

VIA eFILE

April 7, 2025

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

Re: Comments of the Clean Energy Advocates

Energy Efficiency and Conservation Program Tentative Implementation Order for
Phase V, Docket No. M-2025-3052826

Dear Secretary Chiavetta:

The undersigned organizations (collectively herein, Clean Energy Advocates) submit the following comments and recommendations regarding the Pennsylvania Public Utility Commission's (herein Commission or PUC) 2026 Tentative Implementation Order.

As the Commission is painfully aware, Pennsylvania's ratepayers are experiencing very significant electricity rate increases this year, at the same time that many Americans are threatened by reductions or loss of vital medical, food, energy assistance and/or retirement income due to actions at the federal level. This unfortunate confluence of events will lead to major problems for Pennsylvania's utilities in the form of rising delinquencies, uncollectibles, and service terminations. Customers have only two ways to protect themselves in the face of unprecedented electricity rate increases: they can reduce their consumption, or they can install solar or other distributed generation on site. The Commission has the obligation to assist customers by keeping rates affordable. This requires strengthening Phase V of Act 129 and making it much more robust.

Act 129 is almost fifteen years old. The programs have been effective in helping to keep electricity bills and rates affordable across the Commonwealth. At this critical juncture, the program needs to be reinvigorated and updated to incorporate the current generation of high energy efficiency technologies, as well as incorporating demand response and distributed generation, and by adjusting its baselines and processes to reflect current realities.

Our recommendations are offered in an effort to ensure that Act 129 remains an effective tool to keep electricity rates affordable and accessible for all ratepayers.

Baseline for Savings Targets

The baseline for savings targets needs to be adjusted to the most recent year. Electricity consumption is now steadily rising at 3% to 4% annually. Continuing to use the 2009-10 data as the baseline distorts the target, threatening to make the program less relevant.

Savings Target

The savings target of one half of one percent (.5%) per year is far too low. The savings goal should be increased to at least one percent (1%) per year. This is more in line with the history of the program and with similar programs in other states.

The fact that the Electric Distribution Companies (EDCs) consistently fail to spend their Act 129 program budgets in each phase, while at the same time exceeding their savings targets, is proof that the savings targets are too low.¹ The utilities have demonstrated year after year that they can save more electricity, more cost effectively than the Commission has required them to do. The savings target needs to be raised – not lowered.

Adjust Spending Cap for Inflation

The language of the statute governing Act 129 (66 Pa. C.S. § 2806.1(g)) does not mention adjusting the spending cap for inflation. There is no requirement to adjust the cap, but likewise there is no prohibition against adjusting it. It is common sense to adjust the spending cap to account for inflation. To do otherwise implies that the program was intended to become less effective over time. This defies reason.

Significant Opportunities for Savings

The new generation of energy efficient technologies are remarkably efficient. The utilities can be far more aggressive with such measures as:

- replacing baseboard electric resistance heating with highly efficient heat pumps,
- replacing electric resistance water heaters with heat pump water heaters
- replacing conventional electric stoves with induction stoves and/or cooktops
- de facto electric space heating customers need to become heat pump customers
This is a long neglected population of mostly low income customers who have had their gas service disconnected, and have resorted to expensive and dangerous electric space heating.

¹ SWE Final Reports See Phase III Final Report at 50 (Budget Delta), available at: <https://www.puc.pa.gov/pdocs/1746475.pdf>.
https://www.puc.pa.gov/media/2152/py13_swe_annual_report120522final.pdf.

Need much greater focus on reducing summer peak

There needs to be much more focus on reducing summer peak and air conditioning use. Air conditioning (AC) load has been steadily climbing over the last two decades as a result of rising summertime temperatures resulting from climate change. In the fourteen years since Act 129 was first enacted the average annual temperature in Philadelphia has risen from 55.6 to 58.8 degrees F and the average July temperature has risen from 75.9 to 81 degrees F.² Heat waves, once a rarity, have become a regular feature of our summers. Unfortunately they have also become longer and hotter. Summers in many parts of Pennsylvania have changed dramatically, becoming far less pleasant. Act 129 has depended heavily on lighting retrofits for its savings, leaving the biggest opportunities virtually untouched.

Require Pilots to Aggregate Demand Response

Given that Act 129 is 14 years old, and that the EDCs have depended heavily on lighting retrofits for their savings in the previous 4 phases, it means that all other sectors have been underutilized, and significant savings are available in controls, air conditioning, heating, water heating, etc.. Given that the PUC initiated the Advanced Notice Of Public Rulemaking on Demand Response (ANOPR) a year ago, it is time for utilities to begin to harvest the plentiful opportunities to aggregate Demand Response savings. Many other states offer very successful models for Pennsylvania. These include Texas, New York, Connecticut, New Jersey and Minnesota.

The PUC should require pilot programs to aggregate demand response (DR), through programs such as programmable thermostat set back. PECO, PPL and other EDCs have incentivized NEST and other smart thermostats, and have exact knowledge of which customers have installed these controls. A model program could easily be based on Texas' very successful thermostat set-back program. Another alternative pilot program would involve battery storage.

Support Expansion of Demand Response

Phase V should require a significant expansion of demand response programs. These could include expansion of Time of Use (TOU) rates. While PECO has offered an excellent TOU rate for some time, the EDC has not promoted it well, and it remains under-utilized. These programs offer significant potential benefits to individual customers and to the grid generally.

² National Weather Service, National Oceanic and Atmospheric Administration (NOAA)

Baseline for Demand Response Targets

It is unreasonable and impractical to maintain the original date of 2008-09 as the baseline for the demand response targets. 2008 is 17 years ago. In the age of rapid and accelerating climate change, this is a very long time. As mentioned above, each year since 2008 has been hotter than the year before. If 2008 is maintained as the baseline for demand response targets, the EDCs will be targeting the wrong peak and providing little relief to customers and the grid. They will be aiming at the wrong target and may never hit the mark! They will be wasting time and money. Demand response targets must be based on reality. The baseline must be adjusted annually to the most recent valid data.

Heat Pump and other Fuel Switching

The Commonwealth of Pennsylvania must chart a steady course to a sustainable, affordable energy future for all Pennsylvanians in the face of climate change and unstable federal policy. This will require the Commission to adopt the highest practical energy efficiency standards. In order to coordinate with federal programs it is essential for the EDCs to use the same standards and specifications required by those federal programs. The Act 129 programs should align its standards for equipment and appliances with the HEARS, HERS and Weatherization Assistance Programs and coordinate closely with other federal and state programs including the AEPS and RISE PA.

This needs to be reflected in the Commission's guidance.

Coordination with the Alternative Energy Portfolio Standard (AEPS)

The EDCs should facilitate AEPS registration of energy efficiency credits for Commercial and Industrial customers. Proposed Pennsylvania Reliable Energy Sustainability Standard (PRESS) legislation may alter the specifics of the current AEPS program, but energy efficiency and demand response is likely to become even more important in the portfolio standard in the future. The EDCs need to maximize this opportunity for C&I customers.

Solar Incentives

The EDCs should continue to provide strong incentives for solar distributed generation installations by both residential and commercial customers. These systems not only save electricity, they reduce peak demand and improve reliability on the distribution grid. Especially at this time of rapidly increasing electricity rates, solar installations are essential for many customers to maintain access to affordable electricity.

The EDCs should also support low income solar, including programs like Solar For All. These programs will guarantee low income customers have lower bills for years to come, reducing uncollectibles and possibly even avoiding terminations. The Solar For All program is expected to reach thousands of low income Pennsylvanians statewide beginning in the fall of 2025.

Data sharing across agencies and utilities

Much smoother data sharing and better coordination is needed across the EDCs and state agencies delivering energy efficiency and demand response programs. The cost effectiveness of programs and customer service will be significantly improved by such coordination.

Conclusion

We appreciate the opportunity to provide these comments and commend the Commission for its thoughtful approach to shaping Phase V of Act 129. We look forward to continued collaboration with the Commission, EDCs, and all stakeholders to continue to improve Act 129 programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Liz Robinson", written in a cursive style.

Liz Robinson, Executive Director, Philadelphia Solar Energy Association

Sharon Pillar, Executive Director, Pennsylvania Solar Center

Ron Celentano, President, Pennsylvania Solar and Storage Industries Association

Charles Harper, Evergreen Action