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September 6, 2024

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

**Re: 2026 Total Resource Cost (TRC) Test
M-2024-3048998**

Dear Secretary Chiavetta:

Enclosed for filing please find Duquesne Light Company's Comments in the above referenced proceeding.

If you have any questions regarding the information contained in this filing, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "LBQ", is written over a horizontal line.

Lindsay A. Baxter
Manager, Regulatory and Clean Energy Strategy

Enclosure

cc:

David Edinger, dedinger@pa.gov
Tiffany L. Tran, tiftran@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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2026 Total Resource Cost (TRC) Test	:	M-2024-3048998
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**COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

On August 1, 2024, the Pennsylvania Public Utility Commission (“Commission” or “PUC”) issued a Tentative Order seeking comment on proposed updates to the Total Resource Cost Test (“TRC”) to be used for a potential Phase V of the Act 129 Energy Efficiency and Conservation (“EE&C”) Program. In the Tentative Order, the Commission provided for interested parties to submit comments on the proposed TRC within twenty days of publication in the *Pennsylvania Bulletin*, with reply comments due ten days thereafter. Notice of the Tentative Order was published in the *Pennsylvania Bulletin* on August 17, 2024, at 54 Pa.B. 5313. Pursuant to that notice, Duquesne Light Company (“Duquesne Light” or “Company”) hereby submits the following comments.

II. COMMENTS

Duquesne Light is largely supportive of the proposed TRC updates, as described in the Tentative Order. The Company respectfully offers the following comments for consideration. For ease of review, these comments are outlined in the order in which they appear in the Tentative Order.

Section A, Subsection 3: Level at Which to Calculate and Report TRC Test Results

The tentative Order indicates that the Phase V Tentative Implementation Order may establish an integrated energy efficiency (“EE”)/demand response (“DR”) program design, which will allow for assigning cost-effectiveness at the portfolio level. The Company is supportive of this approach. Evaluating cost-effectiveness at the portfolio level for EE and DR aligns with the Company’s preferred program structure. By assessing cost-effectiveness of the larger portfolio of programs, this approach enables more innovative program designs by reducing potential risks of individual components. Additionally, this approach has the benefit of allowing for more streamlined administration and evaluation. Should the Commission elect to establish a separate, dispatchable demand response program, Duquesne Light respectfully asks that the Commission consider the additional costs associated with separate compliance goals.

Section B, Subsection 4: Line Losses

Duquesne Light supports the establishment of clear, agreed-upon line loss rates for each customer class for each EDC. As noted in the Company’s comments on the proposed 2026 TRM, the line losses published in its Commission-approved tariff more accurately reflect the true system losses in the Duquesne Light service territory.¹ Duquesne Light respectfully requests that, should the TRC Order reference the 2026 TRM for published line losses, the 2026 TRM should be updated consistent with the Company’s comments in that proceeding.

¹ Comments of Duquesne Light Company. June 24, 2024. Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual 2026 Update. M-2023-3044491.

Section B, Subsection 6: Allocation of Avoided Capacity Costs Between Summer and Winter Peak

The Commission proposes to split the avoided cost of generation capacity across summer peak and winter peak demand reductions on a 50/50 basis. Given the low penetration of electric space- and water-heating within its territory, the mix of measures likely to be offered and incentivized during Phase V is expected to produce lower winter than summer peak demand reductions. Duquesne Light believes that a 50/50 allocation will understate avoided capacity costs and harm the cost-effectiveness of the Company's portfolio of programs. Duquesne Light asserts that the avoided cost of capacity is driven by the annual system peak, not the average of summer and winter peaks. As noted in Exhibit 4 of this Tentative Order, Duquesne Light's system is overwhelmingly summer-peaking, with 97% of substations peaking in the summer, and that "a strongly summer-peaking EDC, like Duquesne, sees minimal avoided T&D benefit from winter peak demand reductions" (p. 12).² Duquesne Light recommends that the allocation of avoided cost of capacity be based on the annual system peak of each individual EDC.

Section B, Subsection 8: Avoided Cost of Transmission and Distribution Capacity

The Commission invites comments on its proposal to add a spatial component to tracking program participation and results. While the Company appreciates the intent behind this recommendation, and agrees that the benefits of energy efficiency investments may vary based on location, it urges the Commission to not move forward with its proposal at this time. The Company believes additional work is needed to assess the feasibility and impacts of such an approach.

² Exhibit 4: *Avoided Cost of Transmission and Distribution Capacity Study*, July 2024, <https://www.puc.pa.gov/pcdocs/1842599.pdf>

Some EDCs, including Duquesne Light, may face technology challenges to implementing this proposal in Phase V, which could require substantial investments in mapping and systems integration. Beyond these system limitations, EDCs may not know the installation location for all measures, such as those incentivized through upstream programs, for example.

At this time, the Company does not believe the benefits of using a locational value will outweigh the significant costs and administrative burden of implementation. The Company additionally notes that achieving Phase V goals may be more difficult than previous phases as some “low-hanging fruit” measures will no longer be available, further bolstering the argument to avoid adding additional burdens to program implementation at this time.

Duquesne Light is supportive, however, of encouraging EDCs to conduct non-wires alternative demonstration projects or limited locational avoided cost pilot. However, it urges the Commission to make this provision optional, and to allow flexibility to each EDC to propose the appropriate size and design of a project.

Section B, Subsection 9: Compliance with Alternative Energy Portfolio Standards Act (AEPS)

Duquesne Light notes that the monetary value of compliance with the AEPS is stated as \$6.88 MWh on page 28 of the Tentative Order but is stated as “\$6.88 *cents* per MWh” (emphasis added) in Appendix C: Summary of Proposed Continuations/Changes/Clarifications/New Items. Duquesne Light requests clarification of the cost assigned to compliance with AEPS.

Section C, Subsection 7: Societal Benefits

Duquesne Light supports the Commission’s determination that, consistent with prior TRC Tests, it will not include societal benefits in the 2026 TRC. However, the Commission notes that should the legislature adopt new legislation related to greenhouse gas emissions reductions or other environmental goals, it may elect to include societal benefits during Phase V. Duquesne Light respectfully notes that significant changes to implementation guidelines during the Phase may necessitate EDCs to refile their existing approved plans to make modifications to meet these new criteria. The associated plan revisions could be major or minor dependent on the magnitude of the changes. These kinds of modifications cause the EDCs to incur real administrative and legal costs, and adds to the workload of Commission staff. Duquesne Light urges the Commission to avoid mid-phase changes related to societal benefits, with potential to revisit in subsequent phases.

Section D, Subsection 1: Program Administration and Overhead

Duquesne Light supports the continued treatment of kit measures as well as directly installed equipment and labor cost as an incentive to the participant.

Section D, Subsection 2: Incremental Costs

Duquesne Light supports the descriptions of the incremental costs by measure type presented in Table 4. As noted in our comments to the Draft 2026 TRM, Duquesne suggests the Commission adopt industry-standard language for these types of measures.³ Specifically, the “Replace on Burnout” type is widely known as “Normal Replacement.” Furthermore, the

³ Comments of Duquesne Light Company. June 24, 2024. Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual 2026 Update. M-2023-3044491.

Company reiterates its concern about establishing any measure type as the default for a given delivery channel, other than “Replace on Burnout” or Normal Replacement.

Exhibit 5 Proposed Incremental Measure Cost Database

Duquesne Light questions the appropriateness of using a single entry based on fixture wattage in the Incremental Measure Cost Database for all LED lighting under TRM sections 3.1.1 and 3.1.7. There is wide variation in commercial lighting fixture costs that do not just vary based on fixture wattage, but also vary based on form factor (e.g., high-bay versus troffer) and intended use (e.g., standard versus explosion-proof). As an example, 15W LED linear replacement lamps are widely available at retail for significantly less than the \$31.80 full cost and even less than the \$14.25 incremental cost the database would suggest.

III. CONCLUSION

Duquesne Light is committed to providing beneficial, cost-effective energy efficiency programs to support its customers in reducing energy use, saving money, improving comfort, and reducing environmental impact. Its comments in this proceeding are intended to support strong, efficient programming in Phase V of Act 129. The Company appreciates the opportunity to inform the Commission’s efforts.

Respectfully submitted,



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