Lindsay Baxter
Senior Manager, Energy Policy and Public Affairs
lbaxter@duqlight.com
412-393-6224

January 9, 2025

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: Technical Conference on Resource Adequacy in Pennsylvania
Docket No. M-2024-3051988

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,

Lindsay A. Baxter
Senior Manager, Energy Policy and Public Affairs

Enclosure

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Technical Conference on Resource Adequacy in Pennsylvania	: : :	Docket No. M-2024-3051988

COMMENTS OF
DUQUESNE LIGHT COMPANY

I. INTRODUCTION

On November 25, 2024, the Pennsylvania Public Utility Commission ("Commission" or "PUC") held a Technical Conference on the topic of resource adequacy in Pennsylvania. Panelists were selected to speak on one of three topics:

- Session 1: What are the right mix of resources and how do we get them online? Will effective load carrying capacity (ELCC), properly designed, accomplish this?
- Session 2: How do we facilitate completion of the construction of those generation resources?
- Session 3: What can the PUC do to ensure resource adequacy for electric distribution customers?

There was no opportunity for public comment during the technical conference. Instead, a Secretarial Letter issued November 15, 2024 invited comments from interested stakeholders. A subsequent Secretarial Letter issued November 26, 2024 extended the due date for filed comments to January 9, 2025.

II. BACKGROUND

Duquesne Light Company ("Duquesne Light" or "Company") is a public utility as the term is defined under Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, and is certificated by the Commission to provide electric distribution service in portions of Allegheny and Beaver Counties in Pennsylvania. Duquesne Light provides electric service to approximately 605,000 customers in and around the City of Pittsburgh. As an electric distribution company ("EDC"), delivering safe, reliable, and affordable energy to customers is the Company's primary mission.

PJM has projected a potential shortfall in generation resource adequacy of more than 40 GW by 2030.[1] This amount of energy is roughly equivalent to the demand of 40 million homes. While Pennsylvania remains a net exporter, sending approximately 70% of electricity generated in state to neighboring states, it is not immune from the impacts of generation shortfall in the rest of PJM, such as rolling blackouts, increased costs, and other impacts to Pennsylvania's economy.

The Company recognizes the impacts an energy shortfall will have on Pennsylvania's electricity customers and urges the PUC to act swiftly within the full extent of its authority to address resource adequacy. As such, Duquesne Light participated as a panelist in the November 25, 2024 Technical Conference. It hereby offers these written comments which reiterate points made in the technical conference, as well as responds to key themes raised by other panelists.

III. COMMENTS

Addressing resource adequacy is particularly challenging for a number of reasons. Significantly, no one entity is solely responsible for assuring resource adequacy. There are multiple entities with partial authority to address aspects of the issue, including the Federal

[1] *Energy Transition in PJM: Resource Retirements, Replacements, and Risks*. PJM. February 2023. www.pjm.com/-/media/library/reports-notices/special-reports/2023/energy-transition-in-pjm-resource-retirements-replacements-and-risks.ashx.

Energy Regulatory Commission ("FERC"), state regulators, and PJM. Regulations implemented by the Environmental Protection Agency, as well as programs implemented through the Department of Energy all play a role, as well. Furthermore, addressing resource adequacy requires a multifaceted approach where actions are prioritized to prevent the worst impacts in the near term, as well as longer-term strategies to ensure a reliable, affordable energy future.

While there is no simple solution, the Commonwealth, and specifically the PUC, have the ability to positively address this challenge. To inform the PUC's next steps on this topic, Duquesne Light offers the following observations:

A. The PUC has significant authority regarding reliability to address the challenges of resource adequacy, and an obligation to take actions using that authority to prevent harm to Pennsylvania consumers. Significantly, the PUC should be the trusted source of information with regard to the potential generation shortfall and the resulting impacts on Pennsylvania consumers.

B. There is an urgent need to pursue multiple strategies simultaneously and at multiple levels, including a mix of solutions designed to prevent the impacts of generation shortfall in the near term, as well as longer-term solutions to evolve energy markets.

C. A robust, reliable, and affordable electricity system requires a mix of resources.

D. Distributed Energy Resources ("DERs"), including distributed generation, batteries, and energy efficiency, cannot significantly impact the resource adequacy challenges faced in the near term, but are an important aspect of a long-term energy strategy.

It is important to note that while the Company offers recommendations for actions and changes to be made by the PUC, these comments should not be misinterpreted as critiques of past Commission policies or practices. Duquesne Light recognizes the evolving nature of energy production, markets, and regulation. Pennsylvania has a legacy of leading on energy policy. The unprecedented changes occurring in electricity generation and load growth require the PUC to again evolve its policies and practices to meet the needs of Pennsylvania consumers. Duquesne Light discusses its four primary principles to meet those needs in more detail below.

A. PUC Authority and Responsibility for an Integrated Resource Assessment

There is a misconception among some stakeholders that because Pennsylvania is a restructured state, the PUC lacks authority to address the topic of resource adequacy as it no longer has jurisdiction over generation. While Duquesne Light acknowledges that the regulation of generation no longer sits with the PUC, it strongly disagrees with the assumption that the PUC does not have authority to take action to address resource adequacy. In establishing standards for the restructuring of the electric industry, the Choice Act clearly articulated that "the commission shall ensure continuation of safe and reliable electric service to all consumers in the Commonwealth," including through the maintenance of adequate supply and the installation and maintenance of transmission and distribution facilities.[2]

Importantly, the Commission should be the primary source of information on the resource adequacy needs of Pennsylvania that all stakeholders can rely upon. Currently reports and data are released by PJM, the North American Electric Reliability Corporation (NERC), ReliabilityFirst, and other sources. While directionally these

[2] 66 Pa.C.S. Section 2804

sources provide data that is mostly aligned, none provide a complete picture, nor is the information tailored or specific to the potential risks and opportunities to Pennsylvania, as would be accomplished by an Integrated Resource Assessment. To assure continued availability of electricity that meets the needs of Pennsylvania's consumers, there needs to be a single, comprehensive source of information for policymakers and other decisionmakers that is specific to the impacts on Pennsylvania.

Pennsylvania statute establishes the requirements for EDCs to report certain data and for the Commission to annually compile a report that summarizes and discusses this data, which is served on the General Assembly, the Governor, and the Office of Consumer Advocate.[3] In a 2000 rulemaking, the PUC updated the corresponding regulations for these reporting obligations at 52 Pa Code § 57.141-57.154 in order to reflect deregulation and the transfer of certain responsibilities to PJM. Since that time, the PUC has produced an annual *Electric Power Outlook* report, which "reviews the generation, transmission and distribution capacity in Pennsylvania for a five year period" and is prepared by the Bureau of Technical Utility Services.[4] In its current form, this report is produced by compiling information produced by other sources, including those named above.

The 2024 iteration of this report, released in August 2024, concludes in the overview section "that sufficient generation, transmission, and distribution capacity exists to reasonably meet the needs of Pennsylvania's electricity consumers for the foreseeable future."[5] The only mention of potential resource adequacy issues in the report appears in

[3] 66 Pa C.S. § 524
[4] These reports are publicly available on the PUC's website at www.puc.pa.gov/filing-resources/reports/electric-power-outlook-report. The 2024 report was released in August 2024.
[5] *Annual Electric Power Outlook for Pennsylvania, 2023-2028*, page 2.

the 3rd paragraph of the "Overview," stating "NERC also projects PJM will have enough generation capacity to meet its reserve margin requirements through 2033 but notes that there is potential for resource adequacy risks to emerge in PJM as we approach 2033 and beyond."

Comparing this messaging with that of more recent reports such as the 2024 Long-Term Reliability Assessment released by NERC in December 2024, which identifies PJM as having elevated risk of shortfalls as soon as 2026[6], the inconsistencies are readily apparent. Duquesne Light acknowledges that the reason for the discrepancy is likely the result of the time lag between when the PUC releases its annual report compared to the release of the source materials from which it draws. For example, in its review of the 2024 report, Duquesne Light found at least one example where information cited in the PUC's report was at least 18 months old at the time of the report's release.[7] Because of the quickly evolving nature of this topic, it is not appropriate to rely upon dated and stale information to drive Pennsylvania's future energy policies.

The inconsistency in messaging referenced above could confuse a policymaker or, worse, lead them to believe there is not a resource adequacy problem in Pennsylvania. This confusion or uncertainty contributes to inaction on this urgent topic. A more robust, comprehensive, and timely report on generation resource adequacy that relies upon the findings of an Integrated Resource Assessment is needed. Such an assessment should examine the specific impacts expected for Pennsylvania consumers, including when

[6] "'Explosive' demand growth puts more than half of North America at risk of blackouts: NERC." December 18, 2024. *Utility Dive.* https://www.utilitydive.com/news/explosive-demand-growth-blackouts-NERC-LTRA-reliability/735866/

[7] The PUC's *Annual Electricity Outlook,* released in August 2024, cites the NERC 2023 Long-term Reliability Assessment, released eight months prior. NERC's report, in turn, bases its discussion of PJM risks on *Energy Transition in PJM: Resource Retirements, Replacements and Risks,* released February 24, 2023.

projected shortfalls will impact the state, the degree of impact, as well as whether certain geographic areas have greater vulnerability. Additionally, this assessment must look out further than five years. For example, it may take a resource five years or longer to clear the PJM interconnection queue, obtain permitting, and complete construction of the generation resource following interconnection approval. A May 2024 study by Columbia University estimates a project that enters the queue today has little chance of being in operation by 2030.[8] Identifying a potential generation shortfall five years in the future does not provide adequate time to implement solutions. The Company recommends an assessment period timeframe of no less than 10 years to appropriately assess demand, load growth, and changes in generation resources, including new construction and retirements, in order to allow adequate time to implement solutions.

It is recommended that the Commission secure a contractor with expertise in load forecasting and analysis to complete the initial Integrated Resource Assessment. However, as discussed during panel three of the Technical Conference, the PUC should also retain in-house load forecasting expertise in the future.

B. Pennsylvania must pursue multiple pathways

Due to the impending reliability and affordability risks to PA consumers, in addition to an Integrated Resource Assessment, Pennsylvania needs to pursue multiple solutions simultaneously. The PUC has authority to exercise additional levers under its

[8] Silverman, A., Wendling, Z.A., Rizal, K., and Samant, D. "Outlook for Pending Generation in the PJM Interconnection Queue." May 8, 2024. https://www.energypolicy.columbia.edu/publications/outlook-for-pending-generation-in-the-pjm-interconnection-queue/#PJM

existing jurisdiction to address resource adequacy, and should consider implementation of the following options:

a. Encouraging and approving requests for proposal to use long-term power purchase agreements under existing default service programs designed to maintain existing generation serving Pennsylvania customers and to attract new generation;
b. Continuing to foster time-of-use rates and other innovative rate structures to better align demand with generation;
c. Facilitating information exchange across EDC territories and, where appropriate, providing guidance for alignment on certain matters. One example is treatment of data center interconnection requests. However, the Company cautions that focusing on data center load alone could be a distraction to the larger issue of ensuring adequate generation exists to reliably and affordably serve Pennsylvania energy consumers.

While these comments are largely focused on the PUC's existing authority to address resource adequacy, the Commission also can exert influence where it does not have direct authority. For example, the Commission can play an active role in communicating the urgency of this matter to the Governor, legislative leaders, and other relevant government entities. It should also continue to be an active participant in proceedings at PJM and FERC, advocating for solutions that prevent harm to Pennsylvania energy customers.

C. Resource Mix

Duquesne Light seeks to amplify a theme discussed at the Technical Conference: a robust, reliable, and affordable electricity system requires a mix of resources with different attributes. Energy markets must evolve to more accurately value the reliability attributes of generation resources. A megawatt of capacity does not necessarily equal a megawatt-hour of generation when needed. Market constructs must evolve to more fully account for the ability of a resource to be available when needed. Recent changes proposed by PJM and the implementation of the effective load carrying capacity ("ELCC") methodology are a start but further revisions may be needed.

Duquesne Light supports a clean energy future which will rely on low- and zero-emissions generation sources. The Company asserts that decisionmakers, including the Commission, must ensure the appropriate mix of resources to provide reliable and affordable energy to Pennsylvania customers. In the near term, that may require keeping existing generators online beyond planned retirement dates and adding new fossil fuel generating units. Any rule changes should be fuel agnostic, so that the resource mix continues to evolve as technology improves the reliability and economics of other resources, such as solar paired with long-duration storage, or natural gas paired with carbon capture technology.

While generation resource mix is not entirely within the PUC's jurisdiction, the potential reliability impacts to Pennsylvania consumers requires it to act. The PUC can influence this topic through its participation in FERC and PJM proceedings and meetings, as well as by providing timely information, including from the Integrated Resource Assessment, to the Governor, legislature, and other state decisionmakers. Further, the

PUC can seek opportunities to value reliability attributes in default service procurement, which is clearly within its existing authority.

D. The Role of DERs and Energy Efficiency

Distributed Energy Resources ("DERs") such as distributed generation, energy storage, vehicle-to-grid technologies, energy efficiency, and demand response are not expected to have a material impact on resource adequacy in the short term. Preventing the worst-case scenarios of rolling blackouts and price volatility will require keeping some existing baseload resources online beyond their retirement dates, as well as constructing new baseload generation. However, the challenge of resource adequacy makes energy efficiency and other DERs even more important to our long-term energy future.

The Company urges the Commission and other decisionmakers to prevent the discussion of resource adequacy to devolve into an "either-or" conversation where stakeholders believe they must choose between fossil fuel sources or clean generation, or between large-scale generation and distributed resources. Pennsylvania's energy policy *must* include "all of the above" to meet the energy needs of Pennsylvania consumers, ensuring reliability and affordability.

C. CONCLUSION

While generation resource adequacy is an unprecedented challenge, Pennsylvania has a track record of being a recognized leader in solving energy challenges. The state's leaders, including the PUC, cannot let the size and complexity of this challenge result in inaction. Rather, there is urgency to more clearly understanding the problem, pursuing multiple potential

pathways and solutions, and focusing on both the short-term solutions to prevent harm to Pennsylvania's consumers in the near-term, while evolving markets and technologies to lead to a reliable, affordable, clean energy future. Duquesne Light looks forward to continued collaboration with the PUC and other stakeholders on this important topic.

Respectfully submitted,

Lindsay A. Baxter
Senior Manager, Energy Policy and Public Affairs
Duquesne Light Company
411 Seventh Avenue, Mail Drop 15-7
Pittsburgh, PA 15219
lbaxter@duqlight.com
Tel. (412) 393-6224

January 9, 2025