November 30, 2020, by PPL Electric Utilities Corporation, the Office of Consumer Advocate, the Office of Small Business Advocate, PP&L Industrial Customer Alliance, the Commission on Economic Opportunity, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Sustainable Energy Fund, and the Natural Resources Defense Council, hereby, is granted, and the Partial Settlement, attached thereto, is thereby approved, without modification.

2. That the Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan, hereby, is granted, and the Phase IV Energy Efficiency and Conservation Plan, attached thereto as “Attachment A (PPL Electric Exhibit 1 – Phase IV EE&C Plan),” is thereby approved, as modified by the terms of the Partial Settlement.

3. That, within sixty (60) days from the date of entry of this Opinion and Order, PPL Electric Utilities Corporation shall file the appropriate revisions or amendments to its Act 129 Phase IV Energy Efficiency and Conservation Plan consistent with the terms and conditions of the Partial Settlement.

4. That a copy of this Opinion and Order be served on all Parties to this proceeding as well as the Commenting Parties, who are not Parties to this proceeding, but who filed Comments on January 21, 2021, to PPL Electric Utilities Corporation’s Act 129 Phase IV Energy Efficiency and Conservation Plan.

**BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: March 25, 2021

ORDER ENTERED: March 25, 2021

##### Attachment A



###### Acronyms and Abbreviations

|  |  |
| --- | --- |
| **Acronym** | **Abbreviation** |
| 211 | United Way’s Dial 211 referral service for locally curated social services information |
| ACR | Act 129 Compliance Rider |
| Act 129 | Act 129 of 2008, P.L 1592, 66 Pa. C.S. §§ 2806.1, 2806,2 |
| ALJ | Administrative Law Judge |
| C&I | Commercial and industrial |
| CACLV | Community Action Committee of the Lehigh Valley |
| CAUSE-PA | Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania |
| CBO | Community-based organization |
| CEO | Commission for Economic Opportunity |
| CHP | Combined heat and power |
| Code | Title 66 (Public Utility Code) |
| CSP | Conservation Service Provider |
| Commission | Pennsylvania Public Utility Commission |
| CSP | Conservation service provider |
| DIL | Daiken Industries, Ltd. |
| DLC | DesignLights Consortium |
| DR | Demand Response |
| EDC | Electric distribution company |
| EEPDR | Energy Efficiency and Peak Demand Reduction |
| EE&C Plan | Act 129 Phase IV Energy Efficiency and Conservation Plan |
| EM&V | Evaluation, measurement, and verification |
| FCM | Forward capacity market |
| FPIG | Federal Poverty Income Guidelines |
| GNE | Government/Nonprofit/Educational |
| GNI | Government/Nonprofit/Institutional |
| HER | Home energy report |
| HID | High intensity discharge |
| HVAC | Heating, ventilation, and air conditioning |
| Implementation Order | PA PUC’s Final Implementation Order entered June 6, 2020, at Docket No. M-2020-3015228 |
| Joint Petitioners | Parties to Partial Settlement (PPL, OCA, OSBA, CAUSE-PA, NRDC, PPLICA & SEF) |
| kW | Kilowatt |
| kWh | Kilowatt-hour |
| LED | Light Emitting Diode |
| LIURP | Low-Income Usage Reduction Program |
| M&V | Measurement and verification |
| MW | Megawatt |
| MWh | Megawatt-hour |
| MWh/year | MWh credited towards compliance target in the year a measure is installed |
| NGDC | Natural gas distribution company |
| NRDC | Natural Resources Defense Council |

|  |  |
| --- | --- |
| **Acronym** | **Abbreviation** |
| NTG | Net-to-gross |
| OCA | Office of Consumer Advocate |
| OSBA | Office of Small Business Advocate |
| Phase IV Plan | Act 129 Phase IV Energy Efficiency and Conservation Plan |
| PJM | PJM Interconnection LLC |
| PPLICA | PPL Industrial Customer Alliance |
| PPL | PPL Electric Utilities Corporation |
| PUC | Pennsylvania Public Utility Commission |
| QA/QC | Quality assurance and quality control |
| RFP | Request for proposals |
| SEF | Sustainable Energy Fund |
| SEM | Strategic energy management offering |
| SEM | Strategic energy management |
| SWE | Statewide Evaluator |
| TRC | Total resource cost |
| TRM | Pennsylvania Technical Reference Manual |
| USECP | PPL’s Universal Service and Energy Conservation Plan at Docket No. M-2016-2554787 |
| WAP | Weatherization Assistance Program |
| WRAP | Winter Relief Assistance Program |

1. A list of acronyms and abbreviations used in this Opinion and Order is included in “Attachment A” at the end of this Opinion and Order for ease of reference. [↑](#footnote-ref-2)
2. This section has been gleaned from pages 2-5 of the Commission’s *Phase IV Implementation Order*. *See Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228 (June 18, 2020) (*Phase IV Implementation Order*). [↑](#footnote-ref-3)
3. *See Implementation of Act 129 of 2008 – Total Resource Cost (TRC) Test* Order, Docket No. M‑2009-2108601 (Order entered June 23, 2009). [↑](#footnote-ref-4)
4. *See Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual Update* Order, at Docket No. M-00051865, entered June 1, 2009. [↑](#footnote-ref-5)
5. *See Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order entered Oct. 26, 2009). [↑](#footnote-ref-6)
6. *See Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order entered Feb. 17, 2010). [↑](#footnote-ref-7)
7. *See,* *e.g., Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order entered May 6, 2011). [↑](#footnote-ref-8)
8. *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order entered March 14, 2013). [↑](#footnote-ref-9)
9. *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order entered July 11, 2013). [↑](#footnote-ref-10)
10. *See Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order entered March 6, 2014); *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012- 2334388 (Order entered May 19, 2015). [↑](#footnote-ref-11)
11. Pe*tition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Order entered Mar. 17, 2016) (*March 2016 Order)*. [↑](#footnote-ref-12)
12. *See Petition of PPL Electric Utilities Corporation for Approval of a Minor Plan Change to its Act 129 Phase III Energy and Conservation Plan*, Docket No. M‑2015-2515642 (Order entered Jan. 26, 2017); *Petition of PPL Electric Utilities Corporation for Approval of Major and Minor Plan Changes to its Act 129 Phase III Energy and Conservation Plan*, Docket No. M-2015-2515642 (Order entered Nov. 21, 2017); *Petition of PPL Electric Utilities Corporation for Approval of Major and Minor Plan Changes to its Act 129 Phase III Energy and Conservation Plan*, Docket No. M‑2015-2515642 (Order entered July 20, 2018). [↑](#footnote-ref-13)
13. It is unclear as to why the notice was republished on January 9, 2021. The notice as published on January 9, 2021, provides that comments and recommendations are to be filed within 20 days, which is January 29, 2021. [↑](#footnote-ref-14)
14. This Motion was also filed in other electric utilities’ ongoing Act 129 Phase IV proceedings. Those proceedings are as follows: (1) Docket No. M-2020-3020830 (Petition of PECO Energy Company for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan), (2) Docket No. M-2020-3020818 (Petition of Duquesne Light Company for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan), and (3) Docket Nos. M-2020-3020820, M-2020-3020821, M‑2020 3020822, and M-2020-3020823 (Consolidated Petitions of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company for Approval of Act 129 Phase IV Energy Efficiency and Conservation Plans). [↑](#footnote-ref-15)
15. The Phase IV EE&C Plan is included as PPL Exhibit 1 in Attachment A which is appended to the Company’s Petition. As noted, Attachment B to the Petition contains copies of the Company’s direct testimony and exhibits. [↑](#footnote-ref-16)
16. Phase IV EE&C Plan at 31. [↑](#footnote-ref-17)
17. Phase IV EE&C Plan at 36 (footnote omitted). [↑](#footnote-ref-18)
18. Phase IV EE&C Plan at 40. [↑](#footnote-ref-19)
19. Phase IV EE&C Plan at 51-55. [↑](#footnote-ref-20)
20. Phase IV EE&C Plan at 57 (footnote omitted). [↑](#footnote-ref-21)
21. PPL Electric’s proposed Non-Residential Program will be offered to all large C&I and small C&I customers, including government and educational institutions and master metered low-income multifamily buildings. This Program includes an Efficient Equipment (Prescriptive) component and a Custom component for both large C&I customers and small C&I customers. The Efficient Equipment component and the Custom Component is the same for both large C&I and small C&I customers unless noted otherwise. Phase IV EE&C Plan at 71. [↑](#footnote-ref-22)
22. Phase IV EE&C Plan at 71. [↑](#footnote-ref-23)
23. Phase IV EE&C Plan at 113. [↑](#footnote-ref-24)
24. The unresolved issue pertains to PPLICA’s contested proposal to reduce the Commission-established peak demand reduction compliance target for PPL. Partial Settlement at 9, ¶ 44. In addition, all other issues and recommendations raised by in PPLICA in its Statement No. 1 have been withdrawn. The Parties’ position on the contested issue is addressed in detail in PPL’s and PPLICA’s Main Briefs. We shall consider the matter in a separate section of this Opinion and Order, *infra.* [↑](#footnote-ref-25)
25. The terms of the Partial Settlement are set forth in Paragraph Nos. 27 through 44, on pages 5-10. [↑](#footnote-ref-26)
26. The conditions of the Partial Settlement are set forth in Paragraph Nos. 64 through 68, on pages 10-12. [↑](#footnote-ref-27)
27. *See* PPL Exh. 1 at 23 (Phase IV Plan); *see also* PPLICA St. 1 at 6. [↑](#footnote-ref-28)
28. *See* PPLICA St. 1 at 6, Table 4. [↑](#footnote-ref-29)
29. *See* PPLICA St. 1at 7. [↑](#footnote-ref-30)
30. *See* PPLICA St. 1at 8-9. [↑](#footnote-ref-31)
31. PPLICA notes that while the Commission established a target of 229 MW for PPL’s “self-imposed target” is 248.03 MW. PPLICA M.B. at 14 (citing PPL Electric Exh. 1 (Phase IV EE&C Plan) at 14. [↑](#footnote-ref-32)
32. *Id.* at Exhibit JP-3 at 2. [↑](#footnote-ref-33)
33. *See* PPLICA St. 1 at 11. [↑](#footnote-ref-34)
34. *See Phase IV Implementation Order* at 88. [↑](#footnote-ref-35)
35. *See Phase IV Implementation Order* at 7-8. [↑](#footnote-ref-36)
36. *See Phase IV Implementation Order* at 76. [↑](#footnote-ref-37)
37. *See, e.g., Hess v. Pa. PUC*, 107 A.3d 246, 266 (Pa. Cmwlth. 2014) (stating that “[a]mong the requirements of due process are notice and an opportunity to be heard on the issues, to be apprised of the evidence submitted, to cross-examine witnesses, to inspect documents, and to offer evidence in explanation or rebuttal”), appeal denied, 2015 Pa. LEXIS 1457 (Pa. 2015). [↑](#footnote-ref-38)
38. PPLICA St. 1 at 2, 5-6, 8, 11. [↑](#footnote-ref-39)
39. PPL M.B. at 14 (citing PPLICA St. 1 at 2). [↑](#footnote-ref-40)
40. *See, Phase IV Implementation Order* at 74-80. [↑](#footnote-ref-41)
41. *See Phase IV Implementation Order* at 47. [↑](#footnote-ref-42)
42. PPL Electric points out that from June 2019 to May 2020, the ACR-3 Large C&I rate was $0.901 per kW, and from June 2018 to May 2019, it was $0.928 per kW. PPL M.B. at 16; PPL St. 1-R (Supp) at 13. [↑](#footnote-ref-43)
43. According to PPL Electric, the PJM-accepted energy efficiency measures greatly expand the number of measures that can contribute peak demand reductions toward that compliance target. PPL St. 1-R (Supp) at 6. [↑](#footnote-ref-44)
44. *See* *Phase IV Implementation Order* at 144-45. [↑](#footnote-ref-45)
45. PPL St. 1-R (Supp) at 2-3, 5, 15; PPL Exh. DC-2R (PPL to PPLICA I-3). [↑](#footnote-ref-46)
46. *See Phase IV Implementation Order* at 13, 18, 20, 48, 85, 89-94, 144-145. [↑](#footnote-ref-47)
47. The *Phase IV Implementation Order* indicated that this requirement will be limited to the Commission’s review and approval of the EE&C Plans and is not a target subjected to the penalty provisions at subsection 2806.1(f) of the Act. *Phase IV Implementation Order* at 22. [↑](#footnote-ref-48)
48. The program must include “standards to ensure that each plan includes a variety of energy efficiency and conservation measures and will provide the measures equitably to all classes of customers.” The Act defines “energy efficiency and conservation measures” at 66 Pa. C.S. § 2806.1(m). [↑](#footnote-ref-49)
49. Phase IV EE&C Plan (Section 3.2) at 30-55. [↑](#footnote-ref-50)
50. Phase IV EE&C Plan (Section 3.3) at 56-68. [↑](#footnote-ref-51)
51. Phase IV EE&C Plan (Section 3.4) at 69-124. [↑](#footnote-ref-52)
52. PPL St. No. 1-R, p. 2. [↑](#footnote-ref-53)
53. *See Phase II Implementation Order* at 45. [↑](#footnote-ref-54)
54. *See Phase III Implementation Order* 72. [↑](#footnote-ref-55)
55. *See Report of the Act 129 Low-Income Working Group* at Docket No. M‑2009-2146801, Table 1 at page 6, that was adopted by the Commission in an April 27, 2010 Secretarial Letter at the same Docket. [↑](#footnote-ref-56)
56. In Phase III we required that each EDC obtain a minimum of 5.5% of its total consumption target from the low-income sector. *Phase III Implementation Order* at 62‑63, 69. [↑](#footnote-ref-57)
57. We are not proposing a low-income carve-out for the peak demand reduction requirements. [↑](#footnote-ref-58)
58. CAUSE-PA St. 1 at 19. [↑](#footnote-ref-59)
59. CAUSE-PA St.1 at 27-34. [↑](#footnote-ref-60)
60. CAUSE-PA St. 1 at 35. [↑](#footnote-ref-61)
61. PPL’s current USECP, at Docket M-2016-2554787, originally covering 2017 through 2019, was extended through 2022, pursuant to Commission order entered on October 3, 2019, at Docket M-2019-3012601. [↑](#footnote-ref-62)
62. PPL Exh. DC-1R. [↑](#footnote-ref-63)
63. *Phase IV Implementation Order* at 37. [↑](#footnote-ref-64)
64. *2021 Total Resource Cost (TRC) Test,* Docket No. M-2019-3006868 (Order entered December 19, 2019) (*2021 TRC Test Order*). [↑](#footnote-ref-65)
65. *See 2021 TRC Test Order* at 15-17; Phase IV EE&C Plan (Section 5.1). [↑](#footnote-ref-66)
66. This funding cap excludes $5 million estimated cost for PPL Electric’s share of the SWE. Thus, the Company’s total budget for its five-year Phase IV EE&C Plan is approximately $312.5 million dollars, when including the Statewide Evaluator costs. PPL St. 3 at 3. [↑](#footnote-ref-67)
67. In the *Phase IV Implementation Order*, we stated that the 2% budgetary cap applies to the EDC’s annual budget and not to the budget for the entire Phase IV. *Phase IV Implementation Order* at 11. In addition, we determined that certain implementation costs that are recoverable under Act 129 are not subject to the 2% cost cap, including PPL Electric’s share of the costs for the SWE. [↑](#footnote-ref-68)
68. *Phase IV Implementation Order* at 142-43. [↑](#footnote-ref-69)
69. If an EDC includes a deadline for rebates longer than 180 days in their EE&C Plan, that the EDC has the burden to provide clear and reasonable rationale for the longer timeframe. *Phase IV Implementation Order* at 132. [↑](#footnote-ref-70)
70. Phase IV EE&C Plan (Section 2) at 20. [↑](#footnote-ref-71)
71. Due to the timing of the filing, the reconciliation statement will contain 10 months of revenues and expenses. The remaining two months of Program Year 12 (*i.e*., June 1, 2020 through May 31, 2021) will be reconciled with the Program Year 13 revenues and expenses. [↑](#footnote-ref-72)
72. Phase IV EE&C Plan (Section 1.7) at 16. [↑](#footnote-ref-73)
73. The Act 129 requirements that we directed be addressed in the final year report include: information documenting: (1) the consumption and peak demand reductions for June 1, 2021 through May 31, 2026, and (2) total savings and savings by class of customer. This information is to be used to demonstrate the Plan’s compliance with Act 129 for the Phase IV period from June 1, 2021 through May 31, 2026, to show that the Plan produced total energy savings equal to the Commission-designated consumption reduction targets listed in Section A (Proposed Additional Reductions in Electric Consumption of this Order) on page 7 of the *Phase IV Implementation Order*. *Phase IV Implementation Order* at 109-10. [↑](#footnote-ref-74)
74. We noted that the Commission will continue to post the EDC semi-annual and annual reports on the Commission’s website. *Id.* [↑](#footnote-ref-75)