



Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

April 7, 2025

Re: Act 129 Phase V Tentative Implementation Order, RMI comments

RMI respectfully submits these comments in response to the Pennsylvania Public Utility Commission's request for public input on the Act 129 Phase V Tentative Implementation Order (Docket No. M-2025-3052826).

About RMI

RMI is an independent, non-partisan, non-profit organization whose mission is to transform the global energy system to secure a clean, prosperous, zero-carbon future for all. Since our founding in 1982, we have grown to over 700 staff working on four continents with a global reach. Our initiatives include researching the business models, policies, technologies, and financing mechanisms necessary to decarbonize all sectors of the economy and advance an equitable clean energy transition.

Introduction

RMI commends steps the Commission has taken to modernize Act 129 in line with statutory language since the program's creation in 2008. Act 129-funded programs lower ratepayer costs and bring impactful energy efficiency (EE) savings to Pennsylvania households, businesses, and industry.

Our comments focus on implementation guidance regarding comprehensive programs. The Phase V planning process is a critical milestone for evolving the role of comprehensive programs, ensuring accountability and maximizing benefits for ratepayers. Specifically, we:

- Support the Commission's emphasis on comprehensive programs
- Support the emphasis on stacking and braiding Act 129 funds alongside federal and state programs for beneficial electrification

- **Recommend** additional Commission guidance on comprehensive programs to improve outcomes, including:
 - Define comprehensive programs
 - Elevate the role of program learnings and stakeholder input in program design and reporting

Support the Commission’s emphasis on comprehensive programs

RMI commends the Commission’s decisions through Act 129 Phase IV and Phase V proceedings to encourage comprehensive programming, including: 1) assessing cost-effectiveness of Energy Efficiency and Conservation (EE&C) plans at a plan-wide level, rather than measure-level;¹ 2) lowering savings targets to accommodate higher acquisition costs associated with a comprehensive mix of measures;² and (3) requiring EDC plans to include at least one residential and one non-residential comprehensive program.³

The Commission’s continued emphasis on comprehensive programs strengthens Act 129’s long-term impact. Comprehensive programs support deeper, longer-term energy savings—benefits that will become even more critical as lighting-related savings opportunities continue to decline. They can also unlock savings that are not accessible through measure-specific programs, especially for households facing barriers that require integrated solutions.

Support the emphasis on stacking and braiding Act 129 funds alongside federal and state programs for beneficial electrification

We support the Commission’s requirement that each electric distribution company (EDC) include in its EE&C Plan high efficiency heat pump and heat pump water heater measures available to the Home Electrification Appliance Rebate (HEAR) program and other non-Act 129 program participants, along with a description of how program delivery will target these bundled, or interwoven, funding opportunities.⁴

¹ Pennsylvania Public Utility Commission. (2021). *Act 129 2021 Total Resource Cost Test – 2021 Technical Reference Manual*, Section A.3.a. Retrieved from <https://www.puc.pa.gov/filing-resources/issues-laws-regulations/act-129/total-resource-cost-test/>

² Pennsylvania Public Utility Commission. (2025). *Act 129 Phase V Statewide Evaluator Energy Efficiency and Peak Demand Reduction Market Potential Study*, Section 3.6. Retrieved from <https://www.puc.pa.gov/pcdocs/1867286.pdf>

³ Pennsylvania Public Utility Commission. (2024). *Act 129 Phase V Tentative Implementation Order*, Section A.4.c. Retrieved from <https://www.puc.pa.gov/pcdocs/1866849.pdf>

⁴ Act 129 Phase V Tentative Implementation Order, Section C.2

The Inflation Reduction Act (IRA) funding and other programs that enable customers to switch from delivered fuels to heat pump technology present opportunities to lower operational costs for customers and, as the Commission notes, “amplify the benefits of Act 129 investments and support electrification efforts in the Commonwealth without violating the intent of the Act.”⁵

Integrated heat pump incentives may have an additional, significant benefit to ratepayers: high efficiency heat pumps often reduce cooling demand for electrified homes, replacing lower efficiency central air conditioners or window air conditioners currently in place.⁶

The Commission’s reference to incentive stacking for oil-heated homes is fitting.⁷ Pennsylvania has more than 850k homes heated by delivered fuels – they exist throughout the state, but are disproportionately rural households, elderly occupants, and older housing.⁸ These households face high and volatile heating costs, without protections associated with regulated utility service. The low- and moderate-income focus of the IRA funding provides a distinct advantage given the opportunity to support these household types in adopting electric alternatives.

In requiring EDC program design for bundling HEAR and Act 129 funding, we recommend the Commission add an emphasis on reducing friction for consumers and program administrators and engaging stakeholders on program design. This may include the use of universal applications and similar streamlined approaches. Details on best practice principles (with a focus on heat pump programs) are available through RMI reports *Gaps and Barriers to Stacking Federal, State, and Local Incentives*⁹ and *Reforming Residential Energy Efficiency Incentive Programs*.¹⁰

⁵ Act 129 Phase V Tentative Implementation Order, Section C.2

⁶ US Department of Energy. (n.d.). *Heat Pump Systems*. Energy Saver. Retrieved from: <https://www.energy.gov/energysaver/heat-pump-systems>

⁷ Act 129 Phase V Tentative Implementation Order, Section C.2

⁸ US Energy Information Administration. (2023). *2020 Residential Energy Consumption Survey*. US Department of Energy. Retrieved from: <https://www.eia.gov/consumption/residential/data/2020/>

⁹ Reeg, L. (2023, December). *Gaps and Barriers to Stack Federal, State, and Local Incentives*. RMI. Retrieved from: https://rmi.org/wp-content/uploads/dlm_uploads/2023/12/stacking_federal_state_and_local_incentives.pdf

¹⁰ Tan, L. Teener, J. Prieto, O. Unger, R. (2025, March). *Reforming Energy Efficiency Programs to Increase Heat Pump Adoption*. RMI. Retrieved from: <https://rmi.org/reforming-energy-efficiency-programs-to-increase-heat-pump-adoption/>

Recommend additional Commission guidance on comprehensive programs to improve outcomes

In the almost two decades since Act 129's creation, the program's focus has naturally shifted from short-lived, low acquisition measures, such as lighting and behavior modification, to an emphasis on comprehensive programs.¹¹ In Phase IV, EDCs advanced comprehensive programming at the Commission's direction. Now, the Commission is presented with the opportunity to build on this groundwork to provide structure and certainty on the role of comprehensive programs in Act 129's future.

For Phase V, we recommend two changes to Commission guidance that retain EDC flexibility, while providing additional structure to support growth and accountability – structure that is more relevant as with nearly five years of comprehensive programs already completed.

Ratepayers and stakeholders have an interest in the performance, learnings, and evolution of comprehensive programs funded by Act 129. As the Commission has discussed, the inclusion of comprehensive programs in Act 129 directly impacts assumed acquisition costs and energy savings targets for EDCs. Stakeholders showed this interest clearly during Phase IV program design, with deep engagement on comprehensive programs in EDC filings.¹²

1. Define comprehensive programs

We commend the Commission for requiring comprehensive programs in Phase IV and continuing that requirement in Phase V. These programs are critical for scaling longer-term and harder-to-reach savings that measure-specific approaches often miss. However, in reviewing Phase IV materials, the lack of a clear definition of comprehensive programs has limited the ability of stakeholders to meaningfully review outcomes and help inform future program evolution.

¹¹ Brown Dutrieuille, G. (2020, March 12). *Statement on Act 129 EE&C Phase IV Tentative Implementation Order*. Pennsylvania Public Utility Commission. Retrieved from: <https://www.puc.pa.gov/pdocs/1658047.pdf>

¹² Review of Act 129 Phase IV EDC Settlement Agreements (PA PUC docket numbers: Duquesne Light Company (M-2020-3020818), Met-Ed (M-2020-3020820), Penelec (M-2020-3020821), Penn Power (M-2020-3020822), West Penn Power (M-2020-3020823), PECO Energy Company (M-2020-3020830), PPL Electric Utilities (M-2020-3020824))

In the Phase V Tentative Implementation Order, the Commission requires that EDCs include a “comprehensive mix of measures” and additionally requires that each EDC include at least one “comprehensive program” for residential and one for non-residential customers.¹³

The Commission provides directional guidance on the first requirement (“comprehensive...measures”).¹⁴ However, there is limited guidance provided for comprehensive programs distinct from measures. As a result, some programs may include relevant measures without intentionally combining them to maximize impact—limiting opportunities to identify success metrics or scalable models.

Recommendation: As Phase V guidance is finalized, the Commission can strengthen its approach in Section A.4.c. of the Phase V Tentative Implementation Order on Comprehensive Programs, clarifying that comprehensive programs are not just a collection of measures, but a coordinated strategy to deliver longer-term measures and/or better serve hard-to-reach customers. This clarity will support effective implementation and enable stakeholders to draw meaningful lessons from program performance.

2. Elevate the role of program learnings and stakeholder input in program design and reporting

In the Phase V Tentative Implementation Order, the Commission notes that comprehensive programs could utilize knowledge from past programming and input from interested stakeholders. It adds that EE&C programs have “matured enough so that EDCs can increase their focus on more comprehensive measures.”¹⁵

To fully realize the benefits of comprehensive programs, the Commission should add filing and reporting requirements in Phase V. Below, we note the opportunity, data gaps for stakeholders today, and potential additional guidance from the Commission. Finally, we discuss the implications for EDC flexibility and administrative overhead – noted considerations during the Phase IV implementation period.

¹³ Act 129 Phase V Tentative Implementation Order, Section A.4.c

¹⁴ “The Tentative Order proposes... more focus on comprehensive energy efficiency measures... [A] natural evolution from simple measures such as lighting to all-encompassing measures such as updating HVAC, weatherization, and water heating for a building.” Statement of Chairman Gladys Brown Dutrieuille on Act 129 EE&C Phase IV Tentative Implementation Order. See also PA Statewide Evaluator, Pennsylvania Act 129 Phase V Energy Efficiency and Peak Demand Reduction Potential Study, prepared for the Pennsylvania Public Utility Commission (2025), Section 3.6.

¹⁵ Act 129 Phase V Tentative Implementation Order, Discussion, pg. 9

First, past program learnings and stakeholder input are highly relevant to Phase V comprehensive programming. Final Phase IV EE&C plans included a broad range of commitments from EDCs to encourage comprehensive programs for residential non-low-income and low-income customers, including pilots, prioritized funding and targets for long-term savings measures, and health and safety barrier mitigation.¹⁶ The below chart broadly outlines comprehensive program Phase IV commitments from EDCs, based on RMI’s understanding.¹⁷

Chart 1: Proposed Phase IV activities relating to residential comprehensive programs

	DPL	First Energy	PECO	PPL
Comprehensive program pilots	X		X	X
Prioritized funding or targets for long-term savings measures	X	X	X	X
LI health and safety barrier mitigation	X	X	X	X

Second, insights on Phase IV comprehensive program performance are disparate and limited today, and assessing comprehensive program commitments with publicly-available information is challenging. While annual filings contain substantial reporting, most discussion centers on portfolio, segment, or measure-level outcomes. Summaries of comprehensive program outcomes often do not outline pathways taken to longer-term measures or combinations of measures, nor is insight shared on if and how maximum savings from combined measures were achieved. Similarly, reporting on pilot programs varies significantly broadly by EDC and specific pilot.

¹⁶ Review of Phase IV EDC EE&C plans in relation to comprehensive programs:

- Pilot programs: Examples include Duquesne Light’s residential measures pilot, PECO’s health and safety pilot, and PPL’s Net Zero building pilot program
- Low-income residential programs: Examples include a relocation of funds from Duquesne’s LI behavioral funds (LI-BEEP) to comprehensive measures through the LI Energy Efficiency Program (LIEEP), First Energy’s plans to increase funds to LI weatherization and LI multi-family (MF) programs, commitments from PECO to support long-term savings component measures and comprehensive pilots, and additional funding from PPL to service master-metered multi-family (MMMMF) housing
- Non-low income residential programs: Across multiple EDCs, commitments were made to divert spending from behavioral programs to comprehensive measures

¹⁷ RMI’s review of final Act 129 Phase IV EE&C plans and EDC joint settlement documentation

Recommendations: The Commission can modify implementation guidance with targeted changes which retain EDC flexibility and limit overhead, but create avenues for program refinement and meaningful public input. Such changes should include:

- In Section A.4.c. of the Act 129 Tentative Implementation Order on Comprehensive Programs, note that EDCs “should,” rather than “could,” utilize knowledge gained from Phase IV comprehensive programs and stakeholder input.
- In Section A.4.c. of the Act 129 Tentative Implementation Order on Comprehensive Programs, expand the role of past program knowledge and stakeholder input to inform “comprehensive program design and included measures,” rather than just “measures”
- Include emphasis on transparency in comprehensive programs, including (1) linking Phase V proposals to past learnings and stakeholder input as relevant, (2) requiring updates and learnings and stakeholder input throughout the phase, and (3) requiring additional granularity on comprehensive program performance across longer-term measures or customer segments (e.g. low-income residential vs non-low-income residential), including data on project deferrals. These can also be reflected in the Phase V EE&C Plan Template and the EDC Annual Report Template.

Most importantly, enhanced transparency and accountability will yield greater return on ratepayer investment: elevating programs that work, inviting stakeholder engagement on challenges or next steps, and identifying opportunities beyond individual EDCs.

Conclusion

The Commission’s emphasis on comprehensive programming is in line with the goals of Act 129 and the future of Pennsylvania’s energy efficiency landscape. Structured and transparent planning and reporting of comprehensive programs can ensure scalability, increased energy savings, and consumer benefits. We encourage the Commission to use its authority to provide EDCs with guidance to develop impactful Phase V comprehensive programs.

Sincerely,

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