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AN EXELON COMPANY

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VIA eFILING

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

Re: 2026 Total Resource Cost (TRC) Test
Docket No. M-2024-3048998

Dear Secretary Chiavetta:

Enclosed please find the **Comments of PECO Energy Company on the Proposed 2026 Total Resource Cost Test** (“the Comments”) in the above-captioned proceeding.

As instructed in the 2026 Total Resource Cost (TRC) Test Tentative Order, a Word formatted copy of these Comments will be sent via email to David Edinger at dedinger@pa.gov and Tiffany Tran at tiftran@pa.gov.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Jack R. Garfinkle

3. Level At Which To Calculate And Report TRC Test Results

PECO agrees with the Commission’s proposal to continue to apply the TRC test at the EE&C Plan level.

4. Discount Rate

PECO is not commenting on this topic.

5. Effective Useful Life

PECO maintains that capping measure life at 15 years results in an asymmetric application of cost and benefits streams for long life measures such as solar PV. If a 15-year cap on measure life is maintained, PECO suggests either: (1) recognizing a measure’s residual system value at 15 years; or (2) prorating measure costs to reflect only those costs occurring in the first 15 years of the measure.

6. Low-Income Programs

See PECO’s comments under Section B.12

7. Basis of TRC Test Impacts

PECO is not commenting on this topic.

8. Measures Supported By Both Act 129 And Other Funding Streams

PECO asks that the Commission explain how it plans to account for incentives that are offered through other Federal funding mechanisms such as the Inflation Reduction Act or the Infrastructure Investment and Jobs Act.

B. Avoided Costs of Supplying Electricity

1. Vintage of Avoided Cost Forecasts

PECO is not commenting on this topic.

2. Avoided Cost of Electric Energy

PECO is not commenting on this topic.

3. Nominal vs. Real Dollars

PECO is not commenting on this topic.

4. Line Losses

PECO is not commenting on this topic.

5. Escalation Rate

PECO is not commenting on this topic.

6. Allocation of Avoided Capacity Costs Between Summer and Winter Peak

PECO is not commenting on this topic.

7. Avoided Cost of Generation Capacity

PECO disagrees with the Commission’s proposal to incorporate a five-year average into the methodology for determining avoided cost of generation capacity. PECO recommends that the Commission retain the Phase IV approach of using a fixed three-year average of actual auction results for the entire Phase. PECO acknowledges that PJM generating capacity has seen a significant increase recently, clearing at a high price of \$269.92/MW-day. The Company believes, however, that the application of a fixed value based on recent, actual clearing prices has functioned well in Phase IV and remains appropriate for Phase V. PECO is seeking additional clarity on the Commission’s reasoning for proposing a change to the current methodology.

8. Avoided Cost of Transmission and Distribution Capacity

PECO opposes the addition of more granular inputs (e.g., spatial, seasonal) into the methodology for determining the avoided cost of transmission and distribution capacity because the additions will impose substantial new costs with uncertain energy reduction benefits. The Company notes that PECO would have to design and implement changes to its data collection, planning, implementation, and tracking processes in order to support these more granular

calculations. The costs associated with these activities would reduce the funding for customer incentives or other energy efficiency (“EE”) opportunities. Further, using spatial and seasonal inputs to identify grid-constrained areas alone does not guarantee any particular level of customer participation in those areas or customer bill savings overall. If the Commission decides to include these granular data collection obligations in Phase V, it should also take into account the associated costs when setting Phase V targets.

PECO also recommends that the Commission consider adopting a flexible approach that allows Electric Distribution Companies to voluntarily pursue Non-Wires Alternatives (“NWA”) projects. If NWA becomes a mandated element of Phase V, the Company urges the Commission to carefully consider the associated expenses in the target-setting process.

9. Compliance with Alternative Energy Portfolio Standards Act (AEPS)

PECO is not commenting on this topic.

10. Price Suppression Effects

PECO is not commenting on this topic.

11. End-Use Adjustments

PECO is not commenting on this topic.

12. Reductions in Arrearages And Collection Costs

The Company encourages the Commission to include health and safety improvements as a recognized benefit stream for low-income EE programs. PECO notes that its Phase IV Health and Safety Pilot resulted in significant benefits to participating customers, demonstrating the critical role of health and safety interventions in achieving more impactful EE outcomes. PECO acknowledges that health and safety measures, while essential, can be costly and do not directly contribute to EE targets. Therefore, the Company recommends budgetary allocations to

undertake health and safety measures that would enable utilities to implement deeper, more comprehensive EE measures.

C. Other TRC Benefits

PECO is not commenting on this topic.

D. TRC Costs

1. Program Administration and Overhead

PECO is not commenting on this topic.

2. Incremental Costs

PECO is not commenting on this topic.

3. Act 129 Incentives

PECO is not commenting on this topic.

4. Incentives From Outside Of Act 129

PECO anticipates that federal tax credits, particularly those supporting heat pumps, solar energy, and battery storage, will continue to play a significant role in reducing customer costs for these measures during Phase V. The Company disagrees with the Commission's proposal to assume zero impact for tax credits simply because the exact value of such tax credits is not known. Some customers will undoubtedly take advantage of these federal tax credits and recognizing the benefit of these incentives will lower the incremental costs of associated measures. PECO believes it would be reasonable and justifiable to recognize some level of impact from these federal incentives when assessing the cost-effectiveness and affordability of EE measures, including the newly added solar measure in Phase V.

E. Fuel Switching

PECO is not commenting on this topic.

F. Net-To-Gross (NTG) Issues

PECO is not commenting on this topic.

G. Demand Response

PECO is not commenting on this topic.

PECO appreciates the opportunity to comment on this important matter and believes that the Company's recommended revisions can improve the effectiveness of the Total Resource Cost Test.

Respectfully Submitted,



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For PECO Energy Company

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