



June 24, 2024

Submitted Via E-Filing

Pennsylvania Public Utility Commission,
Attention: Secretary Rosemary Chiavetta
400 North Street
Harrisburg, PA 17120

**RE: Implementation of the Alternative Energy Portfolio Standards Act of 2004:
Standards for the Participation of Demand Side Management Resources –
Technical Reference Manual 2026 Update
Docket No. M-2023-3044491**

Dear Secretary Chiavetta:

Keystone Energy Efficiency Alliance would like to thank the Pennsylvania Public Utility Commission (“PUC” or “Commission”) for this opportunity to provide comments for Phase V of Act 129 on the Standards for the Participation of Demand Side Management Resources – Technical Reference Manual (“TRM”) 2026 Update.

Keystone Energy Efficiency Alliance (“KEEA”) is Pennsylvania's trade association for the energy efficiency industry. With our sister organization the Energy Efficiency Alliance of New Jersey, we represent 65 business members across Pennsylvania and New Jersey. Our mission is to champion efficiency as the foundation of a clean, just, and resilient energy economy.

KEEA appreciates and supports the updates and changes the Commission is proposing to the 2026 TRM in advance of Act 129 Phase V. KEEA strongly supports the SWE’s decisions to update and align the TRM and TRC with current and planned Pennsylvania building codes, federal standards, and changes in electricity usage patterns, specifically by integrating both winter and summer peaks. Recognizing the importance of addressing load growth in electricity and incorporating more flexibility in modifying the TRM and TRC is crucial. Adopting standards from surrounding states like New York and Maryland, known for their excellent energy efficiency programs, will further enhance the effectiveness of Pennsylvania’s energy policies.

KEEA supports the Commission’s proposed measure additions and removals. Specifically, we support the removal of measures that currently permit unidirectional fuel switching from electric heat, water heaters, and clothes dryers to gas, oil, or propane versions. While this practice may save electricity, it effectively shifts the burden from one fuel source to another without truly reducing overall energy consumption. The proposed approach aligns with the Commission's efforts in the previous phase to prioritize deeper building measures that maximize overall energy savings.

We recommend that the Commission include calculation examples wherever algorithms are used, whether for solar photovoltaic or other measures within the TRM, to prevent and eliminate confusion. The inclusion of solar photovoltaics for both residential and commercial customers is a commendable step towards promoting renewable energy and reducing carbon emissions. These changes will ensure that Pennsylvania's energy efficiency programs remain robust, forward-looking, and in alignment with best practices and evolving energy trends.

KEEA would also recommend that consideration should be given to the unique characteristics of non-conventional building stock in the TRM, as there are building types that differ from those in the NREL database, requiring the creation of composites or other mapping approaches on a case-by-case basis. It is crucial to document these assumptions in the NREL order. Additionally, special consideration is needed for multi-family buildings, particularly in calculating heating and cooling days, to ensure accurate energy efficiency assessments and program impacts.

KEEA would also recommend the commission review and consider these additional points as it continues to develop Phase V of Act 129:

Transparency

Transparency is a cornerstone of effective and equitable energy policy, and its enhancement within the Act 129 Energy Efficiency and Conservation (“EE&C”) Program can significantly bolster stakeholder confidence and engagement. To foster this, it is essential to create ample opportunities for stakeholder engagement leading up to and throughout the order process. Engagement must begin early in the cycle, even before recommendations are issued, to ensure that diverse perspectives are incorporated into shaping the program’s parameters. This proactive approach will help build a more inclusive and responsive framework, leading to policies that better reflect the needs and insights of all stakeholders. The Commission in-person Act 129 Stakeholder Meetings in February of 2024 is a great example of this type of needed engagement where stakeholders can directly ask questions of the Statewide evaluator and staff.

The PUC should enhance its reporting transparency by including more detailed metrics in the Statewide Evaluator (SWE) reports. Specifically, the reports should include participation rates by class and total dollars spent versus savings achieved. Providing this detailed data will enable stakeholders to better assess the program's effectiveness and make informed recommendations

for improvement. It will also allow for more precise tracking of progress towards energy efficiency goals, ensuring that resources are allocated effectively and that the program delivers maximum value to Pennsylvania residents.

To facilitate robust stakeholder engagement, the PUC should establish a clear and accessible point of engagement for registration for utility stakeholder meetings via the PUC website. Additionally, utilities should be required to provide registration and sign-up pages to be informed about and to attend utilities' stakeholder sessions, complementing the existing Electric Distribution Companies (EDC) contact lists. The PUC should also maintain and publicly post a central schedule of biannual utility meetings to ensure that all interested parties are well-informed and can participate actively. Lastly, there should be an annual meeting about the Act 129 program with presentations from all of the EDC that is open to the public, in addition to the stakeholder meetings currently held by individual utilities. Seeing the information in a comprehensive view across programs can help to provide useful comparison. Such measures will democratize access to the engagement process and ensure that a broader range of voices is heard.

We recommend that the Commission enhance reporting by including the percentage of the total customer base that participated in the program in each rate class for each utility, with an annual report-out. Additionally, there should be a roll-up of the data provided. The dataset submitted to Penn State should be made available upon request to others for analysis, or an anonymized version with competitive information redacted. Understanding the total universe of each building type in the state and the weights for each EDC is crucial. Furthermore, it is essential to know the number of electrically heated homes in each EDC to better tailor energy efficiency programs and measure their impact.

On the Utility side, utilities should provide greater clarity and transparency around their request for proposal (RFP), stakeholder engagement, and bidding processes. This could include making detailed information on these processes publicly available, allowing stakeholders to understand and participate more effectively. Increased transparency in these areas will help to eliminate confusion, reduce potential conflicts of interest, and build greater trust in the utility companies' operations and decision-making processes. By making these processes more open and accessible, the utilities can foster a more collaborative and transparent environment.

Flexibility

Flexibility within the Act 129 EE&C Program is essential to ensure that the program can adapt to evolving needs and circumstances without undergoing extensive and disruptive processes. One significant area where flexibility is crucial is in more readily permitting mid-phase improvements to the plan, particularly in terms of budget adjustments and program measure changes. These modifications should be streamlined to facilitate timely and effective responses to changing

conditions and opportunities, thereby enhancing the overall efficiency and effectiveness of the program.

On the budget front, increased flexibility is vital to allow for the adaptation of programs based on ratepayer adoption and performance. A model that could be emulated is the New Jersey Board of Public Utilities' approach, which permits utilities to adjust program budgets within the same sector by up to 25% with staff notification, between 25% and 50% with staff approval, and over 50% with board approval. Additionally, utilities can shift up to 5% of sector budgets between or among sectors with staff notification, between 5% and 10% with staff approval, and over 10% with board approval. Such a framework would enable the PUC to allocate resources more dynamically, supporting over-performing programs and ensuring that funds are utilized where they are most effective.

Regarding program measures, it is essential to recognize that over a six-year period, significant changes can occur. From the drafting of plans a year before a phase begins to the end of the five-year phase, new measures may emerge, existing measures may improve, or some measures may become industry standards. Therefore, allowing for flexibility in adopting new measures, refining existing ones, or phasing out those that have become standard practice is crucial.

Additionally, the PUC should enable utilities to readily and easily integrate Act 129 provisions with other state programs and funding sources, including the Home Energy Rebates funded by the federal Inflation Reduction Act (IRA). Federal funds should not supplant Act 129 funds but can be leveraged to increase the comprehensiveness of efficiency measures provided through Act 129, including by incentivizing high-efficiency electric heating and cooling equipment.

Regarding Transition between phases, the PUC should recognize the longer ramp-up, project planning and execution cycle for more comprehensive projects like Combined Heat and Power. Although the desire to clearly delineate savings and measures within a specific phase, it's not entirely realistic to expect a bigger project like this to neatly fit within the prescribed time frame. We encourage permitting a rolling phase-out for end of phases, so they become less of a "cliff" when conservation activities and projects stall out. By simply adopting a reconciliation period, this might be circumvented.

Innovation

Building on the principle of flexibility, fostering innovation within the Act 129 EE&C Program is crucial. We recommend incorporating a carve-out specifically for pilot programs that measure Non-Energy Benefits (NEBs) from the National Efficiency Screening Project (NESP), even if they do not fall under the traditional cost test. These pilot programs should be designed to encourage creative approaches and allow for learning from both successes and constructive failures. By creating an environment that rewards successful pilots, the PUC can stimulate

continuous improvement and the development of cutting-edge solutions that enhance the program's overall impact and effectiveness.

National Standard Practice Manual and Act 129

KEEA would like to revive a recommendation from Phase IV and urge the Commission to consider reviewing the National Energy Screening Project's (NESP) National Standards Practice Manual (NSPM) as it develops the Total Resource Cost (TRC) Test. In the previous phase, the Commission acknowledged that such a review could be a valuable initial step in preparing future Act 129 TRC Test Orders. Given the importance of accurate cost-effectiveness testing in a budget-constrained framework, a thorough review of the NSPM could enhance the robustness and fairness of the TRC Test, ensuring it better aligns with current best practices and state policies.

Incorporating NSPM principles can help the Commission address the complexities of modern energy efficiency programs more effectively. By aligning the TRC Test with NSPM guidelines, the Commission can ensure that the test reflects a more comprehensive view of costs and benefits, including non-energy impacts that are increasingly recognized as critical to the success of energy efficiency initiatives. This approach will not only support more informed decision-making but also enhance the transparency and credibility of the TRC Test, fostering greater stakeholder confidence and participation.

The Keystone Energy Efficiency Alliance appreciates this opportunity to comment, and we welcome any questions you may have on these recommendations.

Sincerely,



John Kolesnik
Policy Counsel

Keystone Energy Efficiency Alliance