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January 17, 2023

VIA E-Filing

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

**Re: PUC Docket No. M-2020-3020830
Phase IV Energy Efficiency and Conservation Program Semiannual Report for
June 1, 2022 through May 31, 2023**

Dear Secretary Chiavetta:

In accordance with Section IV.D.2 of the Commission's Opinion and Order Letter dated March 17, 2016 (Docket No. M-2015-2515691), enclosed is PECO's ("PECO" or "the Company") Phase IV Semiannual Energy Efficiency & Conservation Report for the period June 1, 2022 through May 31, 2023.

PECO is providing a copy of the report to the Act 129 Statewide Evaluator (NMR Group) and is also posting the report on the PECO website.

Thank you for your assistance in this matter and please direct any questions regarding the above to Megan McDevitt, Senior Manager, Retail Rates at (215) 841 6361 or via email: megan.mcdevitt@exeloncorp.com.

Sincerely,

Rosemary Chiavetta, Secretary
January 17, 2023
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Enclosures

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Semiannual Report to the Pennsylvania Public Utility Commission

Phase IV of Act 129

Program Year 14
(June 1, 2022 – May 31, 2023)

For Pennsylvania Act 129 of 2008
Energy Efficiency and Conservation Plan

Prepared by Guidehouse Inc.

For:



January 15, 2023

guidehouse.com

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Acronyms

| | |
|--------|--|
| BDR | Behavioral Demand Response |
| C&I | Commercial and Industrial |
| CSP | Conservation Service Provider or Curtailment Service Provider |
| DLC | Direct Load Control |
| DR | Demand Response |
| EDC | Electric Distribution Company |
| EDT | Eastern Daylight Time |
| EE&C | Energy Efficiency and Conservation |
| EM&V | Evaluation, Measurement, and Verification |
| EUL | Effective Useful Life |
| GNI | Government, Nonprofit, Institutional |
| HVAC | Heating, Ventilating, and Air Conditioning |
| ICSP | Implementation Conservation Service Provider |
| 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 |
| NTG | Net-to-Gross |
| P4TD | Phase IV to Date |
| PA PUC | Pennsylvania Public Utility Commission |
| PSA | Phase IV to Date Preliminary Savings Achieved; equal to VTD + PYTD |
| PSA+CO | PSA savings plus Carryover from Phase III |
| PY | Program Year: e.g., PY14, from June 1, 2021 to May 31, 2022 |
| PYRTD | Program Year Reported to Date |
| PYVTD | Program Year Verified to Date |
| RTD | Phase IV to Date Reported Gross Savings |
| SWE | Statewide Evaluator |
| TRC | Total Resource Cost |
| TRM | Technical Reference Manual |
| VTD | Phase IV to Date Verified Gross Savings |

Types of Savings

Gross Savings: The change in energy consumption or peak demand that results directly from program-related actions taken by participants in an Energy Efficiency and Conservation (EE&C) program, regardless of why they participated.

Net Savings: The total change in energy consumption or peak demand that is attributable to an EE&C program. Depending on the program delivery model and evaluation methodology, the net savings estimates may differ from the gross savings estimate due to adjustments for the effects of free riders, changes in codes and standards, market effects, participant and nonparticipant spillover, and other causes of change in energy consumption or demand not directly attributable to the EE&C program.

Reported Gross: Also referred to as ex ante savings. The energy and peak demand savings values calculated by the electric distribution company (EDC) or its program implementation conservation service providers (ICSPs) and stored in the program tracking system.

Verified Gross: Also referred to as ex post gross savings. The energy and peak demand savings estimates reported by the independent evaluation contractor after the gross impact evaluation and associated measurement and verification (M&V) efforts have been completed.

Verified Net: Also referred to as ex post net savings. The energy and peak demand savings estimates reported by the independent evaluation contractor after applying the results of the net impact evaluation. Typically calculated by multiplying the verified gross savings by a net-to-gross ratio.

Annual Savings: Energy and demand savings expressed on an annual basis or the amount of energy or peak demand an EE&C measure or program can be expected to save over the course of a typical year. Annualized savings are noted as MWh/year or MW/year. The Pennsylvania Technical Reference Manual provides algorithms and assumptions to calculate annual savings, and Act 129 compliance targets for consumption reduction are based on the sum of the annual savings estimates of installed measures.

Lifetime Savings: Energy and demand savings expressed in terms of the total expected savings over the useful life of the measure. Typically calculated by multiplying the annual savings of a measure by its effective useful life. The total resource cost (TRC) test uses savings from the full lifetime of a measure to calculate the cost-effectiveness of EE&C programs.

Program Year Reported to Date (PYRTD): The reported gross energy and peak demand savings achieved by an EE&C program or portfolio within the current program year. Program year to date (PYTD) values for energy efficiency will always be reported as gross savings in a semiannual report.

Program Year Verified to Date (PYVTD): The verified gross energy and peak demand savings achieved by an EE&C program or portfolio within the current program year.

Phase IV to Date (P4TD): The energy and peak demand savings achieved by an EE&C program or portfolio within Phase IV of Act 129. Reported in several permutations described as follows:

- **Phase IV to Date Reported (RTD):** The sum of the reported gross savings recorded to date in Phase IV of Act 129 for an EE&C program or portfolio.
- **Phase IV to Date Verified (VTD):** The sum of the verified gross savings recorded to date in Phase IV of Act 129 for an EE&C program or portfolio as determined by the impact evaluation finding of the independent evaluation contractor.
- **Phase IV to Date Preliminary Savings Achieved (PSA):** The sum of the verified gross savings (VTD) from previous program years in Phase IV where the impact evaluation is complete plus the reported gross savings from the current program year (PYTD). For PY14, the PSA savings will always equal the PYTD savings because PY14 is the first program year of the phase (no savings will be verified until the PY14 final annual report even if the approved evaluation, measurement, and verification plan calls for a historical realization rate).
- **Phase IV to Date Preliminary Savings Achieved + Carryover (PSA+CO):** The sum of the verified gross savings from previous program years in Phase IV plus the reported gross savings from the current program year plus any verified gross carryover savings from Phase III of Act 129. This is the best estimate of an EDC's progress toward the Phase IV compliance targets.

1. Introduction

Pennsylvania Act 129 of 2008, signed on October 15, 2008, mandated energy savings and demand reduction goals for the largest electric distribution companies (EDCs) in Pennsylvania for Phases I (2008 through 2013), II (2013 through 2016), and III (2016 through 2021). In late 2020, each EDC filed a new Energy Efficiency and Conservation (EE&C) plan with the Pennsylvania Public Utilities Commission (PA PUC) detailing the proposed design of its portfolio for Phase IV. Stakeholder input informed the updates to these plans, which were subsequently approved by the PA PUC in 2021.

Implementation of Phase IV of the Act 129 programs began on June 1, 2021. This report documents the progress of the Phase IV EE&C accomplishments for PECO in program year 14 (PY14) and the cumulative accomplishments of the Phase IV programs since inception. It also documents the energy savings carried over from Phase III. The Phase III carryover savings count toward Phase IV EDC savings compliance targets.

This report details the participation, spending, and reported gross impacts of the energy efficiency programs during the first 6 months of PY14. Compliance with Act 129 savings goals is ultimately based on verified gross savings. PECO retained Guidehouse Inc. (Guidehouse) as an independent evaluation contractor for Phase IV of Act 129. Guidehouse is responsible for the measurement and verification (M&V) of the savings and calculation of verified gross savings. The verified gross savings for PY14 energy efficiency programs will be reported in the final annual report to be filed on September 30, 2023.

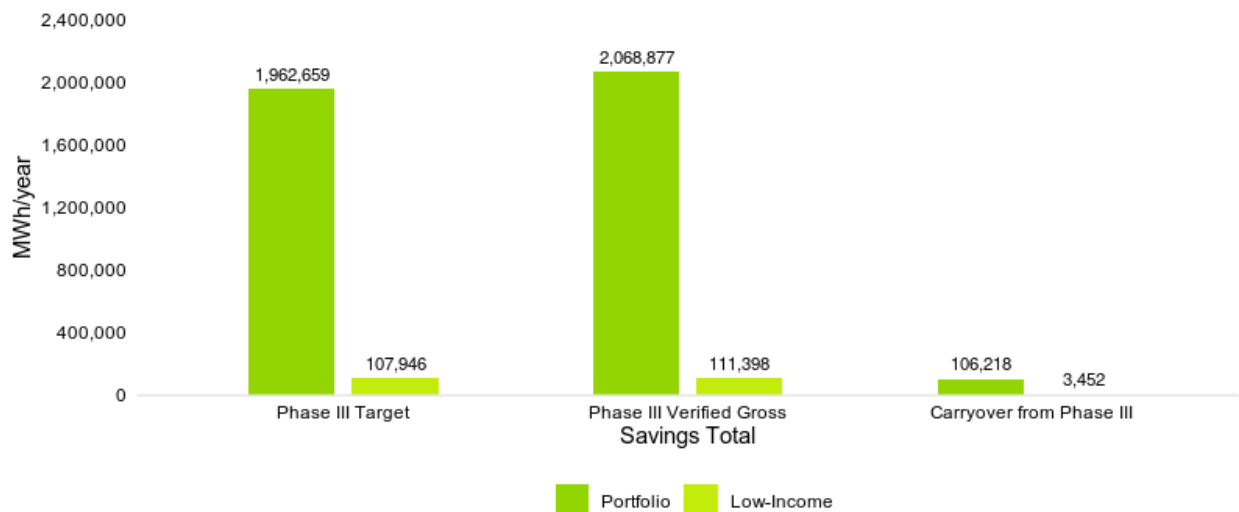
Phase IV of Act 129 includes a peak demand reduction goal for PECO. Unlike previous phases of Act 129, Phase IV peak demand reduction targets must be met through coincident demand reductions from energy efficiency measures. The Act 129 peak demand reduction definition is non-holiday weekdays from 2 p.m. to 6 p.m. in June, July, and August. As in prior phases, compliance with Act 129 peak compliance goals is assessed at the system level so all coincident peak demand impacts are adjusted for line losses.

2. Summary of Achievements

2.1 Carryover Savings from Phase III of Act 129

The PA PUC’s Phase IV Implementation Order¹ allowed EDCs to carry over verified savings above the Phase III portfolio and low-income savings goals and apply those savings toward Phase IV compliance targets. PECO has 106,218 MWh/year of portfolio carryover savings and 3,452 MWh/year of low-income carryover savings from Phase III toward its Phase IV energy reduction targets. Figure 1 compares PECO’s Phase III verified gross savings total to the Phase III compliance target to illustrate the carryover calculation.

Figure 1. Carryover Savings from Phase III of Act 129



Source: Guidehouse analysis

Phase III did not include a peak demand reduction target from energy efficiency, so there are no carryover savings toward the Phase IV peak demand reduction target.

2.2 Phase IV Energy Efficiency Achievements to Date

Since the beginning of PY14 on June 1, 2022, PECO has claimed:

- 129,399 MWh/yr of reported gross electric energy savings (PYTD)
- 28.15 MW/yr of reported gross peak demand savings (PYTD)

Since the beginning of Phase IV of Act 129 on June 1, 2021, PECO has achieved:

- 367,874 MWh/yr of reported gross electric energy savings (RTD)

¹ Pennsylvania Public Utility Commission, *Energy Efficiency and Conservation Program Implementation Order*, at Docket No. M-2020-3015228, (*Phase IV Implementation Order*), entered June 18, 2020.

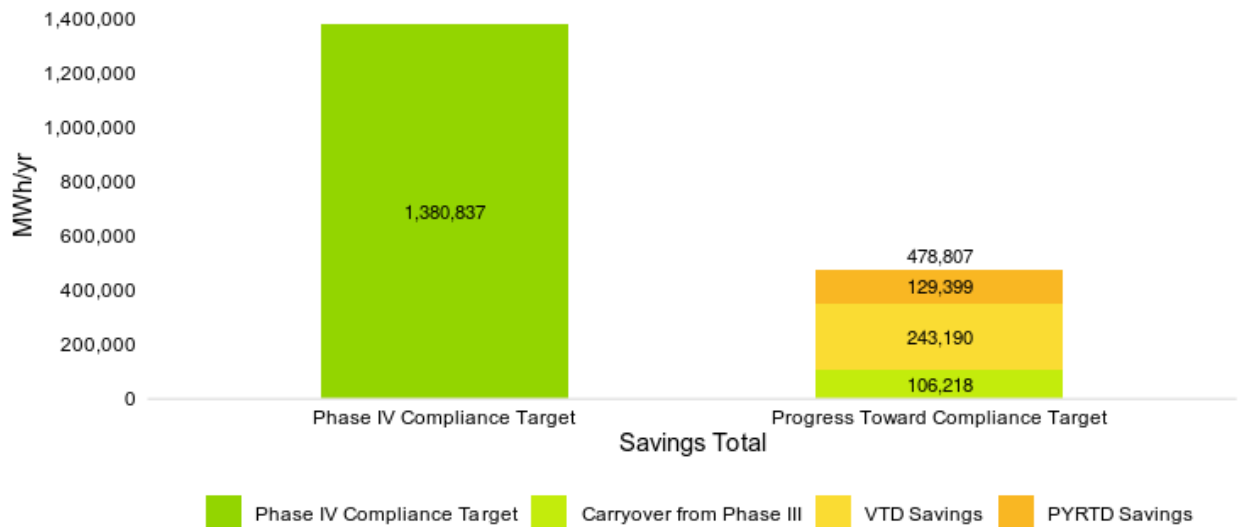
- 71.38 MW/yr of reported gross peak demand savings (RTD) from energy efficiency programs
- 372,589 MWh/yr of gross electric energy savings (PSA). This total includes verified gross savings from PY13 and the PYTD reported gross savings from PY14.
- 70.26 MW/yr of gross peak demand savings (PSA) from energy efficiency programs

Including carryover savings from Phase III, PECO has achieved:

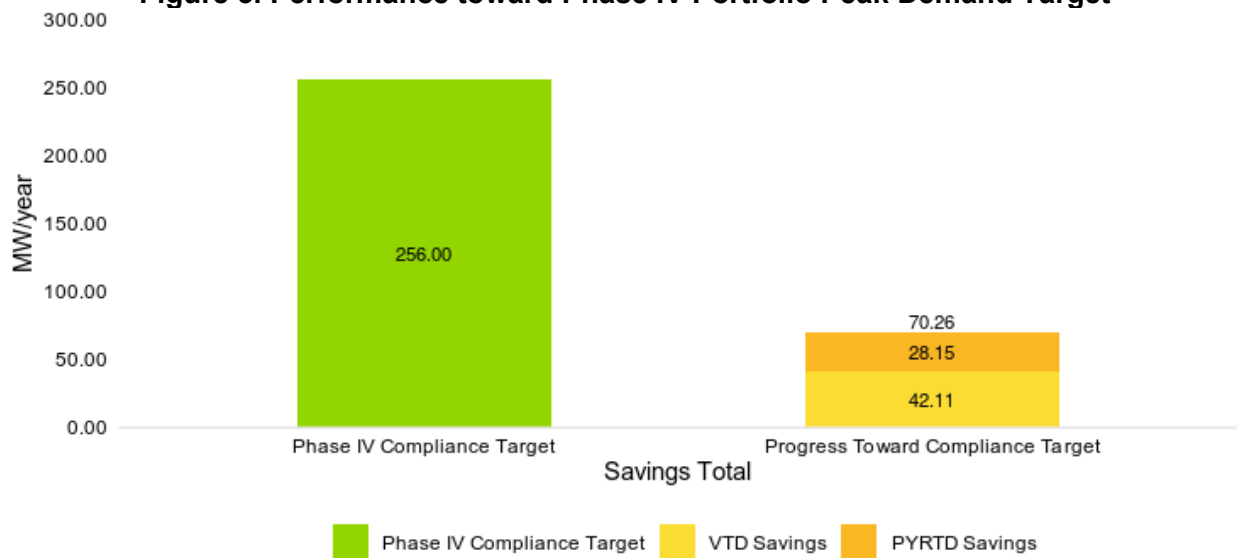
- 478,807 MWh/yr of PSA+CO energy savings recorded to date in Phase IV
 - This value represents 34.7% of the May 31, 2026 energy savings compliance target of 1,380,837 MWh/yr at the meter level without application of any line loss factor.
- 70.26 MW/yr of PSA demand savings recorded to date in Phase IV
 - This value represents 27.4% of the May 31, 2026 energy savings compliance target of 256.00 MW/yr at the system level with application of line loss factors.

Figure 2 and Figure 3 show PECO’s EE&C plan progress toward Phase IV energy conservation and peak demand reduction compliance targets.

Figure 2. Performance toward Phase IV Portfolio Energy Target



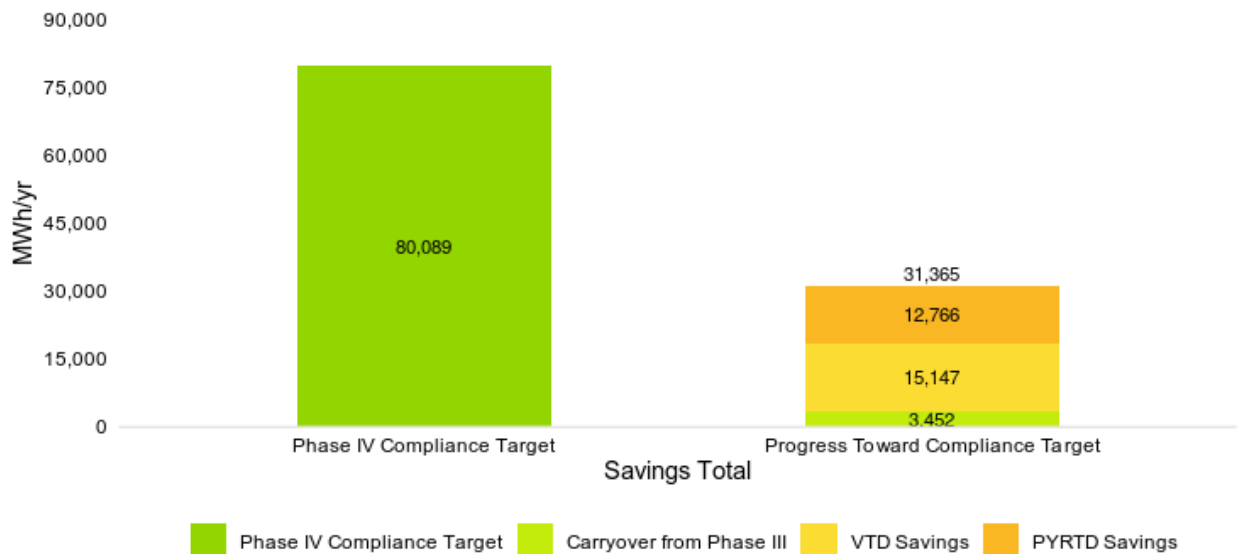
Source: Guidehouse analysis

Figure 3. Performance toward Phase IV Portfolio Peak Demand Target


Source: Guidehouse analysis

The Phase IV Implementation Order directed EDCs to offer conservation measures to the Low-Income customer segment based on the proportion of electric sales attributable to low-income households. The proportionate number of measures targeted for PECO is 8.8%. PECO offers 115 EE&C measures to its Residential and Non-Residential customer classes. Of the 115 measures, 80 are available to the Low-Income customer segment at no cost to the customer. This represents 69.6% of the total measures offered in the EE&C plan and exceeds the proportionate number of measures targeted.

The PA PUC also established a Low-Income energy savings target of 5.8% of the portfolio savings goal. The Low-Income savings target for PECO is 80,089 MWh/yr and is based on verified gross savings. Figure 4 compares the PSA+CO performance to date for the Low-Income customer segment to the Phase IV savings target. Based on the latest available information, PECO has achieved 39.2% of the Phase IV Low-Income energy savings target. The low-income carveout energy savings are achieved through the Income-Eligible Program, the Income-Eligible HER Program, and contributions to the income-eligible customer segment of the Residential Multifamily program component.

Figure 4. EE&C Plan Performance toward Phase IV Low-Income Compliance Target


Source: Guidehouse analysis

2.3 Phase IV Performance by Customer Segment

Table 1 presents the participation, savings, and spending by customer segment for PY14 and Phase IV. The Residential, Small C&I, and Large C&I segments are defined by EDC tariff and the Residential Low-Income and Governmental/Educational/Nonprofit sector were defined by statute (66 Pa. C.S. § 2806.1). The Residential Low-Income segment is a subset of the Residential customer class; the GNI segment includes customers who are part of the Small C&I or Large C&I rate classes. Guidehouse removed the Low-Income and GNI segments savings, spending, and participation values from the parent Residential, Small C&I, and Large C&I sectors values in Table 1.

Table 1. PY14 Summary Statistics by Customer Segment

| Parameter | Residential (Non-Low-Income) | Residential Low-Income | Small C&I (Non-GNI) | Large C&I (Non-GNI) | Small GNI | Large GNI | Municipal Lighting | Total |
|----------------------|------------------------------|------------------------|---------------------|---------------------|-----------|-----------|--------------------|----------|
| No. of Participants | 516,177 | 49,937 | 1,759 | 536 | 153 | 99 | 3 | 568,664 |
| PYRTD MWh/yr | 43,434 | 10,450 | 36,531 | 34,208 | 2,199 | 2,442 | 134 | 129,399 |
| PYRTD MW/yr | 11.79 | 1.28 | 7.64 | 6.36 | 0.55 | 0.53 | 0.00 | 28.15 |
| Incentives (\$1,000) | \$3,976 | \$3,358 | \$6,615 | \$4,933 | \$521 | \$531 | \$28 | \$19,962 |

Source: Guidehouse analysis

Table 2 summarizes plan performance by segment since the beginning of Phase IV.

Table 2. Phase IV Summary Statistics by Customer Segment

| Parameter | Residential (Non-Low-Income) | Residential Low-Income | Small C&I (Non-GNI) | Large C&I (Non-GNI) | Small GNI | Large GNI | Municipal Lighting | Total |
|----------------------|------------------------------|------------------------|---------------------|---------------------|-----------|-----------|--------------------|----------|
| No. of Participants | 583,712 | 97,623 | 3,835 | 1,500 | 525 | 273 | 25 | 687,493 |
| PYRTD MWh/yr | 106,031 | 27,277 | 82,374 | 131,312 | 9,159 | 10,796 | 925 | 367,874 |
| PYRTD MW/yr | 22.85 | 3.23 | 18.21 | 22.91 | 1.99 | 2.19 | 0.00 | 71.38 |
| Incentives (\$1,000) | \$9,425 | \$7,518 | \$13,396 | \$11,823 | \$1,856 | \$1,959 | \$178 | \$46,156 |

Source: Guidehouse analysis

3. Updates and Findings

3.1 Implementation Updates and Findings

This section summarizes PECO's EE&C plan and program implementation updates, as well as findings available at the time of this report's writing. In PY14, PECO expects to implement the EE&C plan as filed.

PECO's EE&C plan is implemented through a customer-centric portfolio of offerings to meet its customers' energy-saving needs, regardless of customer rate class. In Phase IV, PECO offers five customer programs:

- Residential
- Residential Home Energy Reports (HER)
- Income-Eligible
- Income-Eligible HER
- Non-Residential

Within each program, PECO offers distinct program components. Programs and program components are defined as follows:

- **Programs:** A mix of measures and treatments for customers structured to include interactions with multiple market actors across the value chain through various program components. The PECO portfolio is organized into five programs.
- **Program components:** Program components tailor service delivery to the needs of each customer class. For example, the Residential program offers rebates, a marketplace platform, in-home assessments, appliance recycling, and other service components.
- **Pilots:** Savings and costs for the pilots are reported as part of the following program components:
 - The Residential Comprehensive Projects Pilot is reported as part of the Rebates and Residential Marketplace program component and the Residential In-Home Assessment program component
 - The Health and Safety Pilot is reported as part of the Income-Eligible Single Family program component
 - The Non-Residential Comprehensive Projects Pilot savings is reported as part of the Non-Residential Downstream program component

3.2 Evaluation Updates and Findings

Guidehouse is finalizing the PY14 evaluation plan and sampling plan for each program and component. The team will interview PECO staff and CSPs and review program tracking databases and engineering files. These activities inform the design of participant surveys exploring customer satisfaction and experience and the verification of measure installations for specific components per the evaluation plan. Guidehouse's progress on each program and component is summarized as follows:

- **Residential Program:** Guidehouse is reviewing first and second quarter data and developing sampling plans and survey instruments in support of PY14 evaluation activities.
- **Income-Eligible Residential Subsector:** Guidehouse is reviewing first and second quarter data and developing sampling plans and survey instruments in support of PY14 evaluation activities.
- **Residential HER Program:** Guidehouse is developing evaluation plans and survey instruments in support of PY14 evaluation activities.
- **Income-Eligible HER Program:** Guidehouse is developing evaluation plans and survey instruments in support of PY14 evaluation activities.
- **Non-Residential Program:** Guidehouse is reviewing first and second quarter data and developing sampling plans and survey or interview guides in support of PY14 evaluation activities.

4. Summary of Participation by Program

Participation is defined differently for certain programs and program components depending on the program delivery channel and data tracking practices. The nuances of the participant definition vary by program and are summarized by program in the following bullets. Participants are defined as a unique account number by program, program component, customer segment and program year, with the following notes and exceptions:

- For residential new construction, participation is defined as the count of unique job identifier by program year.
- Phase IV to date participant counts are additive across program years for all program components, except for the Residential HER program and the Income-Eligible HER program. For the HER programs Phase IV to date participation is equal to the maximum participation observed by program year during Phase IV.
- Master metered buildings with a single account number are counted as a single participant, even if the program serves multiple units.
- Account numbers are not tracked for the Residential Rebates and Marketplace Upstream Lighting delivery channel and Income-Eligible Single-Family Giveaways. Participation for those delivery channels is calculated as the sum of rebated measures. These are summarized separately in Table 4.

Table 3 provides the current participation for PY14 and Phase IV and Table 4 provides participation for upstream lighting and IE giveaways.

Table 3. EE&C Plan Participation by Program Component

| Program and Component | PYTD Participation | P4TD Participation |
|-------------------------------|--------------------|--------------------|
| Rebates and Marketplace | 8,199 | 22,602 |
| Appliance Recycling | 5,153 | 14,496 |
| In-Home Assessment | 10,755 | 14,654 |
| New Construction | 928 | 2,819 |
| Multifamily | 2,705 | 2,866 |
| Multifamily Income-Eligible | 11,316 | 22,556 |
| Residential Total | 39,056 | 79,993 |
| Single-Family | 17,706 | 27,420 |
| Appliance Recycling | 704 | 2,354 |
| Long-Term Savings | 59 | 151 |
| Income-Eligible Total | 18,469 | 29,925 |
| Residential HER | 489,248 | 550,187 |
| Income-Eligible HER | 19,456 | 21,981 |
| Downstream | 469 | 1,170 |
| Midstream | 1,772 | 3,925 |
| Small Business Direct Install | 170 | 257 |
| New Construction | 24 | 55 |
| Non-Residential Total | 2,435 | 5,407 |
| Portfolio Total | 568,664 | 687,493 |

Source: Guidehouse analysis

Table 4. Upstream Lighting and Giveaway Measures

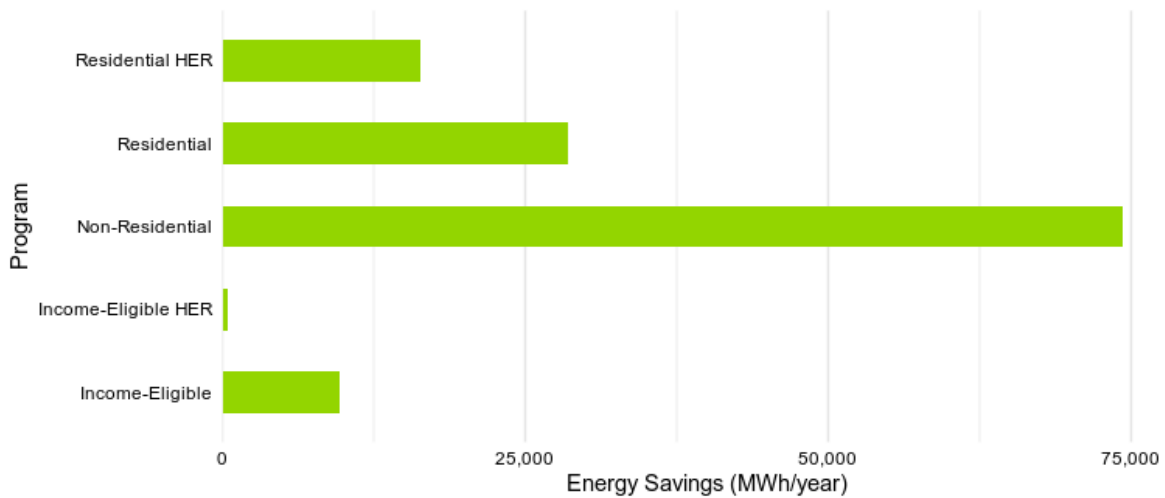
| Program and Component | PYTD Participation | P4TD Participation |
|---|--------------------|--------------------|
| Residential Rebates and Marketplace – Upstream Lighting | 1,153,984 | 2,827,829 |
| Income-Eligible Single-Family – Giveaways | 137,740 | 375,697 |
| Portfolio Total | 1,291,724 | 3,203,526 |

Source: Guidehouse analysis

5. Summary of Energy Impacts by Program

Figure 5 summarizes the PYTD reported gross energy savings by program for PY14.

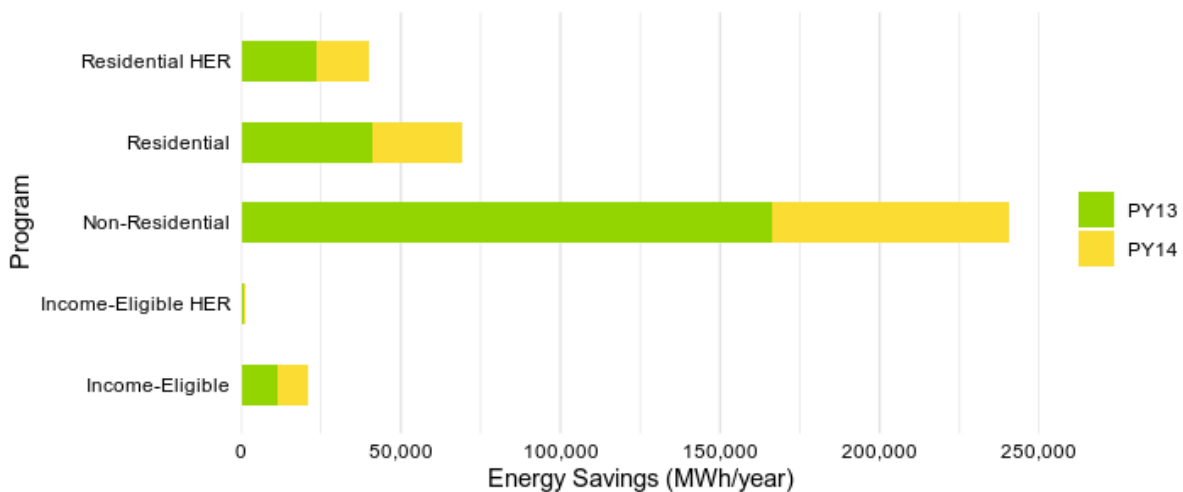
Figure 5. PYRTD Reported Gross Energy Savings by Program



Source: Guidehouse analysis

Figure 6 presents a summary of the PSA gross energy savings by program for Phase IV of Act 129. PSA savings include verified gross savings from previous program years and the PYTD savings from the current program year PY14.

Figure 6. PSA Energy Savings by Program for Phase IV



Source: Guidehouse analysis

Table 5. summarizes energy impacts by program through the current reporting period.

Table 5. Energy Savings by Program (MWh/Year)

| Program and Component | PYRTD | RTD | VTD | PSA |
|-------------------------------|----------------|----------------|----------------|----------------|
| Rebates and Marketplace | 15,966 | 38,488 | 22,146 | 38,112 |
| Appliance Recycling | 5,013 | 13,493 | 8,988 | 14,001 |
| In-Home Assessment | 2,275 | 5,145 | 2,354 | 4,629 |
| New Construction | 1,074 | 3,143 | 2,097 | 3,170 |
| Multifamily | 1,646 | 3,913 | 2,238 | 3,884 |
| Multifamily Income-Eligible | 2,544 | 6,344 | 3,041 | 5,585 |
| Residential Total | 28,517 | 70,526 | 40,863 | 69,380 |
| Single-Family | 8,959 | 23,691 | 10,144 | 19,102 |
| Appliance Recycling | 659 | 1,754 | 1,047 | 1,707 |
| Long-Term Savings | 102 | 244 | 120 | 222 |
| Income-Eligible Total | 9,720 | 25,689 | 11,310 | 21,031 |
| Residential HER* | 16,378 | 40,167 | 23,781 | 40,159 |
| Income-Eligible HER* | 502 | 1,295 | 795 | 1,297 |
| Downstream | 32,179 | 143,900 | 116,882 | 149,061 |
| Midstream | 37,167 | 72,144 | 40,573 | 77,740 |
| Small Business Direct Install | 2,244 | 6,321 | 3,750 | 5,994 |
| New Construction | 2,692 | 7,832 | 5,236 | 7,928 |
| Non-Residential Total | 74,282 | 230,197 | 166,440 | 240,722 |
| Portfolio Total | 129,399 | 367,874 | 243,190 | 372,588 |

* Savings for the Residential HER and the Income-Eligible HER programs are reported with a one-month lag. Therefore, for these two programs the reported savings in this report are representative of five months instead of six months.

Source: Guidehouse analysis

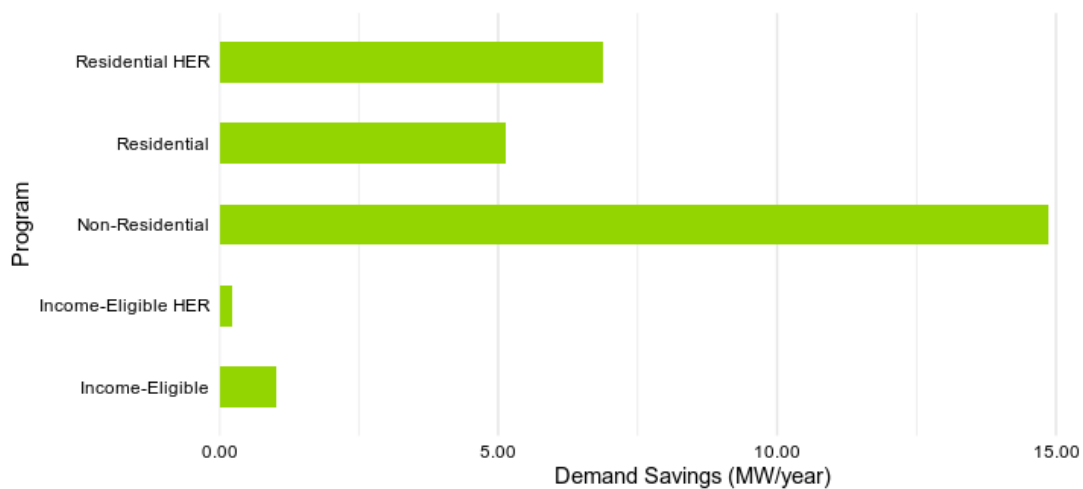
6. Summary of Peak Demand Impacts by Program

Act 129 defines peak demand savings from energy efficiency as the average expected reduction in electric demand from 2 p.m. to 6 p.m. EDT on non-holiday weekdays from June to August. This report presents the peak demand impacts from energy efficiency at the system level, meaning they reflect adjustments for transmission and distribution losses. PECO uses the following line loss percentages or multipliers by sector:

- Residential = 1.0799
- Non-Residential = 1.0799

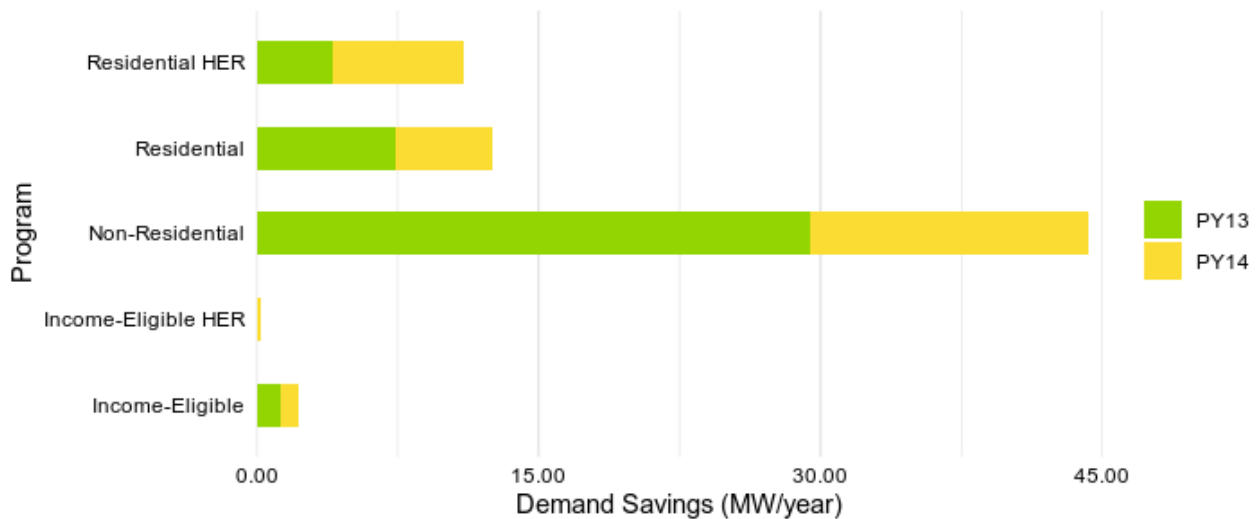
Figure 7 summarizes the PYRTD reported gross peak demand savings by energy efficiency program for PY14 at the system level with the application of line loss factors. PYRTD is also the Act 129 Phase IV PSA gross peak demand savings for this PY14 Semiannual Report.

Figure 7. PYRTD Gross Peak Demand Savings by Program



Source: Guidehouse analysis

Figure 8 presents a summary of the PSA gross peak demand savings by energy efficiency program for Phase IV of Act 129.

Figure 8. PSA Gross Peak Demand Savings by Energy Efficiency Program for Phase IV


Source: Guidehouse analysis

Table 6 summarizes the peak demand impacts by program through the current reporting period.

Table 6. Peak Demand Savings by Program (MW/Year)

| Program and Component | PYRTD | RTD | VTD | PSA |
|-------------------------------|--------------|--------------|--------------|--------------|
| Rebates and Marketplace | 2.81 | 6.73 | 4.12 | 6.94 |
| Appliance Recycling | 1.12 | 2.83 | 1.77 | 2.89 |
| In-Home Assessment | 0.26 | 0.62 | 0.30 | 0.56 |
| New Construction | 0.42 | 1.30 | 0.59 | 1.01 |
| Multifamily | 0.24 | 0.59 | 0.33 | 0.57 |
| Multifamily Income-Eligible | 0.29 | 0.71 | 0.32 | 0.62 |
| Residential Total | 5.15 | 12.79 | 7.44 | 12.59 |
| Single-Family | 0.89 | 2.45 | 1.01 | 1.90 |
| Appliance Recycling | 0.13 | 0.38 | 0.24 | 0.37 |
| Long-Term Savings | 0.01 | 0.02 | 0.01 | 0.02 |
| Income-Eligible Total | 1.03 | 2.84 | 1.27 | 2.29 |
| Residential HER | 6.88 | 10.75 | 4.10 | 10.98 |
| Income-Eligible HER | 0.22 | 0.35 | -0.12 | 0.10 |
| Downstream | 5.95 | 26.59 | 19.20 | 25.14 |
| Midstream | 7.96 | 15.39 | 8.46 | 16.42 |
| Small Business Direct Install | 0.43 | 1.11 | 0.67 | 1.10 |
| New Construction | 0.52 | 1.56 | 1.11 | 1.63 |
| Non-Residential Total | 14.87 | 44.65 | 29.43 | 44.29 |
| Portfolio Total | 28.15 | 71.38 | 42.11 | 70.25 |

Source: Guidehouse analysis

7. Summary of Finances

This section summarizes the expenditures associated with PECO's portfolio and the recovery of those costs from ratepayers.

7.1 Program and Portfolio Financials

Table 7 shows program-specific and portfolio total finances for PY14. The columns in Table 7 and Table 8 are adapted from the list of program cost elements in the PA PUC's EE&C plan template² for Phase IV. So far in PY14, 57% of all EE&C plan expenditures have been incentives to participants and trade allies. Program-specific and portfolio total finances since the inception of Phase IV are the same as those reported for PY13:

- Incentives includes rebates, point-of-sale buydowns, kits, and direct install materials and labor.
- EDC materials, labor, and administration includes costs associated with an EDC's own employees.
- ICSP materials, labor, and administration includes the program implementation contractor and the costs of any other outside vendors an EDC employs to support program delivery.

Table 7. Program Year to Date Financials (\$1,000)

| Program | Incentives | Non-Incentive Costs | Total Cost |
|---|-----------------|---------------------|-----------------|
| Residential | \$4,142 | \$3,313 | \$7,455 |
| Income-Eligible | \$3,316 | \$960 | \$4,276 |
| Residential HER | \$0 | \$1,310 | \$1,310 |
| Income-Eligible HER | \$0 | \$40 | \$40 |
| Non-Residential | \$12,503 | \$3,826 | \$16,329 |
| Common Portfolio Costs³ | | | \$5,597 |
| Portfolio Total | \$19,962 | \$9,449 | \$35,008 |
| SWE Costs⁴ | N/A | N/A | N/A |
| Total | \$19,962 | \$9,449 | \$35,008 |

Source: Guidehouse analysis

² Energy Efficiency and Conservation Plan Template. <https://www.puc.pa.gov/pcdocs/1676672.docx>. PA PUC. September 9, 2020.

³ Common Portfolio Cost include EDC administrative costs, marketing, and EM&V.

⁴ Statewide Evaluation costs are outside of the 2% spending cap.

Table 8. Phase IV to Date Financials (\$1,000)

| Program | Incentives | Non-Incentive Costs | Total Cost |
|---|-----------------|---------------------|-----------------|
| Residential | \$9,867 | \$8,276 | \$18,143 |
| Income-Eligible | \$7,469 | \$2,538 | \$10,007 |
| Residential HER | \$0 | \$2,728 | \$2,728 |
| Income-Eligible HER | \$0 | \$100 | \$100 |
| Non-Residential | \$28,819 | \$13,960 | \$42,779 |
| Common Portfolio Costs⁵ | | | \$16,070 |
| Portfolio Total | \$46,155 | \$27,602 | \$89,829 |
| SWE Costs⁶ | N/A | N/A | N/A |
| Total | \$46,155 | \$27,602 | \$89,829 |

Source: Guidehouse analysis

Cost-effectiveness testing for Act 129 EE&C programs is performed using the total resource cost (TRC) test. Benefit-cost modeling is conducted annually using verified gross and verified net savings once the results of the independent impact evaluation are completed. TRC test results for PY14 will be presented in the final annual report to the PA PUC on September 30, 2023 along with a more granular breakdown of portfolio costs.

7.2 Cost Recovery

Act 129 allows Pennsylvania EDCs to recover EE&C plan costs through a cost recovery mechanism. PECO's cost recovery charges are organized separately by 4 customer sectors to ensure the electric rate classes that finance the programs are the rate classes that receive the direct energy and conservation benefits. Cost recovery is necessarily tied to the way customers are metered and charged for electric service. Readers should be mindful of the differences between Table 9 and Section 2.3. For example, the Low-Income customer segment is a subset of PECO's residential tariff(s) and is not listed in Table 9.

Table 9. EE&C Plan Expenditures by Cost Recovery Category⁷

| Cost Recovery Sector | Rate Classes Included | PYTD Spending (\$1,000) | P4TD Spending (\$1,000) |
|------------------------|-----------------------|-------------------------|-------------------------|
| Residential | R + RH, CAP | \$15,455 | \$38,714 |
| Small Commercial | GS | \$10,319 | \$23,736 |
| Large Commercial | PD, HT + EP | \$9,146 | \$27,062 |
| Municipal | SLE, SLC, AL & TLCL | \$88 | \$317 |
| Portfolio Total | | \$35,008 | \$89,829 |

Source: Guidehouse analysis

⁵ Common Portfolio Cost include EDC administrative costs, marketing, and EM&V.

⁶ Statewide Evaluation costs are outside of the 2% spending cap.

⁷ Excludes SWE costs