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**VIA ELECTRONIC FILING**

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

**Re: Implementation of the AEPS 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:

Please find UGI Utilities Inc. - Electric Division's and Gas Division's Comments to the Tentative Order in the above-referenced docket. If you have any questions, please contact me directly at (610) 992-3763.

Very truly yours,

/s/ Michael S. Swerling  
Michael S. Swerling  
Counsel for UGI

Enclosure

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of the Alternative :  
Energy Portfolio Standards Act of : Docket No. M-2023-3044491  
2024: Standards for the Participation :  
of Demand Side Management :  
Resources – Technical Reference :  
Manual 2026 Update :

**UGI UTILITIES, INC. – ELECTRIC DIVISION’S & GAS DIVISION’S  
COMMENTS TO THE COMMISSION’S TENTATIVE ORDER**

**I. INTRODUCTION**

On May 9, 2024, the Pennsylvania Public Utility Commission (“Commission”) entered a Tentative Order to update its Technical Reference Manual (“TRM”) for 2026 (“Tentative Order”) in Docket No. M-2023-3044491<sup>1</sup>. The Tentative Order seeks to update the TRM in anticipation that the Commission will issue a Phase V Implementation Order for the Act 129 Energy Efficiency and Conservation (“EE&C”) plans. The Commission expects that in keeping with past phases (and their respective Implementation Orders), the to be updated TRM will serve as an important component of the EE&C plan evaluation process. (Tentative Order at 2-4). Accordingly, the Commission is updating the TRM to incorporate “codes, standards, and ENERGY STAR specifications that change during Phase V without undertaking a full TRM update.” (Tentative Order at 4). The Tentative Order also includes updated: (1) climate assumptions; (2) building codes; (3) winter peak demand savings; (4) and other general

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<sup>1</sup> See *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 (Tentative Order entered May 9, 2024).

revisions. (Id.) UGI Utilities, Inc. – Electric Division and Gas Division (collectively referred to herein as “UGI” or the “Company”) supports the majority of the proposed updates and provides the following comments related to fuel switching in response to the Tentative Order.

## II. COMMENTS

### A. UGI Supports the continued inclusion of fuel switching in the 2026 TRM because it furthers energy conservation and savings.

#### 1. Fuel Switching Proposal

The Tentative Order seeks to remove the following fuel switching provisions from the 2026 TRM:

- Section 2.2.6 (electric heat to gas/propane/oil heat);
- Section 2.3.3 (electric resistance to fossil fuel water heater);
- Section 2.4.7 (electric clothes dryers to gas clothes dryers);
- Section 3.2.5 (small commercial electric heat to natural gas, propane, and or oil heat); and
- Section 3.4.3 (electric resistance water heaters to gas or propane)

The Commission proposed deleting all fuel switching provisions from the TRM, referenced above, because the Environmental Protection Agency (“EPA”) considered removing ENERGY STAR specifications for natural gas heaters and clothes dryers. For consistency, the Commission also proposed removing fuel switching for water heaters, even though the EPA did not consider removing their ENERGY STAR specifications. (Tentative Order at 63-64). These deletions were largely based on a memorandum prepared by the EPA on May 18, 2023, entitled: *ENERGY STAR Furnaces and Central Air Conditioners (“CACs”): Sunset Proposal Memo* (“EPA Memo”). (Tentative Order at 64). Specifically, the EPA Memo proposed phasing out the labeling and promotion of residential gas furnaces and CACs by sunseting the ENERGY STAR

Version 4.1 Specification for Furnaces and removing the CACs from the ENERGY STAR V6.1 Specification for CAC and Heat Pump Equipment.<sup>2</sup>

2. EPA’s April 16, 2024 Notice Regarding Gas Furnace ENERGY STAR Specifications

However, on April 16, 2024, the EPA circulated a notice (“EPA Notice”), before entry of this Tentative Order, stating: “[i]n response to compelling support for continuing the labeling of furnaces, the EPA has decided to propose an update, rather than sunset, to the ENERGY STAR furnace specification.”<sup>3</sup> Therefore, the EPA has clarified that ENERGY STAR specifications for natural gas furnaces will remain.

3. Fuel Switching Should Remain in the 2026 TRM

Because the EPA decided to maintain ENERGY STAR specifications for natural gas furnaces, the Commission should reconsider its proposal to remove the aforementioned fuel switching provisions from the 2026 TRM. Accordingly, Sections 2.2.6, 2.3.3, 2.4.7, 3.2.5 and 3.4.3 should be reinserted, in their entirety, into the 2026 TRM to align with the EPA’s current guidance.

4. Fuel Switching is an important EE&C Measure

Beyond the EPA’s decision to continue ENERGY STAR specifications for gas furnaces, the Commission should maintain fuel switching because of the benefits it can provide to customers. A truly comprehensive EE&C program includes the full range of available efficiency

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<sup>2</sup> <https://www.energystar.gov/sites/default/files/asset/document/Furnace%20CAC%20Proposal.pdf>

<sup>3</sup> <https://www.energystar.gov/sites/default/files/2024-04/ENERGY%20STAR%20Version%205.0%20Furnaces%20Draft%201%20Cover%20Letter.pdf>

measures that are cost-effective in terms of installation expense and energy bills. Fuel switching to natural gas is a proven method that reduces customer bills, increases conservation efforts, and has been utilized by UGI's customers for years. Customers should always have the opportunity to receive the service that best suits their circumstances. Therefore, fuel switching should remain as a useful and customer-focused element of EE&C plans and the TRM.

### 5. Natural Gas Provides Vital EE&C Benefits

From a fuel source perspective, the benefits of natural gas also should not be singled out and excluded from EE&C plans. Natural gas heaters have an up to 97% source-to-site AFUE efficiency, such that most of the energy produced supports on-site heating consumption.

Pursuant to a recent American Gas Association ("AGA") study<sup>4</sup>: "[i]n residential applications, ENERGY STAR-qualified condensing water heaters can reduce water heating gas demand by around 15%, while qualified tankless models can result in savings of more than 30%.

Condensing tankless water heaters...are the most efficient models currently available, with efficiencies (measured using a metric called Uniform Energy Factor, or UEF) as high as 97% and savings of more than 40% compared with standard models."<sup>5</sup> (Citation omitted). Electric heaters, however, can have system losses totaling 65%, such that one third of energy produced supports on-site heating consumption. (American Gas Association, Natural Gas Efficiency Programs Report, 2020 Program Year, Miles Vondra, Morgan Hoy).

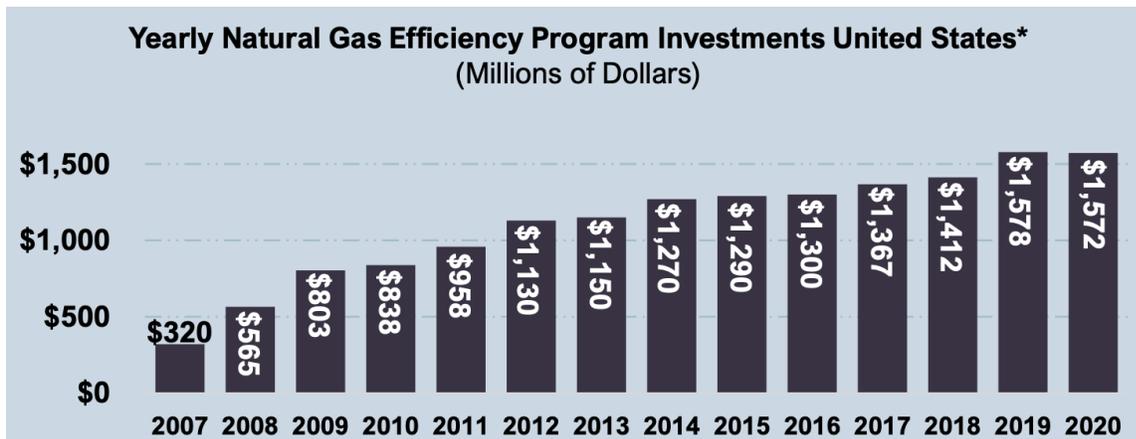
Natural gas also is a beneficial EE&C plan component, including its capabilities for fuel switching. According to the AGA, natural gas utilities spent approximately \$1.6 billion on

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<sup>4</sup> <https://www.aga.org/wp-content/uploads/2022/02/aga-net-zero-emissions-opportunities-for-gas-utilities.pdf>

<sup>5</sup> Id.

energy efficiency programs in 2020, representing a 391% increase compared to 2007, as shown in the table below. (Id.) Moreover, natural gas utility efficiency programs throughout the country saved 259 trillion Btus of energy and offset 13.7 million metric tons of carbon dioxide emissions from 2012 through 2018. (Id.)



**Figure 1. Growth of Natural Gas Energy Efficiency Program Spending<sup>6</sup>**

The 2022 American Council for an Energy Efficient Economy (“ACEEE”) State Energy Scorecard shows that budgets for natural gas energy-efficiency programs have grown to \$1.7 billion nationally.<sup>7</sup> Within Pennsylvania, a number of gas utilities have undertaken voluntary energy efficiency programs, including the third phase of Philadelphia Gas Works’ (“PGW”) natural gas efficiency portfolio and the first phase of Columbia Gas of Pennsylvania, Inc.’s (“Columbia”) WARM wise natural gas energy efficiency rebate program. These voluntary programs have assisted customers to install high efficiency natural gas equipment and save money on their energy bills.

<sup>6</sup> <https://www.aga.org/wp-content/uploads/2023/10/2020-Natural-Gas-Efficiency-Programs-Report.pdf>

<sup>7</sup> ACEEE (American Council for an Energy-Efficient Economy), *The 2022 State Energy Efficiency Scorecard*, Weston Berg, et al, December 2022, p. 40.

### III. CONCLUSION

The Company appreciates the opportunity to provide comments to the Tentative Order and asks that the Commission favorably consider its comments.

Respectfully submitted,

/s/ Michael S. Swerling

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