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April 7, 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: Energy Efficiency and Conservation Program
M-2025-3052826**

Dear Secretary Chiavetta:

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

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'L.A. Baxter', with a stylized flourish at the end.

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

Enclosure

cc:

Joe Sherrick, josherrick@pa.gov
Tiffany L. Tran, tiftran@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Efficiency and Conservation Program : M-2025-3052826

**COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

On February 20, 2025, the Pennsylvania Public Utility Commission (“Commission” or “PUC”) issued a *Tentative Implementation Order* seeking comments and reply comments on a proposed Phase V of Act 129. In the *Tentative Implementation Order*, the Commission requested comments be filed thirty (30) days after publication in the *Pennsylvania Bulletin* with reply comments to be filed forty-five (45) days from the date of publication. The *Tentative Implementation Order* was published on March 8, 2025, at 55 Pa.B. 2032. Pursuant to the request for comments, Duquesne Light Company (“Duquesne Light” or “Company”) hereby submits the following for consideration.

II. BACKGROUND

Signed into law on October 15, 2008, Act 129 of 2008 established an energy efficiency and conservation (“EE&C”) program for Pennsylvania. Electric distribution companies (“EDCs”) under PUC jurisdiction serving at least 100,000 customers are required to create and enact a plan to reduce energy demand and consumption. Phase IV of this program is currently underway and will conclude on May 31, 2026.

In preparation for Phase V of this program, the Commission updated the *Technical Reference Manual*¹ and the *Total Resource Cost Test*.² The *Pennsylvania Act 129 Phase V*

¹ 2026 TRM Update Final Order, entered September 12, 2024. Docket No. M-2023-3044491.

² 2026 Total Resource Cost (TRC) Test Final Order, entered November 7, 2024. Docket No. M-2024-3048998.

Energy Efficiency and Peak Demand Reduction Market Potential Study and *Pennsylvania Act 129 Phase IV Demand Response Potential Study* were both released to the public on February 21, 2025.³ The Commission subsequently issued a *Tentative Implementation Order* on February 20, 2025, seeking comments and reply comments on a proposed Phase V of Act 129.

Duquesne Light⁴ 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. The Company implements an EE&C program in compliance with 66 Pa. C.S. § 2806.1.

III. COMMENTS

At the February 20, 2025, Commission public meeting, Chairman DeFrank noted that the state is again in a time of uncertainty regarding the cost of electricity and adequate generation supply, similar to the conditions when Act 129 was first adopted in 2008.⁵ In his statement, he asked interested stakeholders to thoughtfully consider the ways budgets can be maximized in Phase V, with an emphasis on affordability and resource adequacy. Duquesne Light appreciates this openness to innovation and looks forward to reviewing stakeholder comments.

Act 129's narrow focus on usage reductions paired with steep penalties for missing targets has not been conducive to creativity and innovation. These are statutory constraints, and the PUC lacks authority to remove or adjust them. However, we encourage the Commission to avoid placing additional restrictions on EDCs via the Final Implementation Order by being overly prescriptive regarding new ideas suggested by stakeholders. Rather, the Order should

³ February 21, 2025, Secretarial letter, Docket No. M-2025-3052827.

⁴ Duquesne Light is a member of the Energy Association of Pennsylvania (EAP), which is also submitting comments at this docket. In addition to the positions stated herein, Duquesne Light generally supports the positions articulated in EAP's comments to the extent they are consistent with the comments submitted by the Company.

⁵ Statement of Chairman Stephen DeFrank, February 20, 2025, M-2025-3052826.
<https://www.puc.pa.gov/pcdocs/1866657.pdf>

encourage EDCs to present innovative ideas, and to integrate ideas proposed by interested parties into their plans to be filed for Commission approval.

The success of programs, especially those that are more unique and innovative, may vary greatly from one service territory to another. It is important for EDCs to be able to propose plans that are tailored for success in the communities they serve.

The Company believes the Commission should allow for, although not necessarily require, EDCs to propose reserving some funds for innovative pilots within their plans. For example, these pilots could relate to electrification; storage, both behind- and in-front-of the meter; or load shifting as a result of behavior programs, technology tools, or rate structures.

Finally, Duquesne Light asks the Commission to remain flexible to the potential need for mid-phase changes to adapt to evolving technology, energy costs, and equipment availability. The Company anticipates the need for mid-phase adjustments may be more pronounced in Phase V, compared to prior phases.

Duquesne Light offers the following more detailed comments on specific sections of the Tentative Implementation Order that are presented in the sequence in which they appear in the Order:

A. Section A.5. Prescription of Low-Income Measures and Carve-Out Table 10:

Proposed Phase V Low-Income Savings Targets, page 27.

The *Tentative Implementation Order* proposes a low-income sector savings target amounting to 6.9% of Duquesne Light's total Phase V portfolio savings target. This low-income savings target is not realistically achievable. As discussed in greater detail below, Duquesne Light's position is based on the following:

- Low saturation of electric space heating and water heating diminish the potential for savings;

- Duquesne Light’s LIURP program, Smart Comfort, provides services to this same customer population, further eroding potential savings;
- While Duquesne Light’s proposed portfolio target is reduced approximately 21% from Phase IV, the proposed low-income savings target is 2% greater in Phase V; and
- The low-income targets of other EDCs decreased from Phase IV to Phase V, by 2.4% to 9.4%.

1) Low Electric Space Heating and Water Heating End-Use Saturations

limit the potential for savings. The 2023 Pennsylvania Statewide Act 129 Residential Baseline Study⁶ shows Duquesne Light’s electric space heating share is 7%, which is dramatically lower in comparison to the other EDCs that average 35.8% for electric space heating. Likewise, the percentage of Duquesne Light customers using electric water heating is 17%, compared to the average 51% of customers at the other six EDCs.

Electric Primary Space Heating

DLC	vs.	PECO	PPL	Met Ed	Penelec	Penn Power	West Penn
7.0%		18.0%	55.0%	49.0%	36.0%	22.0%	35.0%
Average = 35.8%							

Electric Water Heating

DLC	vs.	PECO	PPL	Met Ed	Penelec	Penn Power	West Penn
17.0%		35.0%	57.0%	61.0%	59.0%	38.0%	56.0%
Average = 51.0%							

⁶ Statewide Evaluator, 2023 Pennsylvania Residential Baseline Study, March 25, 2024. Table 202: Primary Heating Fuel by EDC and Table 231: DHW Fuel Mix by EDC. Docket M-2023-3044490. Pennsylvania Act 129 Phase V Energy Efficiency and Peak Demand Reduction & Demand Response Potential Studies, Feb. 21, 2025, Docket M-2025-3052827

2) Duquesne Light's LIURP program, Smart Comfort, provides services to this same customer population, further eroding potential savings.

Compounding the effects of low electric space and water heating end-use saturations in Duquesne Light's service territory, the Tentative Implementation Order proposes an extremely aggressive requirement, made more difficult when we consider decades of successful program activity under Duquesne Light's LIURP, Smart Comfort. This program classifies work at customer premises as either space heating, water heating, or baseload jobs. As shown in the table below, less than five percent of Smart Comfort jobs are either space or water heating jobs:

Year	Spending	Total Jobs	Space Heating Jobs	Water Heating Jobs	Baseload Jobs
2003	\$1,852,000	1,769	16	4	1,749
2004	\$1,021,250	2,120	31	4	2,085
2005	\$1,092,425	3,003	20	3	2,980
2006	\$1,090,935	3,378	0	0	3,378
2007	\$1,393,083	4,688	97	3	4,588
2008	\$1,230,237	4,189	3	0	4,186
2009	\$2,405,138	4,250	178	0	4,072
2010	\$2,265,746	3,637	367	1	3,269
2011	\$1,584,272	3,231	3	1	3,227
2012	\$1,560,620	3,007	210	0	2,797
2013	\$1,707,828	3,466	161	0	3,305
2014	\$1,364,600	2,555	100	3	2,452
2015	\$2,244,667	2,874	499	0	2,375
2016	\$1,700,067	3,202	192	0	3,010
2017	\$1,189,179	2,565	16	0	2,549
2018	\$2,341,637	3,224	148	1	3,075
2019	\$622,772	725	59	7	659
2020	\$1,566,479	1,640	216	9	1,415
2021	\$2,267,480	2,619	251	6	2,362
2022	\$2,630,871	3,125	23	2	3,100
2023	\$3,961,140	3,606	300	14	3,292
2024	\$3,734,244	3,156	171	18	2,967
TOTAL	\$40,826,670	66,029	3,061	76	62,892
	% of Jobs	100.00%	4.64%	0.12%	95.25%

As further detailed in Duquesne Light’s Commission approved 2020-2025 Universal Service and Energy Conservation Plan (“USECP”),⁷ Smart Comfort has evolved from supporting strictly weatherization jobs to an electric “end use” strategy. The 66,029-total jobs referenced above provides ample evidence of the penetration of the Company’s services and the limited outstanding opportunities the Company may have to support the upgrade of additional electric space heating

⁷ Duquesne Light Company Universal Service and Energy Conservation Plan for 2020-2025, Docket No. M-2019-3008227, at pages 31-41.

and water heating jobs.

Census data rates for the Company's service territory indicate a poverty rate of 18.83%.⁸ Applying this rate to the Company's 514,610 Residential accounts results in a potential of 96,901 low-income households. Out of the total population of low-income households, 26,736 households were treated under Smart Comfort in the previous ten years. Going forward, annual LIURP targets require treatment of 3,100 households per year amounting to 15,500 total households treated under Smart Comfort during Phase V (2026-2031).

Additionally, if low-income behavioral program participation remains consistent from Phase IV to Phase V, an additional 21,562⁹ low-income households will receive energy savings under the behavior program. Subtracting the households participating in Smart Comfort and behavioral programs from the total pool of 96,901 low-income households, only 33,165 households remain eligible for low-income audits and direct-installation measures, or approximately one-third of the Company's total low-income population. Further, since LIURP targets high energy users with an average of 500 kilowatt-hours usage per month or greater, the remaining households are necessarily lower energy-users.

In Phase IV, home energy audits and direct-install measures have achieved an average savings of 564 kWh per audit. To achieve the proposed low-income target of 18,933 MWh, assuming Duquesne Light can capture 2,253 MWh¹⁰ of savings from behavior energy efficiency programs, the Low-Income Energy

⁸ Duquesne Light Company Universal Service and Energy Conservation Plan for 2020-2025, Docket No. M-2019-3008227, at page 39.

⁹ The Low-Income Behavioral Energy Efficiency Program treatment group in Phase IV was 24,521 in PY13, 19,567 in PY14, and 21,562 in PY15 for a three-year average treatment group size of 21,562.

¹⁰ Projected savings for Phase IV LI-BEEP are used as a proxy for expected Phase V Low-Income behavioral program impacts.

Efficiency Program will need to save 16,680 MWh. If savings per audit remain steady in Phase V, the Company will have to complete 29,599 audits to achieve the proposed target. For comparison, Duquesne Light has completed 5,478 Low-Income household audits and treatments to date through Phase IV.¹¹ To achieve the proposed target would require a five-fold increase in program activity. Further, because of the limited available population not being addressed by another program, as detailed above, achieving the proposed target will require the Company to reach 89% of the remaining low-income residential population.

3) While Duquesne Light’s proposed portfolio target is reduced approximately 21% from Phase IV, the low-income savings target is 2% greater. Duquesne Light compares below its Phase IV and Phase V Portfolio and Low-Income program savings targets.

Duquesne Light MWh Targets

	Phase IV	Phase V	Δ Savings
Portfolio	348,126	275,318	-20.90%
Low-Income	18,566	18,933	2.00%

Recognizing efficiency measure cost increases; prior phase efficiency measure adoption; reduced per unit savings resulting from higher baseline efficiencies; evolving codes and standards as well as industry standard practices, achieving savings is likely to be more challenging for the Company in Phase V, and thus an increase in the low-income savings target is concerning.

¹¹ The population of low-income audits included are those in which energy efficiency measures were installed and the end-use customers are identified.

4.) The low-income targets of other EDCs decreased from Phase IV to Phase V, by 2.4% to 9.4%. Finally, it appears that Duquesne Light has received different treatment than the other PA EDCs in the setting of its proposed low-income savings target. The table below shows the portfolio and low-income targets proposed in the Tentative Implementation Order for all four companies:

Duquesne Light MWh Targets

	Phase IV	Phase V	Δ Savings
Portfolio	348,126	275,318	-20.9%
Low-Income	18,566	18,933	2.00%

PECO MWh Targets

	Phase IV	Phase V	Δ Savings
Portfolio	1,380,837	1,174,520	-14.9%
Low-Income	80,089	74,456	-7.0%

PPL MWh Targets

	Phase IV	Phase V	Δ Savings
Portfolio	1,250,157	875,992	-29.9%
Low-Income	72,509	65,678	-9.4%

FirstEnergy MWh Targets

	Phase IV	Phase V	Δ Savings
Portfolio	1,534,751	1,155,573	-24.7%
Low-Income	89,015	86,913	-2.4%

The other PA EDCs saw their Low-Income Act 129 potential decrease on average six percent, while Duquesne Light’s Low-Income sector potential *grew* by two percent. This pattern is unreasonable given the factors discussed above.

For these reasons, Duquesne Light asserts the proposed targets are not attainable and should be adjusted in the Final Implementation Order.

B. Section A.6. Constraints on EE&C Plan Offerings, subsection b. Customer-Sited Measures, page 30.

In general, the Company strongly encourages the Commission to avoid placing constraints on the potential offerings to be proposed in Phase V plans. Doing so would be inconsistent with the sentiment of Chair DeFrank’s statement at the Commission’s February 20, 2025, meeting that called on stakeholders to recommend “all suggestions to enhance our EE&C programs.” EDCs should be provided flexibility to propose the mix of measures and plan design that will result in a cost-effective portfolio to achieve targets. EDCs bear the risks of non-compliance and thus have significant incentive to achieve all targets without the need for more prescriptive direction.

In particular, Duquesne Light objects to the proposed exclusion of “front of the meter” measures. In this time of potential generation shortfalls, saving every kilowatt-hour is important, regardless of whether it is in front of or behind the meter. All energy efficiency savings reduce marginal energy, capacity, transmission and distribution costs, benefiting all customers.

Act 129 energy efficiency programs are intended to reduce costs for all customers, participants and nonparticipants. To this end, the Commission adopted the Total Resource Cost (“TRC”) Test instead of the Participant Cost Test, as a measure of Act 129 program cost-effectiveness. Front of the meter energy efficiency measures avoid volumetric supply-side costs and contribute directly to addressing resource adequacy challenges by saving energy, lowering demand, reducing line losses, lowering congestion, as well as potentially delaying or avoiding increasing distribution system capacity. The Commission’s proposed constraint on front of meter savings is inconsistent with the economics justifying Act 129 and should be removed in the Final

Implementation Order.

C. Section A.7. Accumulating Savings in Excess of Reduction Requirements, p. 31:

The Tentative Implementation Order reads “*Additionally, to address concerns expressed by Act 129 stakeholders with the excess carryover of savings that can be applied towards Phase V targets, and as a change from prior phases, we propose that the EDCs can utilize carryover up to a maximum of 20% of their respective portfolios and low-income targets.*” In light of increasingly difficult market conditions expected in Phase V (i.e. lower savings potential and increased costs), additional restrictions on carryover in Phase V is inappropriate.

It is unlikely that EDCs will have significant carryover savings given the challenges faced during Phase IV, including the exclusion of ENERGY STAR lighting and the effects of the COVID 19 pandemic on the large commercial sector. In the event that substantial carryover balances are achieved, the 20% cap could have the unintended effect of slowing down program implementation in the remainder of Phase IV. EDCs are required to continue offering programs until the budget for that program is met, even after the savings target for that program is achieved. The proposed limit on carryover diminishes any incentive for the EDC to try to secure as much savings as possible for each dollar invested, as it will be restricted from counting those savings towards compliance targets. Further, savings achieved once Phase IV targets are met reduces Phase V potential savings, possibly making it more difficult to meet future targets. For these reasons, the proposed restriction on carryover appears to be inconsistent with the Commission’s stated goal that EDCs maintain “full implementation” of their programs for the duration of the phase. It also appears to be inconsistent with the request of

Chairman DeFrank that stakeholders recommend ways to “maximize the impact of the budgets.” As his statement suggests, “ratepayer dollars are a precious resource, and we owe it to ratepayers to use them as prudently as possible in ways that can provide savings to customers and preserve the reliability of our overall power grid.”

Should the Commission move forward with a cap on carryover savings, Duquesne Light requests that the Commission provide some basis for how the percentage was selected.

D. Section B.5. Accumulating Savings in Excess of Reduction Requirements, p. 48:

Similarly, the Tentative Implementation Order proposed a cap on carryover of peak demand savings: “*For the same reasons enumerated in Section A.7: Accumulating Savings in Excess of Reduction Requirements, the Commission proposes to allow EDCs to “carryover” 50% of the excess peak demand savings acquired in Phase IV and apply it towards Phase V peak demand reduction targets.*”

For the same reasons articulated in response to Section A.7., Duquesne Light avers that the imposition of a cap on carryover peak demand savings is unnecessary, runs counter to stated program continuity goals, and could have unintended impacts on program implementation. Indeed, the cap for peak demand savings is more punitive than the one proposed for energy savings. Under the current proposal, EDCs would lose 50% of every MW achieved over the Phase IV goal, compared to the proposed 20% restriction on carryover of savings. Should the Commission move forward with its proposal, Duquesne Light requests that it justify the 50% restriction, as well as explain why it chose a different cap for peak demand roll over.

E. Section C. Combination with Other State Conservation Programs, page 54:

Duquesne Light has consistently supported coordination with other programs available to its customers. As in past phases of Act 129, this coordination will be accomplished with careful consideration of the opportunity for customer benefit, while maintaining the integrity of the data, savings and expenditures for the programs.

With regard to Subsection 1. Braided Funding, the Tentative Implementation Order addresses Federal Funding, stating *“Much of that modeled increase came from the low-income households where IRA-funded programs are expected to focus. Federal tax credits factored into the SWE’s [Statewide Evaluator’s] modeling of the adoption curves and economics of solar PV. Similarly, the assumed TRC ratios were improved and acquisition costs lowered for battery storage in the DR Potential Study based on the expected availability of federal tax credits.”* There is a direct correlation of cost effectiveness on TRC ratios with forecasted energy efficiency potential. Improved TRC ratios are applied to the Technical Potential to render greater Economic Potential. Greater Economic Potential directly scales up Program Potential. Larger Program Potential reduces acquisition rates that are applied to Act 129 Phase V budgets to calculate, in-part, the Tentative Implementation Order proposed targets.

Duquesne Light respectfully asserts that the uncertainty of the direction the Federal government will take under the current Administration does not support allowing “expected” federal behavior to influence the Program Potential. Duquesne Light further asserts, the EE&DR Potential Forecast,¹² and by extension the Tentative Implementation Order proposed savings targets, should remove the influence of any outside funding, and

¹² Pennsylvania Energy Efficiency and Peak Demand Reduction Market Potential Study Report, February 7, 2024, M-2025-3052827.

federal funding specifically. Federal or state program funding is not guaranteed, and is not under the control of Pennsylvania, and thus should not be relied upon.

Duquesne Light expresses the same concern regarding language in the 2024 EE&DR Potential Forecast (“Potential Forecast”) at Section 4.0 Sensitivity Analysis of Possible Impacts of External Funding. Duquesne Light is concerned the Potential Forecast has adopted treatment whereby “External funding offers an opportunity to integrate Act 129 funding to achieve deeper savings and serve more participants.” The Potential Forecast assesses the impact on the Act 129 EE Potential Scenario given acquisition cost (\$/kWh) adjustments rendered in *Table 36: Estimated Total External Funding Impact* where Low-Income Savings increases 42.7 GWh.

Duquesne Light recommends that if a project qualifies for such funding, when calculating cost-effectiveness, the outside funding should serve to reduce project cost. Treating outside funding as such is consistent with the past six Commission TRC Orders. At a minimum, Act 129 Potential for low-income, solar PV and battery storage measures should remove any influence of outside funding and adjust TRC ratios and acquisition rates to reflect only Act 129 funding to forecast efficiency potential used to set EDC targets. Duquesne Light recommends and requests, if there are other measures, sectors or programs, in addition to those cited above, that include the outside funding in their assumptions, those assumptions be removed from those measures, sectors or programs covering the entirety of energy efficiency and demand-response program potential studies and, by extension the savings mandates contained in this Phase V Tentative Implementation Order proposal.

Finally, Duquesne Light supports the Commission’s proposal, consistent with prior phases, whereby upfront customer audits entitle EDC program enrollment, rebates

or direct-install measures. This process has been designed to claim the full associated savings toward the Phase V targets and should be maintained for Phase V.

F. Section D.2. Phase V Planning Timeline, p. 64:

Duquesne Light respectfully requests the due date for the Phase V Plan be November 18, 2025, rather than the proposed November 1, 2025, due date. This change is consistent with prior phases and avoids cutting short the planning window following issuance of a Final Implementation Order.

G. Section H.2. Application of Excess Phase IV Budget, p. 91:

As a point of clarification, Duquesne Light notes disagreement between language in Section 1.7 and Section H.2 regarding carryover of savings generated in Phase IV. Section A.7 proposed a limit on savings carryover of 20% of the portfolio target. Section H.2 on page 91 of the Tentative Implementation Order reads *“In Section A.7 of this Tentative Order, the Commission 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. Section B.5 of this Tentative Order makes a similar proposal for carryover of Phase IV peak demand savings.”*

As discussed previously, Duquesne Light opposes any cap on energy or demand carryover but respectfully requests that the Commission clarify this contradicting language.

H. Section H.2. Application of Excess Phase IV Budget, p. 92:

Duquesne Light supports the Commission position that EDCs have access to the

full Phase V budget regardless of any Phase IV budget surplus or carryover savings. In keeping with all prior phases, any surplus budget from Phase IV should be returned to the customers. Carryover savings are not fully known until well after program planning and CSP contracting activities and, as such, cannot be relied upon for achieving portfolio mandates. It is therefore appropriate and necessary to allocate the full Phase V budget for the purposes of achieving Phase V targets.

I. Section H.3. Rebate Application Deadlines, p. 94:

Duquesne Light recognizes and supports the long-held 180-day rebate policy. This treatment is applicable with the majority of projects but can conflict with large extended projects, measurement and verification schedules (keeping in-mind, a project is not completed until it is inspected and the claimed savings verified), construction, commissioning and generally institutional market sales cycles. Accordingly, Duquesne Light supports the Commission's stated willingness to allow EDCs to provide documentation of installation dates or date of commercial operation to support periods that exceed 180 days.

IV. CONCLUSION

Duquesne Light Company appreciates the opportunity to provide comments in this proceeding. The Company takes pride in the cost-effective energy efficiency benefits it has enabled for its customers in the first three phases of Act 129. It fully expects to successfully meet its targets in Phase IV. In the context of resource adequacy and affordability challenges, the cost-effective savings resulting from Act 129 program are as important today as when the program was first established, if not more so. The Company looks forward to the continued

opportunity to support its customers in saving money, improving their homes and buildings, and reducing their environmental impact in Phase V. The Company's comments are intended to highlight the aspects of the *Tentative Implementation Order* that can be adjusted to provide the greatest opportunity for Phase V success. Duquesne Light appreciates the Commission's thoughtful consideration of its comments and looks forward to continued collaboration on this issue.

Respectfully submitted,



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DATE: April 7, 2025