
Devin Ryan

dryan@postschell.com
717-612-6052 Direct
717-731-1985 Direct Fax
File #: 207296

April 7, 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: Energy Efficiency and Conservation Program
Docket No. M-2025-3052826**

Dear Secretary Chiavetta:

Enclosed for filing are the Comments of PPL Electric Utilities Corporation on the Tentative Implementation Order issued in the above-referenced proceeding.

Copies are being served as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/sa
Enclosures

cc: Certificate of Service
Joseph Sherrick, Bureau of Technical Utility Services (*via Email josherrick@pa.gov*)
Tiffany Tran, Esquire, Law Bureau (*via Email tiftran@pa.gov*)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this filing 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).

VIA E-MAIL

Allison Kaster, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
akaster@pa.gov

NazAarah Sabree
Office of Small Business Advocate
555 Walnut Street, 1st Floor
Forum Place
Harrisburg, PA 17101
ra-sba@pa.gov

Darryl A. Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
ra-oca@paoca.org

Date: April 7, 2025



Devin T. Ryan

Electric furnishes electric distribution, transmission, and default supply services to approximately 1.5 million customers throughout its certificated service territory, which includes all or portions of 29 counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

Pursuant to Act 129 of 2008, P.L. 1592, 66 Pa. C.S. §§ 2806.1 and 2806.2 (“Act 129”), PPL Electric designed and implemented Phase I and Phase II EE&C Plans.

On July 1, 2009, PPL Electric filed its Phase I EE&C Plan with the Commission in accordance with to Act 129 and various related Commission orders. The Commission approved PPL Electric’s Phase I EE&C Plan, with modifications, on October 26, 2009,² and further revisions were approved on February 17, 2010.³

On November 15, 2012, PPL Electric filed its initial Phase II EE&C Plan. The Commission approved PPL Electric’s initial Phase II EE&C Plan, with modifications, on March 14, 2013.⁴ PPL Electric’s subsequent compliance filing was approved by the Commission on July 11, 2013.⁵

On November 30, 2015, PPL Electric filed its initial Phase III EE&C Plan with the Commission pursuant to Act 129 and various related Commission orders. The Commission approved PPL Electric’s initial Phase III EE&C Plan, with modifications, on March 17, 2016.⁶ Pursuant to the *March 2016 Order*, PPL Electric submitted a compliance filing on April 22, 2016.

² See *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered Oct. 26, 2009).

³ See *Petition of PPL Electric Utilities Corporation for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093216 (Order Entered Feb. 17, 2010).

⁴ See *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order Entered Mar. 14, 2013).

⁵ See *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase II Energy Efficiency and Conservation Plan*, Docket No. M-2012-2334388 (Order Entered July 11, 2013).

⁶ See *Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Order Entered Mar. 17, 2016) (“*March 2016 Order*”).

The Company subsequently filed an Errata to its compliance filing on May 24, 2016. The Commission approved PPL Electric's compliance filing, as amended, on June 27, 2016.⁷

On November 30, 2020, PPL Electric filed its initial Phase IV EE&C Plan with the Commission pursuant to Act 129 and various related Commission orders. The Commission approved PPL Electric's initial Phase IV EE&C Plan on March 25, 2021.⁸

PPL Electric's Phase I, Phase II, Phase III, and Phase IV EE&C Plans have included a broad portfolio of energy efficiency and energy education programs and initiatives. PPL Electric's portfolios of programs were designed to provide customer benefits and to meet the energy reduction goals set forth in Act 129. All of these EE&C Plans have included a range of energy efficiency programs that included every customer segment in PPL Electric's service territory.

PPL Electric continues to support Act 129 EE&C Programs and appreciates the opportunity to provide input regarding this matter. As an EDC operating an EE&C Program, PPL Electric believes that its comments will provide the Commission with a valuable perspective in its evaluation of Phase V of the EDCs' EE&C Programs.

II. TENTATIVE IMPLEMENTATION ORDER

With the Tentative Implementation Order, the Commission begins the process of establishing the Phase V EE&C Program that requires EDCs to adopt and implement cost effective plans to reduce energy consumption and peak demand throughout the Commonwealth. Tentative Implementation Order, pp. 5-6. The Tentative Implementation Order proposes required consumption and peak demand reductions for each EDC, as well as guidelines and requirements

⁷ *Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Tentative Order Entered June 9, 2016) (“*June 2016 Order*”); Secretarial Letter, Docket No. M-2015-2515642 (June 27, 2016) (“*June 2016 Secretarial Letter*”) (stating that PPL Electric's compliance EE&C Plan had become final without further action by the Commission).

⁸ *See Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan*, Docket No. M-2020-3020824 (Order Entered Mar. 25, 2021) (“*March 2021 Order*”).

for implementing Phase V of the EE&C Program. *Id.* The Commission seeks comments on these proposals.

III. COMMENTS OF PPL ELECTRIC

PPL Electric generally agrees with many of the proposals in the Tentative Implementation Order but has some significant comments for the Commission’s consideration. In the following sections, PPL Electric addresses these topics in the same order as the topics in the Tentative Implementation Order. The Company’s Comments do not address all topics.

A. PROPOSED REDUCTIONS IN ELECTRIC CONSUMPTION

1. Summary of SWE’s EEPDR Potential Study

In its Tentative Implementation Order, the Commission observes that the “Achievable Potential estimated all achievable, cost-effective potential recognizing real-world barriers and assuming aggressive, well-designed, marketed, and implemented programs that provide incentives covering 100% of incremental measure costs.” Tentative Implementation Order at 13 n.24 (emphasis added). That Achievable Potential is then adjusted, in specified ways, to derive the Program Potential, Act 129 Traditional EE Potential, and Act 129 EE Potential. *See id.* at 13-14. The SWE also “concluded that consumption reduction programs will continue to be cost-effective for ratepayers” based on the Act 129 Traditional EE Potential, as the estimated program acquisition costs “assume that the entirety of the Act 129 budgets are spent on traditional EE measures without any allocation for CHP and PV and are therefore consistent with the Act 129 Traditional EE Potential values presented in Table 2, not the Act 129 EE Potential.” *Id.* at 14.

This methodology is inconsistent with the SWE’s approach in its Demand Response (“DR”) Potential Study, where the SWE’s calculation of DR potential “reflect[s] the RAP Modeling perspective and [is] limited to the three programs with a statewide TRC ratio of 0.8 or higher: Commercial and Industrial (C&I) Load Shifting, Connected Thermostat Optimization, and

Electric Vehicle (EV) Managed Charging.” *Id.* at 42 (emphasis added). Therefore, the DR potential calculation failed to focus entirely on cost-effective measures, like the SWE did with respect to the Energy Efficiency (“EE”) potential.

Accordingly, and as explained further in these Comments, PPL Electric respectfully recommends reducing or eliminating the peak demand reduction targets, while permitting EDCs the flexibility to incorporate DR in their Phase V EE&C Plans.

2. EDC Budget Limits

Although the Commission correctly recognizes that the budget limits under Act 129 cannot be increased due to inflation, PPL Electric strongly encourages the Commission to consider the impact of inflation on the EE and DR savings that can be achieved within those budget constraints. *See* Tentative Implementation Order at 17. Indeed, neither of the SWE’s potential studies adequately accounted for inflation or real costs. The SWE applied historic acquisition costs for key measures and did not factor in existing or potential levels of inflation. By failing to do so, the SWE’s studies artificially increase the energy consumption and peak demand reduction targets.

According, PPL Electric respectfully recommends that the Commission adjust the incentives and costs for all measures to more conservative levels and adjust EDC targets accordingly.

3. Baseline for Targets

PPL Electric agrees with the Commission’s approach to baselines for targets.

4. Proposed Reductions in Consumption

The Commission based its “proposed allocation of Phase V funding” on the following factors: (1) “Resource adequacy is an increasingly important consideration for Pennsylvania”; (2) “As assumed spending allocation to DER enables the EDCs to pursue managed charging of electric vehicles in Phase V”; (3) “Allocating Phase V budget to solar helps offset the lower MWh

reductions that come with a funding allocation to DR”; (4) “Peak demand reductions from EE are no longer eligible to participate in the PJM Forward Capacity Market (FCM)”; (5) “The Commission maintains the importance of a requirement that EDCs obtain minimum percentages of consumption reductions from the low-income sector” (6) “CHP is the lowest cost resource type for both MWh and MW, but also unpredictable”; and (7) “Act 129 established an *energy efficiency* and conservation . . . (EE&C) Program.” Tentative Implementation Order at 20-23. Although these “assumed budget allocations in Table 8 are not binding for the EDCs as they develop Phase V EE&C Plans,” the Commission avers that “some assumed blend is required to establish targets” and that “its proposed funding allocation represents a reasonable starting point for stakeholder comment.” *Id.* at 23.

The Company has several comments on these factors considered by the Commission. First, PPL Electric agrees that addressing resource adequacy challenges is an important issue for EDCs and the Commonwealth. However, the Commission’s proposed daily load shift DR programs are new and unproven, and the estimated participation for those programs is aggressive. PPL Electric believes it would be unreasonable to establish a mandatory peak demand reduction target for such programs. Furthermore, the Commission has discretion when it comes to peak demand reduction targets and DR programs, given the lack of peak demand reduction targets and/or DR in other phases of Act 129 EE&C. Thus, PPL Electric reducing or eliminating the peak demand reduction targets, while permitting EDCs the flexibility to incorporate DR in their Phase V EE&C Plans. Also, if the Commission sets peak demand reduction targets, PPL Electric recommends that any EDC’s failure to meet its peak demand reduction target not be subject to the penalties of no less

than \$1 million and no more than \$20 million set forth in Section 2806.1(f) of the Public Utility Code. *See* 66 Pa. C.S. § 2807(f).⁹

Second, the Commission states that “allocating Phase V budget to solar helps offset the lower MWh reductions that come with a funding allocation to DR.” Tentative Implementation Order at 21. However, the SWE’s market potential study: (1) assumed unrealistically low costs for solar; and (2) assumed that solar projects would be incentivized at the existing Phase IV levels for both residential and non-residential. This approach does not align with the reality of increasing costs for trade allies and customers, and the potential need for higher incentives to ensure project completion. Accordingly, PPL Electric recommends that the contribution of solar be recalculated with a more conservative approach that assumes higher incentive costs, with a commensurate adjustment to EDC targets.

Third, the Commission declares that “absent a low-income specific target, Act 129 programs could become regressive.” *Id.* at 22. Yet, the presence of a consumption reduction target requires EDCs to apply low-cost, less impactful measures for low-income households in order to meet that target. From PPL Electric’s perspective, a spending goal would allow EDCs to take a more comprehensive and transformative approach to low-income programs and measures. Therefore, PPL Electric recommends that in place of a low-income savings target, the Commission instruct the EDCs to meet minimum funding goals for low-income EE&C programs.

⁹ PPL Electric questions the Commission’s statutory authority to impose the Section 2806.1(f) penalties on an EDC’s failure to achieve an overall peak demand reduction target in Phase V. Section 2806.1(d) is limited to “reductions in consumption” by “no later than May 31, 2017.” 66 Pa. C.S. § 2806.1(d)(2). Moreover, unlike Section 2806.1(c) of the Public Utility Code setting forth the required reductions in energy consumption, Section 2806.1(d) does not instruct the Commission to evaluate the costs of EE&C Plans by November 30, 2013, “and every five years thereafter.” *Id.* § 2806.1(c)(3); *see id.* § 2806.1(d)(2). Instead, Section 2806.1(d) states, “By November 30, 2013, the commission shall compare the total costs of energy efficiency and conservation plans implemented under this section to the total savings in energy and capacity costs to retail customers in this Commonwealth or other costs determined by the commission.” *Id.* does not the language “and every five years thereafter.” *Id.* § 2806.1(d)(2).

Fourth, the secondary analysis for Inflation Reduction Act (“IRA”) funding was used to increase the low-income savings targets. Due to developments at the federal level, it is increasingly likely that this may not be available in Phase V. If and when that occurs, EDCs would have no recourse to address the unnecessarily high low-income savings targets mid-phase. Thus, the Company recommends removing potential external funding from any EDC low-income savings targets, assuming that the Commission does not adopt PPL Electric’s recommendation for a minimum funding goal for low-income programs instead of a low-income savings target.

Fifth, the proposed funding allocation of 9% for solar exceeds the recommended funding allocation of 5% used in the SWE’s market potential study. *See* Tentative Implementation Order at 20 (identifying a 9% budget allocation for solar); SWE’s EEPDR Market Potential Study, Tables 6, 7, 48, 49, 50, and 51 (specifying 5% budget allocation for solar). Considering the reliance in the market potential study on high-cost comprehensive measures such as heating, ventilation, and air conditioning, most of the budget likely will be needed for market rate energy efficiency. Consequently, PPL Electric recommends that the Commission: (1) reduce the budget allocation for solar from 9% to 5% consistent with the SWE’s EEPDR Market Potential Study; (2) place the remaining budget allocation in market rate energy efficiency; and (3) adjust EDCs’ overall targets accordingly.

5. Prescription of Low-Income Measures and Carve-Out

The Company agrees with the Commission’s proposal on a proportionate number of measures for low-income customers. However, as noted previously, PPL Electric recommends that the Commission replace the low-income savings target with a minimum spending goal for low-income programs.

6. Constraints on EE&C Plan Offerings

The Commission explains that “there are several fundamental portfolio design assumptions in the SWE’s EEPDR Potential Study that reflect the policy preferences of the Commission,” two of which are discussed specifically in the Tentative Implementation Order: (1) Non-Residential Midstream Lighting; and (2) Customer-Sited Measures. Tentative Implementation Order at 28-30. Regarding non-residential midstream lighting, the Commission observes that the “SWE explicitly removed [Replace or Burnout (‘ROB’)] lighting from its EEPDR Potential Study and limited modeled savings to the stock of inefficient lighting.” *Id.* at 29. The Commission also “urges EDCs to minimize the contribution of midstream delivery of non-residential lighting measures in their Phase V EE&C Plans and focus lighting program offerings on replacing the remaining inefficient lighting equipment stock in the Commonwealth.” *Id.* Further, the Commission proposes limiting the Phase V EE&C offerings to “customer-sited measures,” despite prior phases “allow[ing] [front of the meter (‘FTM’)] measures.” *Id.* at 30.

PPL Electric respectfully disagrees with the Commission’s position on non-residential midstream lighting. Midstream offerings, including non-residential lighting, offer a consistent channel for realizing program savings, as well as an easier participation pathway. Currently, less than 2% of projects in PPL Electric’s Non-Residential Program claim to be replacing light-emitting diode (“LED”) lights, per the Company’s Non-Residential CSP. Participation in midstream programs also help portfolio cost-effectiveness, and the Company views the likelihood of claiming higher savings than exists as potential as low. Accordingly, PPL electric recommends that the Commission not include its language discouraging non-residential midstream lighting in its Final Implementation Order.

In addition, PPL Electric urges the Commission to reconsider its proposed limitation to customer-sited measures. As the Commission notes, conservation voltage reduction programs

have been permissible in prior phases. CVR also provides a low-cost channel to reduce energy consumption, and given the aggressive targets set forth in the Tentative Implementation Order, EDCs should have more flexibility to select the EE&C measures that will enable them to achieve those targets.

7. Accumulating Savings in Excess of Reduction Requirements

PPL Electric disagrees with the Commission’s “propos[al] that the EDCs can utilize carryover up to a maximum of 20% of their respective portfolios and low-income targets.” Tentative Implementation Order at 30. Limiting savings carry-over to 20% of energy savings raises the cost of the programs for customers, as EDCs will need to spend additional customer funding to replace the reduced savings. In addition, this may have a cooling effect on the final year of Phase IV, as EDCs will be weary of exceeding targets, which is the opposite of the Commission’s stated intent. Therefore, the Company recommends that the Commission allow EDCs to carry over 100% of savings in excess of their Phase IV targets toward achieving their Phase V targets.

8. Process to Challenge Reduction Requirements

PPL Electric agrees with the Commission’s approach to challenge reduction requirements.

9. Measuring Annual Consumption Reductions

PPL Electric agrees with the Commission’s approach to measuring annual consumption reduction.

B. PROPOSED REDUCTIONS IN PEAK DEMAND

1. Summary of SWE’s DR Potential Study

As noted previously, the SWE’s calculation of DR potential is flawed because the SWE: (1) was inconsistent in how it calculated EE potential versus DR potential; and (2) relied on a daily load shifting model that is unproven and highly speculative. Also, the Commission’s approach to

peak demand reduction has been inconsistent across phases, with no DR programs required in Phase IV. Therefore, EDCs will need to create and launch such programs from scratch in Phase V, which requires CSP partnerships, marketing, IT development and infrastructure, and time to fully subscribe customers. Due to these uncertainties and risks, PPL Electric reiterates its recommendation that the Commission reduce or eliminate the peak demand reduction targets and not subject EDCs to the penalties set forth in Section 2806.1(f) of the Public Utility Code if they fail to achieve peak demand reduction targets in Phase V.

Nevertheless, if the Commission does maintain instituting peak demand reduction targets, PPL Electric agrees with the Commission's recommendation to use Realistic Achievable Potential ("RAP") instead of Maximum Achievable Potential ("MAP"), as the latter is impractical for EDCs.

2. Methodology Used to Set Peak Demand Reduction Targets

PPL Electric has no additional comments on this section, apart from those set forth previously.

3. Baseline for Targets

If the Commission maintains its peak demand reduction targets for Phase V, PPL Electric agrees with the Commission's approach to baselines for those targets.

4. Proposed Peak Demand Reduction Targets

PPL Electric disagrees with the Commission's decision to assess compliance with the peak demand reduction targets by "using an average of the EDC's gross verified summer peak reduction and winter peak demand reduction," along with the Commission's proposal that "each EDC's EE&C Plan" must include "a mix of measures and programs that is projected to acquire at least 75 percent of the proposed target in each season." *Id.* The Commission's approach creates unnecessary complications, such as calculating demand reduction for measures with savings in only one of the two seasons, and arbitrarily reduces EDCs' flexibility in designing the Phase V

EE&C Plans that are appropriate for their territories, especially those territories where there is more opportunity for peak demand reductions in one of the two seasons. Indeed, the decision to average savings across seasons may reduce the impact of seasonally-focused measures, such as cooling only room or central air conditioning in territories with higher cooling degree days. For example, if a measure produces peak demand reductions in one season only, will the EDCs claim the entirety of those peak demand reductions or reduce them by half? Without such clarity, the Commission's approach will lead to uncertainty and jeopardize EDCs' ability to design Phase V EE&C Plans that will achieve their peak demand reduction targets. Furthermore, the Company notes that an averaging of savings across summer and winter peak is not explicitly supported in the 2026 Technical Reference Manual.

Thus, assuming that the Commission maintains its proposal to establish peak demand reduction targets for Phase V, the Company recommends that the Commission: (1) modify its approach so as not to require 75% of proposed targets in each season in its Final Implementation Order; and (2) clarify how single season measures are calculated.

5. Accumulating Savings in Excess of Peak Demand Reduction Targets

PPL Electric disagrees with the Commission's proposal to "allow EDCs to 'carryover'" only "50% of the excess peak demand savings acquired in Phase IV and apply it towards Phase V peak demand reduction targets." Tentative Implementation Order at 48. Limiting savings carry-over to 50% of peak demand raises the cost of the programs for customers, as EDCs will need to spend additional customer funds for those peak demand reductions that are discounted. In addition, as mentioned for energy consumption reduction, this may have a cooling effect on the final year of Phase IV, as EDCs will be wary of exceeding targets, which is the opposite of the Commission's stated intent. Therefore, the Company recommends that the Commission allow EDCs to carry over 100% of the excess peak demand reductions from Phase IV to Phase V.

6. Annual Peak Demand Reduction Targets

PPL Electric does not have any comment on the Commission’s proposal that “the EDCs design their EE&C Plans to achieve at least 15 percent of their peak demand reduction target in each program year.” Tentative Implementation Order at 48.

7. Measuring Peak Demand Reductions

In its Tentative Implementation Order, the Commission “proposes two important changes to the definition of peak demand.” Tentative Implementation Order at 49. Specifically, the Commission states that “[r]eported and verified peak demand reductions shall be the average of summer and winter performance” and that “Phase V peak demand reduction targets may be satisfied with either coincident demand reductions from EE or verified demand reductions from load-shifting programs.” *Id.* at 49-50.

As explained above, PPL Electric disagrees with the Commission’s proposal to average summer and winter performance and recommends that the Commission: (1) modify its approach so as not to require 75% of proposed targets in each season in its Final Implementation Order; and (2) clarify how single season measures are calculated.

C. COORDINATION WITH OTHER STATE CONSERVATION PROGRAMS

1. Braided Funding

The Company agrees with the Commission that non-Act 129 program coordination is important. *See* Tentative Implementation Order at 54-56. However, external funding, including IRA and currently available tax credits, are not reliable in the given political environment and should not be used to establish EDC goals. The Commission also states that “if IRA-funded programs are unavailable, or underfunded relative to current projections, in Phase V, the request for EDC co-funding would also end or decrease.” *Id.* at 60. Yet, in that scenario, EDCs’ savings targets would still be set based upon assumptions that such funding is available. Therefore, PPL

Electric recommends that the Commission’s savings targets not be based on any assumptions that IRA and other external funding sources will be available in Phase V.

Further, PPL Electric disagrees with the Commission’s proposal that “EDCs track and report all outside funding by source, as well as the leverage ratio for each of their EE&C programs and the portfolio as a whole.” *Id.* at 55. This requirement would be an undue administrative burden, as such information is not always available to the EDC. In fact, in many instances the EDC must rely on customers to provide that information, and it should not be assumed that they will be willing and able to provide the necessary information. For these same reasons, PPL Electric opposes the Commission’s proposal that the “SWE incorporate the necessary tables in figures in its EDC Annual Report template for Phase V to provide stakeholder visibility into this metric on an ongoing basis.” *Id.* at 55-56.

2. Heat Pumps and Other Fuel Switching

In its Tentative Implementation Order, the Commission “proposes that each EDC include in its EE&C Plan high efficiency heat pump and heat pump water heater measures available to HEAR and other non-Act 129 program participants along with a description of how program delivery will target these bundled, or interwoven, funding opportunities.” Tentative Implementation Order at 57.

Considering that there is no available information on the Home Electrification and Appliance Rebates (“HEAR”) program design, implementation, and coordination from the Pennsylvania Department of Environmental Protection (“DEP”), the EDCs cannot reasonably comply with this requirement. Accordingly, the Company recommends that the Commission remove these proposed requirements in its Final Implementation Order.

3. Data Sharing Between EDCs and State Agencies

In its Tentative Implementation Order, the Commission states the following:

The Commission agrees that increased data sharing between EDCs and state agencies is important for Phase V of Act 129 given the expected increase in external (to Act 129) funding sources. The Commission encourages stakeholders to provide specific suggestions regarding the types of data and mechanism for sharing in comments to this Tentative Order.

PPL Electric respectfully requests that the Commission not include detailed recommendations or prescriptive methods for data sharing in its Final Implementation Order. Data sharing is a highly complex issue, with high levels of risk related to customer information. As such, there is a substantial risk that the Commission's data sharing provisions will not meet minimum security requirements across multiple organizations. Moreover, as observed previously, it is very unlikely that there will be an "expected increase in external (to Act 129) funding sources," as alleged by the Commission. *Id.*

4. Support with AEPS Registrations

PPL Electric does not have comments on this section.

5. IRA-Required Audits

The Commission asserts that "it is reasonable for the EDCs to co-fund" American Society of Heating, Refrigeration and Air-Conditioning Engineers ("ASHRAE") Level 2 audits "or other technical scoping studies for sites they believe are likely to provide a return on the upfront investment." Tentative Implementation Order at 59. However, ASHRAE Level 2 audits are a requirement of the IRA, not Act 129 programs, and the CSPs currently administering PPL Electric's Phase IV EE&C programs do not have expertise concerning this audit type. Based on the foregoing, if IRA programs are not rescinded, the Company recommends that IRA program administrators build this capability into their programs and secure the necessary vendors to complete these audits, as opposed to EDCs co-funding those audits.

6. Coordinated Marketing Campaigns

PPL Electric disagrees with the Commission’s position that “EDCs and other program administrators should consider joint marketing campaigns that highlight the availability of multiple funding sources.” Tentative Implementation Order at 60. Joint marketing campaigns, as suggested by the Commission, have the potential to increase confusion and obscure the proper point of entry, while also reducing the impact of EDC marketing campaigns related to Act 129. EDCs also have strict branding and communication requirements that may not align across external programs, so the approval process for joint marketing campaigns will be long. Therefore, the Company recommends removing the joint marketing proposal from the Final Implementation Order.

D. PLAN APPROVAL PROCESS

1. Phase V EE&C Plan Approval Process

With the exception of the due date for filing the Phase V EE&C Plan, the Company agrees with the Commission’s proposed Phase V EE&C Plan approval process.

2. Phase V Planning Timeline

The Phase IV EE&C Plan filing date was November 30, 2020, not November 1, 2020. However, the Commission proposes that the Phase V EE&C Plan filing date be November 1, 2025.

The Company recommends changing the Phase V EE&C Plan filing date from November 1, 2025, to November 30, 2025. EE&C Plans are complex, time-intensive undertakings, and EDCs must have the necessary time to develop, draft, and submit their Phase V EE&C Plans.

3. Standards to Ensure that a Variety of Measures Are Applied Equitably to All Customer Classes

PPL Electric has no comment on this section.

4. Process to Make EE&C Plan Changes and Recommendations for Additional Measures

PPL Electric believes that additional flexibility should be integrated into the EE&C Plan review process to reduce existing administrative burdens and permit EDCs to quickly respond to market preference, changes to costs due to external factors, and current implementation experience. The Company is proposing that EDCs be permitted to make EE&C Plan changes through a notification process when: (1) the cumulative value of the budget transfers across programs and/or customer sectors resulting from all previously-approved changes and the proposed changes (the “Cumulative Change Value”) does not exceed 10% of the EDC’s total EE&C Plan budget for the Phase; and (2) for any program year, the Cumulative Change Value does not exceed 5% of the EDC’s total EE&C Plan budget for the Phase. The notification process would involve filing a document summarizing the planned changes by program or customer sector (as appropriate), including the effective date of the changes, and serving that document on all parties to the EDC’s Phase V EE&C Plan proceeding. The notification process would permit EDCs to quickly and cost-efficiently implement relatively modest EE&C Plan changes to improve the performance of particular programs.

Proposed plan changes that do not qualify for the notification process would proceed under the existing EE&C Plan approval framework (e.g., an EE&C Plan change that fits into a “minor” change category, but does not qualify for the notification process, would proceed under the established expedited review process).

In addition, PPL Electric strongly encourages that the Commission reevaluate its “expedited review” process for “minor EE&C Plan changes.” Tentative Implementation Order at 68. In the Company’s experience, that process has resulted in Commission rulings that took as long as if not longer than PPL Electric’s “major” EE&C Plan change filings, particularly when

staff propound data requests, a party petitions for reconsideration of the staff's approval or denial of a "minor" change, or both.

Additionally, the Commission should clarify that when EDCs get approval in their Phase V EE&C Plans to implement pilot programs after providing stakeholders with notice and descriptions of the pilot programs, the EDCs do not need to file and obtain Commission approval of a Petition to Modify the EE&C Plan before implementing any such pilot program.

E. PLAN EFFECTIVENESS EVALUATION PROCESS

1. Statewide Evaluator

PPL Electric has no comment on this section.

2. Technical Reference Manual

The Company agrees with the continued use and reliance on a Technical Reference Manual ("TRM") for calculating the majority of savings. *See* Tentative Implementation Order at 69. However, the Commission proposes updates throughout the phase, including for code changes. These changes are unknown at the outset of the Phase and cannot be incorporated into the market potential studies or EDC Plans, while EDC compliance targets are unchanging. Thus, the Company recommends that the TRM be set for the entirety of Phase V and left unchanged to allow for savings calculations that align with EDC targets.

3. EDC and SWE Reports

The Company agrees with the proposed semi-annual and annual report process and schedule.

4. Process to Analyze How the Program and Each Plan Will Enable EDCs to Meet Consumption and Peak Demand Reductions Requirements, and How to Ensure Compliance

PPL Electric does not have comments on this section.

F. BENEFIT-COST ANALYSIS APPROVAL PROCESS

1. 2026 TRC Test Order

PPL Electric agrees with the proposal to utilize the 2026 Total Resource Cost (“TRC”) Test Final Order for the activities as described in the Tentative Implementation Order. *See* Tentative Implementation Order at 75-76.

2. Net-to-Gross Adjustment

The Company agrees with the Commission’s proposal to maintain the same position on net-to-gross, base energy consumption savings, and peak demand reduction on gross savings. *See* Tentative Implementation Order at 76-79.

G. COMPETITIVE BIDDING REQUIREMENTS AND APPROVAL OF CSP CONTRACTS

1. Participation of Conservation Service Providers

PPL Electric does not have comments on this section.

2. Competitive Bidding

The Company recommends that the Commission consider allowing EDCs to propose single source contracts for non-implementation CSPs such as third-party evaluators and data base/tracking vendors, in Phase V. Continuation of these services across phases reduces administrative burden and allows EDCs to leverage existing expensive IT infrastructure for data management, potentially reducing costs for customers. In addition, existing evaluation vendors that have familiarity and historical perspective regarding EDC staff, programs, CSPs, approaches, etc. Allowing the continuation of services will ensure a smooth transition between phases.

3. Approval of Contracts

The Company recommends removing the requirement for Commission review and approval of CSP contract amendments. *See* Tentative Implementation Order at 85. The 45-day

review period is often exceeded, allowing amendments to become active without comment or approval from Commission staff. On the other hand, the Company has received secretarial letters approving the CSP contract amendment after the 45-day period expired, which creates uncertainty about the prior deemed approval.

H. EDC COST RECOVERY

1. Determination of Phase V Allowable Costs

PPL Electric does not have comments on this section.

2. Application of Excess Phase IV Budget

The Company respectfully requests that the Commission clarify the percentages of carryover set forth in this section. As noted previously, the Commission's Tentative Implementation Order references a cap of 20% on carryover savings for energy consumption and 50% for peak demand reductions. Here, however, the Commission states that it "proposes that 50% of savings generated in Phase IV exceeding an EDC's consumption reduction target be applied towards that EDC's Phase V consumption reduction target" and "a similar proposal for carryover of Phase IV peak demand savings." Tentative Implementation Order at 91. Regardless of this clarification, the Company reiterates its position that 100% of savings in excess of the Phase IV targets should be carried over and applied to the Phase V targets. The Company also agrees with the proposal to allow EDCs the full Phase V budget, regardless of Phase IV spending or target attainment. *See id.* at 92.

3. Rebate Application Deadlines

PPL Electric does not have comments on this section.

4. Allocation of Costs to Customer Classes

PPL Electric does not have comments on this section.

5. Cost Recovery Tariff Mechanism

PPL Electric does not have comments on this section.

IV. CONCLUSION

For the reasons set forth above, PPL Electric Utilities Corporation respectfully requests that the Commission take these comments into consideration in preparing its Final Implementation Order.

Respectfully submitted,



Kimberly A. Klock (ID # 89716)
Michael J. Shafer (ID # 205681)
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: kklock@pplweb.com
mjshafer@pplweb.com

Devin T. Ryan (ID # 316602)
Post & Schell, P.C.
One Oxford Centre
301 Grant Street, Suite 3010
Pittsburgh, PA 15219
Phone: 717-612-6052
E-mail: dryan@postschell.com

David B. MacGregor (ID # 28804)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: dmacgregor@postschell.com

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Attorneys for PPL Electric Utilities Corporation