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January 31, 2025

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Pa. PUC v. UGI Utilities, Inc. – Gas Division
Docket Nos. R-2018-3006814, et al.**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of UGI Utilities, Inc. – Gas Division (“UGI Gas” or “the Company”) is the Annual Report for the period October 1, 2023 through September 30, 2024, which is Program Year 5 of Phase I of the Energy Efficiency and Conservation Plan (“EE&C”) for UGI Gas.

The Phase I EE&C Plan was approved as part of the settlement of the Company’s 2019 base rate proceeding at Docket No. R-2018-3006814. As such, the Annual Report is being served on the parties in the 2019 base rate proceeding, per the enclosed Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/dmc
Enclosures

cc: Certificate of Service
Bureau of Technical Utility Services

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: January 31, 2025



Devin T. Ryan, Esquire

Report to the Pennsylvania Public Utility Commission

UGI Utilities, Inc. – Gas Division
Energy Efficiency and Conservation Plan
Phase I Program Year 5 (FY2024)
October 1, 2023 - September 30, 2024

Prepared by UGI Utilities, Inc. - Gas Division
Filing Date: 01/31/25

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1 EXECUTIVE SUMMARY

This Annual Report covers the fifth year of Phase I of the UGI Utilities, Inc.– Gas Division’s (UGI Gas or the Company) Energy Efficiency and Conservation (EE&C) Plan, which was approved as part of UGI Gas’s 2019 Rate Case (Docket No. R-2018-3006814). Phase I Program Year 5 (FY2024) covers the period of October 1, 2023, through September 30, 2024. As highlighted below, the EE&C Plan continues to deliver cost-effective savings on a portfolio-wide basis:

- Costs for the EE&C Portfolio (including CHP) were \$10.6 million, or 76% of budgeted annual costs. Excluding CHP, the Energy Efficiency (EE) programs spent \$10.6 million, or 82% of budgeted annual costs.
- Savings for the EE programs (excluding CHP) were 271,408 MMBtus, or 95% of projections.
- The EE programs (excluding CHP) provided \$26.1 million in present value of net benefits to customers with a benefit-to-cost ratio (BCR) of 2.76 as calculated under the Total Resource Cost (TRC) Test, including Demand Reduction Induced Price Effect (DRIPE) and the market price for CO₂. Under the TRC Test without DRIPE and CO₂, the Portfolio provided \$15.0 million in present value of net benefits to customers with a BCR of 2.01.
- The Nonresidential Custom (NC) Program spent 95% of budget and achieved 216% of projected annual MMBtu savings, with a BCR of 3.35 (including DRIPE and CO₂). Electricity savings were also high, with MWh savings at 1,356% of projections.
- The Residential Prescriptive (RP) Program achieved 85% of projected savings and a BCR of 2.17 while spending 88% of budget.
- On February 7, 2024, UGI Gas filed a petition requesting a one-year extension of the Phase I EE&C Plan. This petition was approved by the Pennsylvania Public Utility Commission (Commission) on March 14, 2024, creating a sixth year in Phase I that replicates the budgets and goals for FY2024. On April 15, 2024, UGI Gas filed its petition for approval of its Phase II EE&C Plan covering the time period of October 1, 2025-September 30, 2030, which remains pending at Docket No. M-2024-3048418.
- Phase-to-date performance, which represents the entirety of the original Phase I EE&C Plan, includes savings of 1,222,032 MMBtus, or 96% of plan projections, direct utility costs of \$52.1 million, or 82% of projections, and customer incentives of \$40.1 million, or 86% of projections.

2 PORTFOLIO OVERVIEW

2.1 Background

In January 2016, UGI Gas proposed a voluntary, five-year EE&C Plan as part of its 2016 base rate case (Docket No. R-2015-2518438). By its Order entered October 14, 2016, the Commission approved the EE&C Plan (as amended by settlement in the proceeding). On October 4, 2019, the Commission entered an Order at Docket No. R-2018-3006814 approving the settlement of UGI Gas's 2019 base rate proceeding and approving a new unified five-year UGI Gas EE&C Plan for UGI Gas's fiscal years 2020-2024. The new EE&C Plan launched on November 1, 2019. Eligible rate classes for commercial customers were expanded to include Rates DS and LFD.

UGI Gas respectfully submits this report documenting the FY2024 EE&C Plan results. The results set forth below represent a portfolio of cost-effective EE&C programs that benefit the customer through decreased energy costs while maintaining cost-effectiveness under the TRC Test.

In FY2024, UGI Gas had six natural gas programs in its EE&C Portfolio, including one program focused on CHP. These programs were:

- Residential Prescriptive (RP) Program
- Nonresidential Prescriptive (NP) Program
- Residential New Construction (RNC) Program
- Nonresidential Custom (NC) Program
- Residential Retrofit (RR) Program
- Combined Heat and Power (CHP) Program

These programs followed the designs and goals established in UGI Gas's 2019 Rate Case. All the EE&C programs were voluntary and offered UGI Gas customers in the Company's service territory in Pennsylvania a wide range of efficiency measures to decrease natural gas consumption and annual customer energy costs.

2.2 Summary of Activity

EE Program spending was \$10.6 million or 76% of budget, while annual savings of 271,408 MMBtus were 95% of FY2024 projections. The savings were primarily driven by the very strong performance of the Nonresidential Custom program. The EE programs provided \$26 million in present value of net benefits, with a BCR of 2.76 where the market price of CO₂ and DRIPE were counted. Where DRIPE and CO₂ were excluded from the calculation, the EE programs provided \$15 million in present

value of net benefits, with a BCR of 2.01. The following tables provide a high-level overview of the EE&C Portfolio’s spending and savings for FY2024.

Table 1. EE&C PORTFOLIO SUMMARY - FY2024			
Component (Nominal \$)	Actual	Budget	%
Portfolio Spending	\$10,614,017	\$13,903,600	76%
EE Program	\$10,606,587	\$13,001,100	82%
CHP Program	\$7,430	\$902,500	1%
EE Program Natural Gas Savings			
Annual (MMBtus)	271,408	284,865	95%
Lifetime (MMBtus)	5,448,026	5,685,105	96%
CHP Net Primary Energy Savings			
Annual (MMBtus)	0	396,905	0%
Lifetime (MMBtus)	0	5,953,578	0%

Table 2. EE&C PORTFOLIO SUMMARY - PHASE			
Component (Nominal \$)	Actual	Budget	%
Portfolio Spending	\$52,129,447	\$ 63,369,600	82%
EE Program	\$51,547,219	\$59,927,100	86%
CHP Program	\$ 582,228	\$3,442,500	17%
EE Program Natural Gas Savings			
Annual (MMBtus)	1,222,032	1,279,547	96%
Lifetime (MMBtus)	24,501,886	25,457,795	96%
CHP Net Primary Energy Savings			
Annual (MMBtus)	140,246	1,755,747	8%
Lifetime (MMBtus)	2,804,915	26,336,204	11%

2.2.1 Summary of Program Costs

Table 3. EE&C PORTFOLIO COSTS AND PARTICIPATION BY PROGRAM - FY2024				
Program	Total	Incentive	Non-Incentive	Customers*
Residential Prescriptive (RP)	\$5,718,618	\$5,292,820	\$425,798	8,314
Nonresidential Prescriptive (NP)	\$362,471	\$317,736	\$44,735	62
Residential Retrofit (RR)	\$440,150	\$162,116	\$278,034	245
Residential New Construction (RNC)	\$1,557,926	\$867,708	\$690,218	1,310
Nonresidential Custom (NC)	\$1,771,712	\$1,322,575	\$449,137	50
Portfolio Wide (PW)	\$755,710	\$0	\$755,710	0
Energy Efficiency Total	\$10,606,587	\$7,962,954	\$2,643,633	9,981
Combined Heat and Power (CHP)	\$7,430	\$0	\$7,430	0
Portfolio Total	\$10,614,017	\$7,962,954	\$2,651,063	9,981

*Represents unique customers who have received a rebate.

2.2.2 Summary of Program Savings

Table 4. ENERGY EFFICIENCY PROGRAM SAVINGS - FY2024							
Program	Natural Gas (MMBtu)		Electric Energy (MWh)		Capacity	Water Savings (Gal)	
	Annual	Lifetime	Annual	Lifetime	MW-yr.	Annual	Lifetime
Residential Prescriptive	118,996	2,325,369	356.3	3,919.4	0.081	0	0
Nonresidential Prescriptive	30,129	554,728	0.0	0.0	0.000	188,176	2,822,640
Residential Retrofit	2,417	62,561	28.7	782.9	0.014	558,978	5,793,845
Residential New Construction	26,214	602,914	2,976.5	68,458.7	0.686	3,091,585	71,106,455
Nonresidential Custom	93,652	1,902,453	617.3	9,013.6	0.903	0	0
UGI Internal Staff, Program Setup & Development	0	0	0.0	0.0	0.000	0	0
Energy Efficiency Total	271,408	5,448,026	3,978.8	82,174.7	1.684	3,838,739	79,722,940

Table 5. CHP PROGRAM SAVINGS

Savings	FY2024		Phase	
	Annual	Lifetime	Annual	Lifetime
Net Primary Fuel Savings (MMBtus)	0	0	140,246	2,804,915

2.2.3 Summary of Program Cost Effectiveness**Table 6. EE&C PORTFOLIO COST-EFFECTIVENESS BY PROGRAM - FY2024 - PV Year (2018)**

Program	TRC Test - Base Case				TRC Test - Base Case + DRIPE & CO2			
	NPV Benefits	NPV Costs	NPV Net	BCR	NPV Benefits	NPV Costs	NPV Net	BCR
Residential Prescriptive	\$12,752,543	\$7,739,326	5,013,217	1.65	\$16,776,682	\$7,739,326	\$9,037,356	2.17
Nonresidential Prescriptive	\$3,123,756	\$453,218	2,670,539	6.89	\$4,061,907	\$453,218	\$3,608,690	8.96
Residential Retrofit	\$345,283	\$511,657	(166,373)	0.67	\$452,503	\$511,657	(\$59,154)	0.88
Residential New Construction	\$6,351,681	\$2,532,794	3,818,887	2.51	\$9,274,448	\$2,532,794	\$6,741,654	3.66
Nonresidential Custom	\$7,208,132	\$3,063,537	4,144,595	2.35	\$10,272,279	\$3,063,537	\$7,208,742	3.35
UGI Internal Staff, Program Setup & Development	\$0	\$488,579	(488,579)	0.00	\$0	\$488,579	(\$488,579)	0.00
Energy Efficiency Total	\$29,781,396	\$14,789,111	\$14,992,285	2.01	\$40,837,819	\$14,789,111	\$26,048,708	2.76
Combined Heat and Power	\$0	\$4,971	(\$4,971)	0.00	\$0	\$4,971	(\$4,971)	0.00
Portfolio Total	\$29,781,396	\$14,794,082	\$14,987,314	2.01	\$40,837,819	\$14,794,082	\$26,043,737	2.76

2.3 Progress in Support of Commitments

UGI Gas made significant progress toward its savings goals, achieving 95% of its FY2024 annual MMBtu projections, while keeping administration costs to only 81% of projections. The success of FY2024 can be largely attributed to the continued performance of the NC Program, for which savings were 216% of projections. Overall, UGI Gas has spent \$52.1 million phase-to-date, or approximately 82% of the approved five-year budget of \$63.4 million.

UGI Gas kept the commitments it made in the settlement of its 2016 Base Rate Case. One of the settlement provisions requires the Company to limit the percentage of costs spent by the utility on the NP and NC Programs to 55% or less of the total cost to the utility and customer over the five-year life of the plan. The following table shows that this value is 46% for the phase to date, which encompasses the entire original plan phase.

Program	Utility Cost	Incremental Participant Cost	Total Cost	%Utility
Nonresidential Prescriptive (NP)	\$1,428,445	\$795,168	\$2,223,613	64%
Nonresidential Custom (NC)	\$6,115,547	\$8,110,659	\$14,226,206	43%
Total	\$7,543,991	\$8,905,827	\$16,449,818	46%

Additionally, the Company agreed to: (1) develop targeted marketing materials for existing residential multi-family customers and new multi-family residential construction, including master-metered multi-family residences; (2) coordinate with the Housing Alliance of Pennsylvania and the Pennsylvania Housing Finance Authority (PHFA); and (3) track participation for buildings with more than one unit.

UGI Gas developed an email marketing campaign to focus on multi-family stakeholders. The email was sent in June 2024. UGI Gas also maintained regular communications with the Housing Alliance of PA throughout the fiscal year and advertised in the program for their Homes Within Reach conference in December 2023.

In FY2024, UGI Gas identified 568 rebates in the RP, RNC, NC and NP programs that were tied to buildings with more than one unit, which represented \$308,808 in total rebates.

Finally, UGI Gas continued to comply with settlement provisions which required the Company to: (1) inform customers who contact UGI Gas or its Conservation Service Providers (CSPs) with interest in participating in the EE&C Plan that they might qualify for the Company’s Low Income Usage Reduction Program (LIURP), if they are income qualified; (2) refer such customers to LIURP; and (3)

refer confirmed low-income customers to LIURP. In FY2024, UGI Gas referred 3 customers to the Company’s LIURP Team.

2.3.1 Portfolio Costs

Table 8. EE&C PORTFOLIO COSTS BY CATEGORY - FY2024			
Component (Nominal \$)	Actual	Budget	%
Direct Utility Costs	\$10,614,017	\$13,903,600	76%
Customer Incentives	\$7,962,954	\$10,560,100	75%
Administration	\$2,171,034	\$2,671,000	81%
Marketing	\$217,495	\$413,000	53%
Inspections	\$161,466	\$214,500	75%
Evaluations	\$101,068	\$45,000	225%
Incremental Participant Costs	\$11,657,498	\$26,942,673	43%

Table 9. EE&C PORTFOLIO COSTS BY CATEGORY - PHASE			
Component (Nominal \$)	Actual	Budget	%
Direct Utility Costs	\$52,129,447	\$63,369,600	82%
Customer Incentives	\$40,109,100	\$46,377,100	86%
Administration	\$9,810,005	\$13,287,000	74%
Marketing	\$949,791	\$2,027,000	47%
Inspections	\$614,255	\$983,500	62%
Evaluations	\$646,296	\$695,000	93%
Incremental Participant Costs	\$50,150,843	\$110,668,392	45%

2.3.2 Portfolio Savings

Table 10. EE&C PORTFOLIO SAVINGS - FY2024			
Type	Actual	Projected	%
EE Programs			
Natural Gas (MMBtus)			
Annual	271,408	284,865	95%
Lifetime	5,448,026	5,685,105	96%
Electric Energy (MWh)			
Annual	3,978.8	1,775.3	224%
Lifetime	82,174.7	34,240.4	240%
Capacity Savings (MW)	1.684	0.523	322%
Water Savings (Gallons)			
Annual	3,838,739	3,921,308	98%
Lifetime	79,722,940	55,614,378	143%
CHP Program			
Net Primary Energy Savings			
Annual (MMBtus)	0	396,905	0%
Lifetime (MMBtus)	0	5,953,578	0%

Table 11. EE&C PORTFOLIO SAVINGS - PHASE			
Type	Actual	Projected	%
EE Programs			
Natural Gas (MMBtus)			
Annual	1,222,032	1,279,547	96%
Lifetime	24,501,886	25,457,795	96%
Electric Energy (MWh)			
Annual	22,511.2	7,524	299%
Lifetime	450,048.4	143,845	313%
Capacity Savings (MW)	8.091	2.361	343%
Water Savings (Gallons)			
Annual	19,295,248	21,932,270	88%
Lifetime	366,102,074	299,291,194	122%
CHP Program			
Net Primary Energy Savings			
Annual (MMBtus)	140,246	1,755,747	8%
Lifetime (MMBtus)	2,804,915	26,336,204	11%

3 PROGRAM RESULTS

3.1 Residential Prescriptive Program

(Rate Classes R/RT, N/NT)

3.1.1 Program Description

The Residential Prescriptive (RP) Program was designed to overcome market barriers to energy efficient space and water heating equipment in the residential sector through rebates and customer awareness. The objective of the program was to avoid lost opportunities by encouraging consumers to install the most efficient gas heating technologies available when replacing older, less efficient equipment. The program also aimed to strengthen UGI Gas’s relationship with heating, ventilation and air conditioning (HVAC) contractors, suppliers, and other trade allies.

3.1.2 Program Highlights

The RP Program spent \$5,718,618 in FY2024, of which \$5,292,820 were customer incentives. The program provided first year gas savings of 118,996 MMBtus (85% of plan projections) and lifetime gas savings of 2,325,369 MMBtus (86% of plan projections). Under the TRC Test, including DRIPE and CO₂, the RP Program provided \$9,037,356 in present value of net benefits (2018\$) with a BCR of 2.17. Without DRIPE or CO₂, the RP Program provided \$5,013,217 in present value of net benefits (2018\$) with a BCR of 1.65.

In FY2024, 8,314 customers participated in the RP Program, with 1,383 customers receiving multiple rebates. For example, customers installing heating equipment also may have decided to install a smart thermostat. Below is a table that highlights the rebates issued by equipment type.

Equipment	Rebates Issued
Residential Furnace	4,538
Smart Thermostat	2,586
Combi Boiler	1,386
Tankless Water Heater	939
Residential Boiler	335
Total	9,784

3.1.2.1 Marketing Activity

Due to the success of the RP Program in FY2023, much of the same marketing strategy was continued into FY2024. The strategy continued to include outreach to HVAC contractors, customer bill inserts, digital advertising on social media, email marketing, marketplace promotions, and

energy efficiency content on the UGI website. Marketing content focused on educating customers on the various energy efficiency options available, along with providing energy saving tips.

To celebrate Black Friday, a limited-time promotion was implemented to encourage the purchase of Energy Star® smart thermostats via the UGI Marketplace. During this 18-day promotion (11/3-12/3), 1,129 thermostats were purchased. Through the UGI online marketplace, customers were given an instant rebate at the point of sale, making it an easy and convenient process.

3.1.2.2 Inspection and Evaluation Activity

Energy Federation, Inc. (EFI), the CSP responsible for processing rebates, was retained to provide inspections on a subset of applications. The purpose of these inspections was to confirm that the equipment on the rebate application matched the equipment that was installed in the customer's home. Payment of the rebate was withheld from applications flagged for inspection until such activity was completed. In FY2024, 730 inspections were performed, with no inspections failing.

In FY2024, \$19,273 was spent on evaluation costs. The Company will continue to manage the evaluation budget on a five-year timeframe as the timing of evaluation activity may vary compared to the original assumptions from the Plan filing.

3.1.3 Program Updates for FY2024

There are no program updates to report at this time.

3.1.4 Residential Prescriptive Program Results

Component (Nominal \$)	FY2024 - Actual	FY2024 - Budget	%
Direct Utility Costs	\$ 5,718,618	\$ 6,494,900	88%
Customer Incentives	\$ 5,292,820	\$ 6,078,900	87%
Administration	\$ 151,320	\$ 167,000	91%
Marketing	\$ 160,175	\$ 145,000	110%
Inspections	\$ 95,030	\$ 104,000	91%
Evaluations	\$ 19,273	\$ 0	100%
Incremental Participant Costs	\$ 5,825,439	\$ 4,338,626	134%

Type	FY2024 - Actual	FY2024 - Projected	%
Natural Gas (MMBtus)			
Annual	118,996	139,642	85%
Lifetime	2,325,369	2,703,966	86%
Electric Energy (MWh)			
Annual	356.3	84.0	424%
Lifetime	3,919.4	924.4	424%
Capacity Savings (MW)	0.081	0.000	100%
Water Savings (Gallons)			
Annual	0	0	0%
Lifetime	0	0	0%

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$16,776,682	\$98,476,267
TRC NPV Costs	\$7,739,326	\$43,970,713
TRC Net Benefits	\$9,037,356	\$54,505,553
TRC Benefit/Cost Ratio	2.17	2.24

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$12,752,543	\$75,088,345
TRC NPV Costs	\$7,739,326	\$43,970,713
TRC Net Benefits	\$5,013,217	\$31,117,631
TRC Benefit/Cost Ratio	1.65	1.71

3.2 Nonresidential Prescriptive Program

(Rate Classes N/NT, DS, LFD)

3.2.1 Program Description

The Nonresidential Prescriptive (NP) Program was designed to overcome market barriers to energy efficient equipment in the business and commercial sector through rebates and customer outreach. The objective of the program was to encourage business owners to install the most efficient gas heating technologies available to replace older, less efficient equipment. The program also aimed to strengthen UGI Gas’s relationships with HVAC contractors, suppliers, and other trade allies.

3.2.2 Program Highlights

The NP Program spent \$362,471 in FY2024 (36% of plan projections), of which \$317,736 were customer incentives (37% of projections). The program provided first year gas savings of 30,129 MMBtus (53% of projections) and lifetime gas savings of 554,728 MMBtus (45% of projections). Under the TRC Test, including DRIPE and CO₂, the NP Program provided \$3,608,690 in present value of net benefits (2018\$) with a BCR of 8.96. Without factoring in DRIPE or CO₂, the NP Program provided \$2,670,539 in present value of net benefits (2018\$) with a BCR of 6.89. Though the program continues to perform below original projections, there was considerable improvement in FY2024, with customer incentives up 87% and savings up 190% over FY2023. UGI Gas utilized the services of Energy Federation, Inc. (EFI) to process rebates and provide customer service. Below is a chart that summarizes rebate activity for FY2024.

Table 17. NP PROGRAM PARTICIPATION	
Equipment	Rebates Issued
Efficient Unit Heater	45
Commercial Boiler	42
Commercial Water Heater	36
Commercial Fryer	14
Commercial Fryer (Large)	11
Dishwasher (Low Temp - Stationary Single Tank Door)	2
Commercial Griddle	1
Total	151

3.2.2.1 Marketing Activity

Marketing activity for the NP Program was conducted in conjunction with the marketing activity for the RP Program, including contractor outreach, bill inserts, and digital advertising. Emails targeting both customers and contractors were sent out regularly. Live outreach sessions targeting contractors were also conducted in two locations in October 2023 and another location in September 2024. UGI also exhibited at one distributor’s annual trade event on April 3, 2024.

3.2.2.2 Inspection and Evaluation Activity

Inspections were performed by EFI, the CSP responsible for processing rebates, to confirm that the equipment on the rebate application matched the equipment that was installed in the customer’s business. In FY2024, five inspections were completed by EFI, and a sixth by UGI program staff, and all projects passed.

In FY2024, \$30,176 was spent on evaluation activities against an initial filed budget of \$0. The Company will continue to manage the evaluation budget on a five-year timeframe as the timing of evaluation activity may vary compared to the original assumptions from the Plan filing.

3.2.3 Program Updates for FY2024

There are no program updates to report at this time.

3.2.4 Nonresidential Prescriptive Program Results

Component (Nominal \$)	FY2024 - Actual	FY2024 - Budget	%
Direct Utility Costs	\$362,471	\$995,700	36%
Customer Incentives	\$317,736	\$853,700	37%
Administration	\$13,189	\$77,000	17%
Marketing	\$850	\$54,000	2%
Inspections	\$520	\$11,000	5%
Evaluations	\$30,176	\$0	100%
Incremental Participant Costs	\$304,005	\$1,295,514	23%

Type	FY2024 - Actual	FY2024 - Projected	%
Natural Gas (MMBtus)			
Annual	30,129	57,209	53%
Lifetime	554,728	1,237,197	45%
Electric Energy (MWh)			
Annual	0.0	54.5	0%
Lifetime	0.0	700.7	0%
Capacity Savings (MW)	0.000	0.007	0%
Water Savings (Gallons)			
Annual	188,176	3,413,079	6%
Lifetime	2,822,640	50,523,665	6%

Table 20. PROGRAM COST-EFFECTIVENESS (BASE CASE + DRIPE & CO2) PV Year (2018)

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$4,061,907	\$11,877,791
TRC NPV Costs	\$453,218	\$1,710,393
TRC Net Benefits	\$3,608,690	\$10,167,398
TRC Benefit/Cost Ratio	8.96	6.94

Table 21. PROGRAM COST-EFFECTIVENESS (BASE CASE) PV Year (2018)

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$3,123,756	\$9,239,100
TRC NPV Costs	\$453,218	\$1,710,393
TRC Net Benefits	\$2,670,539	\$7,528,707
TRC Benefit/Cost Ratio	6.89	5.40

3.3 Residential New Construction Program

(Rate Classes R/RT)

3.3.1 Program Description

The Residential New Construction (RNC) Program was designed to overcome market barriers to energy efficient space and water heating equipment, as well as high efficiency thermal envelopes, in the residential new construction sector. This was accomplished through rebates offered to builders and developers. The objective of the program was to avoid lost opportunities by encouraging builders and developers to install the most efficient gas heating technologies available instead of less efficient baseline equipment, as well as promote thermal envelope best practices. The program also aimed to strengthen UGI Gas’s relationship with builders, HVAC contractors, suppliers, and other trade allies.

For the residential new construction track, the program required builders to work with a Home Energy Rating System (HERS) rater on their home. An incentive of \$30 per annual MMBtu saved was paid to a new home, heated with natural gas, that achieved savings of 15% over 2015 IECC or greater. A \$40 per annual MMBtu incentive was paid to homes that achieved savings of 15% over code and achieved Energy Star® certification. The higher incentive was designed to move the market towards more homes being Energy Star® certified and to leverage the HERS rating approach taken by the electric distribution companies (EDCs) under their Act 129 new construction programs.

3.3.2 Program Highlights

The RNC Program spent \$1,557,926, of which \$867,708 was customer incentives. The program provided first year gas savings of 26,214 MMBtus, 67% of plan projections. Under the TRC Test, including DRIPE and CO₂, the RNC Program provided \$6,741,654 in present value of net benefits (2018\$) with a BCR of 3.66. Without DRIPE or CO₂, the RNC Program provided \$3,818,887 in present value of net benefits (2018\$) with a BCR of 2.51.

UGI Gas utilized the services of Performance Systems Development (PSD) as the program implementer for the RNC Program. Below is a chart of participation by rebate type in the RNC program:

Rebate Level	Rebate Count
15% Above Code	916
15% Above Code + Energy STAR	394
Total	1,310

3.3.2.1 Marketing Activity

In 2024, marketing was conducted through established builders and HERS raters who have been participants in the programs mandated for large EDCs by Act 129 of 2008, P.L. 1592 (Act 129). Also, emails and/or newsletters with program updates were periodically distributed to all participating builders and raters that participated in the program.

3.3.2.2 Inspection and Evaluation Activity

There was a total of 70 HERS ratings reviewed by PSD. All reviewed ratings passed inspection.

3.3.3 Program Updates for FY2024

There are no program updates to report at this time.

3.3.4 Residential New Construction Program Results

Component (Nominal \$)	FY2024 - Actual	FY2024 - Budget	%
Direct Utility Costs	\$1,557,926	\$2,083,700	75%
Customer Incentives	\$867,708	\$1,356,700	64%
Administration	\$621,147	\$631,000	98%
Marketing	\$0	\$50,000	0%
Inspections	\$43,577	\$46,000	95%
Evaluations	\$25,494	\$0	100%
Incremental Participant Costs	\$2,259,533	\$1,194,371	189%

Type	FY2024 - Actual	FY2024 - Projected	%
Natural Gas (MMBtus)			
Annual	26,214	39,185	67%
Lifetime	602,914	783,703	77%
Electric Energy (MWh)			
Annual	2,976.5	1,573.7	189%
Lifetime	68,458.7	31,473.1	218%
Capacity Savings (MW)	0.686	0.460	149%
Water Savings (Gallons)			
Annual	3,091,585	0	100%
Lifetime	71,106,455	0	100%

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$9,274,448	\$52,012,096
TRC NPV Costs	\$2,532,794	\$13,239,663
TRC Net Benefits	\$6,741,654	\$38,772,433
TRC Benefit/Cost Ratio	3.66	3.93

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$6,351,681	\$37,797,076
TRC NPV Costs	\$2,532,794	\$13,239,663
TRC Net Benefits	\$3,818,887	\$24,557,413
TRC Benefit/Cost Ratio	2.51	2.85

3.4 Residential Retrofit Program

(Rate Class R/RT)

3.4.1 Program Description

The Residential Retrofit (RR) Program was designed to overcome market barriers to energy efficiency in the existing residential sector through rebates offered either to customers undergoing a retrofit project or to their installation contractor(s). The program encouraged improvements to the thermal envelope of the structure, particularly reductions in building air leakage and increases in insulation levels, as well as installation of the most efficient gas heating technologies. The program also aimed to strengthen UGI Gas’s relationship with HVAC contractors, suppliers, and other trade allies.

The RR Program incentivized customers to have an in-home energy evaluation performed by a Building Performance Institute, Inc. (BPI) certified auditor. The contractor charged the customer \$50 for the evaluation. In addition to the \$50 from the customer, the contractor received a \$150 payment from UGI Gas for each evaluation completed. The customer fee could be waived for confirmed low-income customers that are not eligible for LIURP services due to usage levels. The evaluation includes a visual inspection of the thermal envelope and HVAC equipment in the home as well as an optional leave behind kit. The evaluation kit measures included an Energy Star® smart thermostat, low-flow devices, Carbon Monoxide Detector, and other energy-saving measures.

Kit Measure	Quantity
ENERGY STAR® certified Nest Thermostat	1
Handheld Low-Flow Showerhead	1
Kitchen Sink Aerator	1
Bathroom Sink Aerator	2
Plug-in Carbon Monoxide Detector	1
Light-Switch Gaskets	10
Power Outlet Gaskets	10

After the evaluation, the customer received a report that included a list of recommended cost-effective measures with corresponding incentive levels. After the completion of a retrofit job, the customer was required to have a test-out evaluation performed by the contractor, and a rebate was issued for the measures that were installed. Efficiency measures and incentives are listed below.

Table 28. RESIDENTIAL RETROFIT INCENTIVE SCHEDULE	
Improvement Type	Incentive to Customer
Air Infiltration Reduction	25% of the total cost of all Air Sealing and Insulation (maximum of \$2,500)
Attic/Ceiling Insulation	
Wall Insulation	
Heating Pipe Insulation	\$5 - \$15 per ft.
Water Heater Pipe Insulation	\$15 per ft.
Tank Temperature Turn-Down	\$5

3.4.2 Program Highlights

UGI Gas utilized the services of PSD as the program implementer for the RR Program. The RR Program spent \$437,640 in FY2024, of which \$159,606 were customer incentives. The program provided first-year gas savings of 2,417 MMBtus (45% of plan projections). The program provided lifetime gas savings of 62,561 MMBtus (68% of plan projections.) Under the TRC Test, including DRIPE and CO₂, the RR Program provided (\$51,435) in present value of net benefits (2018\$) with a BCR of 0.90. Without DRIPE or CO₂, the RR Program provided (\$158,653) in present value of net benefits (2018\$) with a BCR of 0.69. Below is a chart of participation by rebate type in the RR program:

Table 29. PROGRAM PARTICIPATION	
Measure	Rebates Issued
Home Energy – Assessments	239
Home Energy – Jobs	107
Residential Retrofit Kit	107
Air Sealing	99
Ceiling Insulation	94
Wall Insulation	26

3.4.2.1 Marketing Activity

Marketing for this program was designed to drive traffic to the program website www.ugisavesmart.com. The website outlined the customer participation process, the potential rebates, benefits to customer participation, and a list of participating contractors. UGI Gas continued to market the program through bill inserts, social media and email, and focused on simple messaging that highlighted program benefits for customers. UGI Gas provided contractors with marketing collateral and yard signs to place in their customers’ yards as they were working on projects.

3.4.2.2 Inspection and Evaluation Activity

Twelve field inspections were conducted in FY2024 for the RR Program. All 12 inspections passed.

3.4.3 Program Updates for FY2024

There are no program updates to report at this time.

3.4.4 Residential Retrofit Program Results

Table 30. PROGRAM COSTS			
Component (Nominal \$)	FY2024 - Actual	FY2024 - Budget	%
Direct Utility Costs	\$440,150	\$604,000	73%
Customer Incentives	\$162,116	\$143,000	113%
Administration	\$214,501	\$380,000	56%
Marketing	\$56,470	\$67,000	84%
Inspections	\$7,064	\$14,000	50%
Evaluations	\$0	\$0	0%
Incremental Participant Costs	\$337,782	\$162,714	208%

Table 31. PROGRAM SAVINGS			
Type	FY2024 - Actual	FY2024 - Projected	%
Natural Gas (MMBtus)			
Annual	2,417	5,423	45%
Lifetime	62,561	92,113	68%
Electric Energy (MWh)			
Annual	28.7	17.5	164%
Lifetime	782.9	231.7	338%
Capacity Savings (MW)	0.014	0.004	351%
Water Savings (Gallons)			
Annual	558,978	508,229	110%
Lifetime	5,793,845	5,090,713	114%

Table 32. PROGRAM COST-EFFECTIVENESS (BASE CASE + DRIPE & CO2) PV Year (2018)		
Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$452,503	\$2,152,274
TRC NPV Costs	\$511,657	\$2,665,410
TRC Net Benefits	(\$59,154)	(\$513,136)
TRC Benefit/Cost Ratio	0.88	0.81

Table 33. PROGRAM COST-EFFECTIVENESS (BASE CASE) PV Year (2018)		
Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$345,283	\$1,650,914
TRC NPV Costs	\$511,657	\$2,665,410
TRC Net Benefits	(\$166,373)	(\$1,014,496)
TRC Benefit/Cost Ratio	0.67	0.62

3.5 Nonresidential Custom Program

(Rate Classes N/NT, DS, LFD)

3.5.1 Program Description

The Nonresidential Custom (NC) Program was designed to overcome market barriers for customers to install natural gas efficiency measures in existing commercial, industrial, and master-metered multi-family buildings. Projects may include replacement of equipment not covered in the NP program, retrofit of existing buildings, or exceeding baseline efficiency in new construction.

3.5.2 Program Highlights

UGI Gas utilized PSD to implement all aspects of the NC Program. The program spent \$1,771,712 in FY2024 (95% of budget), of which \$1,322,575 were customer incentives (96% of budget). The program provided first year gas savings of 93,652 MMBtus (216% of budget) and lifetime gas savings of 1,902,453 MMBtus (219% of budget). Under the TRC Test, including DRIPE and CO₂, the NC Program provided \$7,208,742 in present value of net benefits (2018\$) with a BCR of 3.35. Without DRIPE or CO₂, the program provided \$4,144,595 in present value of net benefits (2018\$) with a BCR of 2.35.

The NC Program provided incentives to 52 projects in FY2024. The projects were completed at colleges, schools, commercial/industrial facilities, religious organizations, government buildings, multi-family buildings, medical facilities, hotels and breweries. These projects provided cost-effective incentives to help overcome the large incremental cost of installing high-efficiency measures versus low or baseline-efficiency equipment. The rebates were issued for custom space, water and process heating measures, as well as building envelope upgrades.

3.5.2.1 *Marketing Activity*

UGI Gas utilized PSD to market the NC Program in FY2024. The strategy focused primarily on development and expansion of trade ally relationships, including engineering firms, contractors, and manufacturers. Additional marketing efforts included email outreach to commercial accounts and direct collaboration with UGI Gas's relationship managers to identify project opportunities at larger managed accounts.

3.5.2.2 Inspection and Evaluation Activity

In FY2024, 25 of the 52 completed projects were inspected by PSD, and all of them passed prior to being paid incentives.

The program spent \$26,125 for evaluation activity against an original budget of \$0. The Company will continue to manage the evaluation budget on a five-year timeframe, as the timing of evaluation activity may vary compared to the original assumptions from the EE&C Plan filing.

3.5.3 Program Updates for FY2024

There are no program updates to report at this time.

3.5.4 Nonresidential Custom Program Results

Table 34. PROGRAM COSTS			
Component (Nominal \$)	FY2024 - Actual	FY2024 - Budget	%
Direct Utility Costs	\$1,771,712	\$1,872,800	95%
Customer Incentives	\$1,322,575	\$1,377,800	96%
Administration	\$407,737	\$406,000	100%
Marketing	\$0	\$57,000	0%
Inspections	\$15,275	\$32,000	48%
Evaluations	\$26,125	\$0	100%
Incremental Participant Costs	\$2,930,739	\$2,970,459	99%

Table 35. PROGRAM SAVINGS			
Type	FY2024 - Actual	FY2024 - Projected	%
Natural Gas (MMBtus)			
Annual	93,652	43,406	216%
Lifetime	1,902,453	868,126	219%
Electric Energy (MWh)			
Annual	617.3	45.5	1,356%
Lifetime	9,013.6	910.5	990%
Capacity Savings (MW)	0.903	0.052	1,737%
Water Savings (Gallons)			
Annual	0	0	0%
Lifetime	0	0	0%

Table 36. PROGRAM COST-EFFECTIVENESS (BASE CASE + DRIPE & CO2) PV Year (2018)

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$10,272,279	\$33,633,054
TRC NPV Costs	\$3,063,537	\$10,404,225
TRC Net Benefits	\$7,208,742	\$23,228,829
TRC Benefit/Cost Ratio	3.35	3.23

Table 37. PROGRAM COST-EFFECTIVENESS (BASE CASE) PV Year (2018)

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$7,208,132	\$23,998,907
TRC NPV Costs	\$3,063,537	\$10,404,225
TRC Net Benefits	\$4,144,595	\$13,594,682
TRC Benefit/Cost Ratio	2.35	2.31

3.6 Combined Heat and Power

(Rate Classes DS, LFD)

3.6.1 Program Description

The Combined Heat and Power (CHP) Program sought to promote the installation of cost-effective and net-primary-energy-saving CHP projects and provide meaningful CO₂ emission reductions. A CHP plant produces electricity at a commercial or industrial site while at the same time using the waste heat from the production of the electricity to serve a thermal load. Net efficiencies come from the recovered heat that is typically wasted in grid electricity production. Efficiencies also stem from avoided transmission and distribution losses from delivering the electricity from the generator to the customer site.

3.6.2 Program Highlights

The CHP Program did not issue any incentives in FY2024. Two projects initially expected to close in FY2024 were delayed and will be re-evaluated in FY2025. Administrative and evaluation costs in FY2024 totaled \$7,430. Under the TRC Test, including DRIPE and CO₂, the program provided (\$4,971) in present value of net benefits, with a BCR of 0. These values were the same without DRIPE and CO₂.

3.6.2.1 Marketing Activity

UGI Gas leveraged customer outreach via relationship managers, who educate customers on the potential benefits of CHP installations. Maintaining relationships with engineering firms and project managers also provides project leads.

3.6.2.2 Inspection and Evaluation Activity

There were no costs directly attributed to inspections or program evaluations; however, the \$7,430 administrative costs included evaluation of the two projects that did not complete before the end of the fiscal year.

3.6.3 Program Updates for FY2024

There are no program updates to report at this time.

3.6.4 Combined Heat and Power Program Results

Component (Nominal \$)	FY2024 - Actual	FY2024 - Budget	%
Direct Utility Costs	\$7,430	\$902,500	1%
Customer Incentives	\$0	\$750,000	0%
Administration	\$7,430	\$60,000	12%
Marketing	\$0	\$40,000	0%
Inspections	\$0	\$7,500	0%
Evaluations	\$0	\$45,000	0%
Incremental Participant Costs	\$0	\$16,980,989	0%

Equipment	FY2024		Phase	
	Annual	Lifetime	Annual	Lifetime
Net Primary Fuel Savings (MMBtus)	0	0	140,246	2,804,915

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$0	\$18,431,443
TRC NPV Costs	\$4,971	\$3,991,477
TRC Net Benefits	(\$4,971)	\$14,439,967
TRC Benefit/Cost Ratio	0.00	4.62

Benefits/Cost Component	FY2024	Phase
TRC NPV Benefits	\$0	\$7,350,146
TRC NPV Costs	\$4,971	\$3,991,477
TRC Net Benefits	(\$4,971)	\$3,358,669
TRC Benefit/Cost Ratio	0.00	1.84

4 Attachments

4.1 Technical Reference Manual

There were no updates to the Technical Reference Manual (TRM) in FY24.