



Michael S. Swerling, Esq.

UGI Corporation
460 North Gulph Road
King of Prussia, PA
19406

Post Office Box 858
Valley Forge, PA 19482-0858

(610) 992-3763

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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 Reply 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 :
2024: Standards for the Participation : Docket No. M-2023-3044491
of Demand Side Resources – :
Technical Reference Manual 2026 :
Update :

**UGI UTILITIES, INC. – GAS AND ELECTRIC DIVISIONS’
REPLY 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-2023-3044491¹. Initial comments were filed by interested parties on June 24, 2024. UGI Utilities, Inc. – Gas and Electric Divisions (collectively referred to herein as “UGI” or the “Company”) provide the following reply comments in response to the Tentative Order.

II. COMMENTS

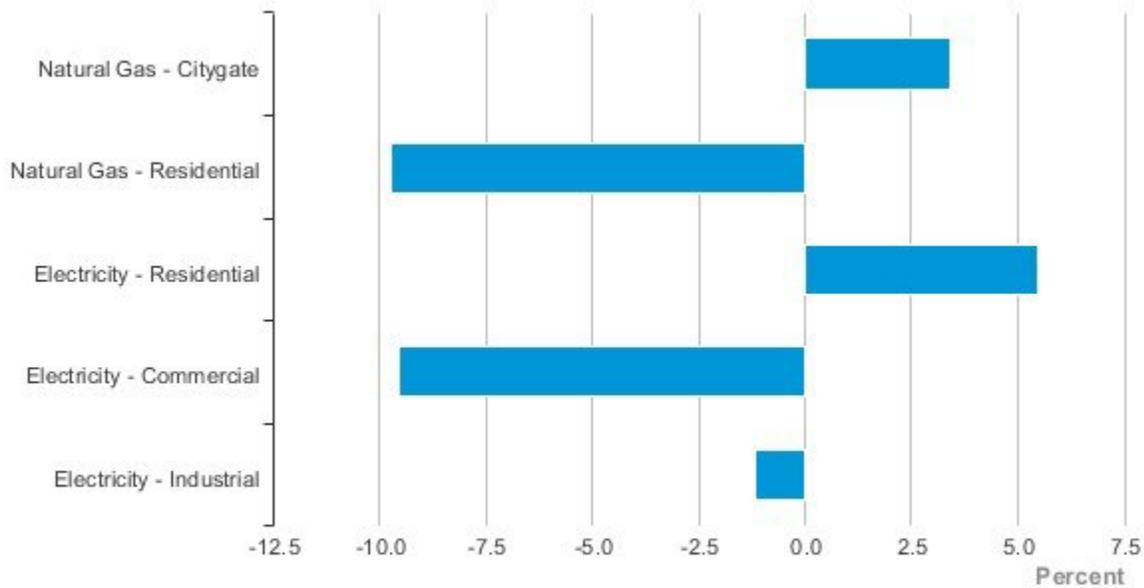
A. Fuel Switching to Natural Gas is Efficient and Reduces Energy Costs

In its comments, the Keystone Energy Efficiency Alliance (“KEEA”) generally claimed without supporting data that fuel switching to natural gas shifts burdens from one fuel source to another without reducing overall consumption. (KEEA Comments at 2). The Commission

¹ 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).

should reject this claim and avoid setting standards that would make products with performance characteristics important to residential consumers unavailable. This is important when considering residential customer fuel affordability. The following Energy Information Administration (“EIA”) table shows how much the price of electricity and natural gas differ in Pennsylvania as compared to the U.S. average.

Pennsylvania Price Differences from U.S. Average, Most Recent Monthly



 Source: Energy Information Administration, Petroleum Marketing Monthly; Natural Gas Monthly; Electric Power Monthly

As of March 2024 in Pennsylvania, the average price of natural gas for residential customers was 12.5% lower than the U.S. average.² The average price of natural gas to residential customers in Pennsylvania was \$13.68 per Thousand Cubic Feet (approximately \$13.26 per MMBtu at 1.032 MMBtu per Thousand Cubic Feet).³

² <https://www.eia.gov/state/?sid=PA#tabs-5>

³ https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

Also as of March 2024, the average price of electricity in Pennsylvania was 5% higher than the U.S. average for residential customers.⁴ Moreover, the average price of electricity to residential customers in Pennsylvania as of April 2024 was 17.95 cents per kWh (approximately \$52.61 per MMBtu at 3,412 Btu/kWh).⁵ Accordingly, residential customers should be permitted to continue considering the price difference between electricity and natural gas when deciding the type of heating/cooling appliance(s) that best fits their needs, including attendant ENERGY STAR specifications and AFUE efficiencies. Combining the up to 97% source-to-site efficiency of natural gas appliances with the lower price of natural gas will drive continued energy efficiency by way of fuel switching to natural gas.

B. UGI Supports Performance System Development’s (“PSD”) Comments Regarding New Construction Savings Baseline

In its comments, PSD explained that if the energy efficiency baseline requirements for new construction are out of alignment with building practices, EE&C plans will struggle to justify incentives that meet true market conditions and incremental costs. (PSD Comments at 3). UGI Gas is concerned that the Technical Reference Manual’s (“TRM”) adoption of the 2021 IECC baseline will negatively impact EE&C goals. Specifically, establishing a non-representative baseline in using the 2021 IECC could: (1) curb new energy efficient housing construction; (2) result in new construction projects understating the energy savings benefits; (3) decrease new

⁴ <https://www.eia.gov/state/?sid=PA#tabs-5>

⁵ https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

construction housing affordability; and, most concerning, (4) induce builders to abstain from participating in EE&C new construction plans.

UGI Gas's proposed Phase II (2025-2030) EE&C plan requires contractors participating in its Residential New Construction Program to generate efficiency savings of 15% over the 2018 IECC. Over the last four years of its Phase I Gas EE&C plan, the Company has incentivized builders approximately \$5.3MM to build over 4,400 new construction homes above baseline code resulting in nearly 162,000 MMBtus savings. To ensure that these results are not diminished, UGI Gas agrees with PSD that the TRM should establish a market baseline for new construction.

III. CONCLUSION

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

Respectfully submitted,

/s/ Michael S. Swerling

Michael S. Swerling (ID # 94748)
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406
Phone: 610-992-3763
Fax: 610-992-3258
E-mail: SwerlingM@ugicorp.com

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