

Joint Comments to the PUC on Resource Adequacy

December, 2024

Introduction

We the undersigned organizations would like to thank the PA PUC for this opportunity to comment on this Technical Conference proceeding to explore what the PA Public Utility Commission (PUC) can do to insure resource adequacy in Pennsylvania, especially in light of PJM's recent capacity auction results. It is critically important for the Commission to take action to mitigate the harm that will result from the price increases caused by PJM's decisions.

As the PUC has the legal responsibility and authority to insure reliable service at the lowest possible cost for all Pennsylvanians, and as the Commission has legal responsibility to act as an environmental steward, our comments focus on a number of near term steps the Commission can take to increase supply while putting downward pressure on rates and without increasing harm to the environment.

1. Increase the amount of Energy Efficiency savings utilities achieve under Act 129

Energy efficiency continues to be the cheapest and cleanest energy resource in Pennsylvania. In its first phase, Act 129 produced almost 2% reduction in electricity consumption. However that number has steadily declined in each subsequent phase of the program. Given the tremendous improvement in appliance efficiency in recent years, EDCs could increase their savings to at least 2% annually with modest changes. The EDCs are also currently underspending their budgets every year, thus there are numerous ways to expand the savings from these programs.

Much better outreach is also needed. Much more extensive collaboration with the DEP, DCED, PA Housing Finance Agency, small business associations, realtors, major employers, community based and environmental organizations is needed to reach many more customers. The percentage of customers who participate in these programs remains surprisingly low.

2. Increase Demand Response, among both commercial and residential customers

Act 129 requires utilities to provide demand response services, yet this provision of the law has not been implemented consistently or fully.

Broadening the incentives currently offered for interruptible power is easily accomplished and will have immediate and very cost-effective benefits to both affordability and reliability.

Expanding the use of Time of Use (TOU) or off-peak rates, e.g. to promote off-peak electric vehicle (EV) charging is another example. One of the most cost-effective initiatives would be to use the Advanced Metering Infrastructure to incentivize products that contribute to resource adequacy, i.e. "smart rates with smart meters".

3. Require utilities to include long term contracts for zero emission renewable energy in their default supply procurement plans

“Longer term contracting would reduce the price risk (for both consumers and investors) from over-dependence on the central RTO market and reduce the opportunity for market power to be exercised there.”¹ PECO’s recent decision to purchase solar through long term contracts for its Default Service customers is a very modest step in the right direction.

4. Require Utilities to Incorporate Storage in Default Supply.

The PUC has yet to require any minimum level of storage despite its obvious advantages. Requiring EDCs to acquire a minimum level of storage as part of their default supply portfolio is reasonable and prudent given the crisis in the capacity market and the increased frequency and severity of extreme weather events and power outages caused by climate change. The Commission should consider requiring utilities and load serving entities (LSEs) to utilize storage as a grid asset on the distribution (and/or transmission) networks. Doing so could reduce the need for near-term grid capacity or power quality investments while providing a capacity and load-serving resource.

5. Increase certainty and diversity of customers for new generation applications

According to PJM, 82% of the resources in the PJM queue are solar and storage.² One way the PUC could speed up the process of getting those projects approved as well as projects in the interconnection queues of PA utilities, would be to expand opportunities for firm off-takers of this new generation. The Commission should enable Community Choice Aggregation.

6. Integrated Distribution Planning

Almost four years ago the Office of Consumer Advocate (OCA) filed testimony recommending that the Commission require utilities to conduct Integrated Distribution Planning (IDP) .

“traditional approaches to utility distribution planning are not equipped to properly evaluate the benefits of non-wires alternatives compared to traditional investment in aging infrastructure. Accordingly, the Commission should consider a more comprehensive planning process, such as IDP.”³

7. Distributed Energy Resources (DERS) and DERAs

The Commission issued an Order to proactively address the question of DER Aggregations in the PJM Wholesale Market, pursuant to the Federal Energy Regulatory Commission (“FERC”) Order No. 2222.⁴

There is tremendous potential value in coordinating and utilizing Distributed Energy Resources (DERs), including energy efficiency and solar plus storage resources already in place across Pennsylvania as well as anticipating and coordinating the rapid increase in these resources that we are

¹ Rob Gramlich, Grid Strategies, 10-16-24

² Azim Haque, VP, PJM, “Meeting Emerging Electricity Demand” 10-16-24

³ Office of Consumer Advocate,

⁴ Federal Energy Regulatory Commission, Order No. 2222, Final Rulemaking, Participation of Distributed Energy

Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators, Docket No. RM18-9-000, September 17, 2020, “Order No. 2222”.

now seeing and that will accelerate in coming years with the implementation of the Inflation Reduction Act (“IRA”) and the Infrastructure Investment and Jobs Act (“IIJA”) and other public policies. Harnessing, coordinating, and deploying these DERs as well as DER Aggregators (“DERAs”) can improve resilience, enhance reliability, and relieve pressure on both the transmission and distribution grids, all while putting **downward pressure on rates for all Pennsylvanians.**

8. Improve Interconnection Regulations

The PUC’s Interconnection Regulations date back to the early days of solar in PA, and are now in need of significant improvement to dramatically reduce the average time and cost that solar developers routinely incur getting projects approved by the EDCs.

Hosting Capacity Maps

The EDCs should develop and provide access for solar developers to hosting capacity maps of their distribution networks. Many states have this resource available to the DER industry. This would greatly assist the solar companies with assessing the potential application of an installation, as well as getting a better understanding of the equipment upgrade costs

9. Streamline state permitting

To the extent of its authority, the PUC should work to streamline state permitting of new clean energy generation by encouraging generation owners to re-power closing facilities with renewable energy (RE) plus storage, or encouraging generation owners to add "surplus" storage to make wind/solar into hybrid facilities, or by adding solar at a wind facility, wind at a gas peaker, etc. The Commission should also advocate to PJM to develop a fast "surplus" and "replacement" interconnection process to facilitate this.

10. Winterize Gas Plants and Wellheads

To reduce the risk of failure during extreme winter storms such as Elliot, the PUC should increase the winterization requirements for gas plants. This will improve their performance when the grid needs it the most. Likewise, working with the legislature to pass similar winterization requirements at the well head will have significant benefit, given the thousands of gas wells operating in Pennsylvania.

Signed,

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