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Via E-File

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

**Re: Act 129 Energy Efficiency and Conservation Program – Phase V,
Docket No. M-2025-3052826**

Dear Secretary Chiavetta,

Attached for filing, please find the *Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Tenant Union Representative Network (TURN) (collectively “Low Income Advocates”)* in the above referenced matter.

Respectfully submitted,
PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA



John W. Sweet, Esq.
Counsel for CAUSE-PA

CC: Joe Sherrick: josherrick@pa.gov
Tiffany Tran: tiftran@pa.gov

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Act 129 Energy Efficiency and Conservation : Docket No. M-2025-3052826
Program – Phase V :
:
:

JOINT COMMENTS OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY
IN PENNSYLVANIA (CAUSE-PA)
AND
TENANT UNION REPRESENTATIVE NETWORK (TURN)

On Behalf of CAUSE-PA

Elizabeth R. Marx, Esq.
Patrick M. Cicero, Esq.
John W. Sweet, Esq.
Ria M. Pereira, Esq.
Lauren N. Berman, Esq.

Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
PULP@pautilitylawproject.org

On Behalf of TURN

Joline Price, Esq.
Vikram Patel, Esq.
Robert Ballenger, Esq.
Daniela Rakhlina-Powsner, Esq.
Benjamin Clark, Esq.

Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102-2505
jprice@clsphila.org
rballenger@clsphila.org
vpatel@clsphila.org
drakhlinapowsner@clsphila.org
bclark@clsphila.org

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)¹ and the Tenant Union Representative Network (TURN)² (collectively “Low Income Advocates”) submit the following comments and recommendations in Response to the Tentative Implementation Order (“Tentative Order” or “TO”) entered by the Pennsylvania Public Utility Commission (“Commission” or “PUC”), on February 20, 2025 and published in the Pennsylvania Bulletin March 8, 2025, regarding the implementation of Act 129 (“The Act”) Energy Efficiency and Conservation (“EE&C”) Program Phase V (“Phase V”).

The Low Income Advocates urge the creation, development, and implementation of robust, effective energy efficiency and conservation programs targeted to assist low-income Pennsylvanians to reduce rising energy costs and improve home health and safety. Comprehensive and accessible efficiency and conservation programs are essential to support long term electricity affordability and support the health and welfare of individuals, families, and communities across the Commonwealth. To that end, CAUSE-PA and TURN, through their respective counsel at the Pennsylvania Utility Law Project and Community Legal Services, have been active participants in the planning, litigation, implementation, and review of Act 129 programming for many years. With more than a decade of experience with utility-run Act 129 programs, the Low Income Advocates have unique insight into the design and operation of these programs across the

¹ **CAUSE-PA** is an unincorporated association of low-income Pennsylvanians from all corners of the state that advocates on behalf of its members to families of limited economic means across the state are able to connect and maintain safe and affordable water, electric, heating and telecommunication services to their home. CAUSE-PA was an active party in the Phase II, Phase III, and Phase IV implementation and plan review proceedings, and, through its counsel, has long been an engaged participant in Act 129 stakeholder meetings, working groups, and other processes.

² **TURN** is a not-for-profit organization with moderate- and low-income tenant members. All of TURN’s members are either customers of or dependent on service from the public utilities of this Commonwealth. TURN has intervened in numerous matters before the Commission.

Commonwealth and the need for ongoing reforms to both the design and implementation of efficiency and conservation services to improve program effectiveness for low-income communities.

The dedicated low-income programs within the EE&C plans are critical to ensuring that low-income households, who are required to contribute to the cost of EE&C plans like all ratepayers, can draw equitable benefits from the programs they help fund. With Act 129, the General Assembly specifically required Electric Distribution Companies (“EDCs”) to include in their EE&C plans programs for low-income households proportionate to those households’ share of usage in the service territory.³ Recognizing the crucial importance of requiring EDCs to serve low-income households within their EE&C plans, the Commission has, since Phase II, additionally required EDCs to achieve a minimum percentage of their overall usage reductions from the low-income sector.⁴ As the Commission acknowledged in the Phase V TO, without program provisions requiring EDCs to serve low-income households in their EE&C plans, “Act 129 programs could be become regressive, with low-income households receiving disproportionately fewer benefits due to lack of available capital to invest in efficiency.”⁵

Even with these explicit program requirements, the low-income Act 129 EE&C programs have largely just skimmed the surface – failing to deliver durable and comprehensive energy reduction capable of combatting increasingly high energy costs and reducing disparities in energy burden carried by low-income families. Indeed, EDCs largely rely heavily on cheap, short-term measures like downstream lighting, kits, and home energy reports to meet their targets,

³ 66 Pa. C.S. § 2806.1.(b)(1)(i)(G).

⁴ Act 129 Phase II Implementation Order, Docket No. M-2012-2289411, at 55 (Aug. 3, 2012); Act 129 Phase III Implementation Order, Docket No. M 2014-2424864, at 69 (June 22, 2015); Act 129 Phase IV Implementation Order Docket No. M-2020-3015228, at 35 (June 18, 2020).

⁵ Act 129 Phase V Tentative Implementation Order, Docket No. M-2025-3052826, at 22 (Feb. 20, 2025) (herein TO).

sidestepping the Commission's repeated encouragement and recommendations that EDCs prioritize deep, long-lasting usage reductions through comprehensive, whole-home measures such as weatherization, HVAC, and appliance replacements.⁶ With each phase, the Commission has refused to go beyond encouragement to actually mandate the utilities to do more.⁷ The Commission has allowed EDCs to dramatically underspend EE&C program budgets, rely on excessive carryover savings from prior phases to meet targets, and skirt directives to track and report the kind of data that would enable the Commission to measure and verify EDCs' compliance with its requirements. At this point, it is evident that encouragement and recommendations are not working. As we explain in further detail below, rates for electricity are increasing at an exponential rate – causing an increasing number of low-income families to carry higher debts, face greater risk of involuntary termination, and cope with other corresponding consequences to health, safety, and stability.

Left to their own discretion, EDCs will continue to focus on cheap, short-lived savings that do not drive durable energy savings and lasting reduction in energy costs and peak demand. The inadequate service low-income households receive from EE&C programs is the direct consequence of the Commission's failure to impose strict requirements that EDCs use EE&C program budgets to achieve verifiable, long-lasting energy usage reductions through comprehensive, whole-home treatments. In setting forth the implementation roadmap for Phase V, we urge the Commission to go beyond the status quo – imposing strict requirements that EDCs design durable, comprehensive, and coordinated direct installation efficiency programs capable of driving meaningful energy and bill savings and long-term peak demand reduction for low-income Pennsylvanians.

⁶ TO at 15, 22.

⁷ *Id.* at 23-24.

As a Commonwealth, we currently face acute resource adequacy challenges and rapidly rising energy costs that are driving widespread energy insecurity. Distribution, generation, and transmission costs are all on the rise, threatening the ability of low-income families and other vulnerable households to maintain critical energy services to their home. At the same time, the continued availability of bedrock federal energy programs like the Low-income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP) are in a state of uncertainty.⁸ State-level leadership by the Commission is critical to ensure that low-income households get the energy assistance they need in the face of this crisis. The Commission has the authority to transform Act 129 programs, and must meet the gravity of this moment to advance strong requirements that will help ensure low-income Pennsylvanians receive meaningful, long-lasting energy savings in Phase V.

Our comments will address matters which affect the ability of low-income households to achieve verified, long-term energy savings and improved health and welfare through the EE&C program. To better align Phase V programs with the Commission's stated intent,⁹ we offer comprehensive recommendations to improve the depth, reach, and delivery of efficiency services in low-income communities across the Commonwealth and to enable the EE&C program to produce the durable energy and bill reductions capable of driving long-term demand reduction and improving energy security for vulnerable families across the state.

⁸ See Robert Walton, *Trump Guts LIHEAP, Threatening \$378M in Energy Assistance Already Approved by Congress*, UTILITY DIVE (Apr. 2, 2025), <https://www.utilitydive.com/news/trump-guts-liheap-threatening-378-million-energy-assistance-already-approved/744323/>; see also Brad Plumer, *Entire Staff is Fired at LIHEAP*, N.Y. TIMES Apr. 2, 2025, <https://www.nytimes.com/2025/04/02/climate/trump-layoffs-energy-assistance-liheap.html>.

⁹ TO at 9, 25.

II. BACKGROUND

Since its effective date in November 2008, Act 129 has required the Commission to create an Energy Efficiency and Conservation (EE&C) Program that is designed to reduce electricity consumption for all rate classes.¹⁰ The Act requires each EDC with at least 100,000 customers to adopt an EE&C Plan to reduce electric consumption in its service territory, subject to the review, approval, and oversight of the Commission.¹¹ The Commission must assess the cost-effectiveness of the EE&C Program every five years and must set additional incremental reductions in electric consumption so long as the benefits of the programming continue to exceed the costs.¹² The Commonwealth is now nearing the end of the fourth “Phase” and, on February 20, 2025, the Commission entered the Tentative Order setting forth its proposed parameters for Phase V of the Act 129 EE&C Program.¹³

A. History of the Low-income Requirements in the EE&C Program

Recognizing that low-income households most often lack the resources necessary to invest in the upfront cost of energy efficiency, the General Assembly included in Act 129 a provision requiring EDCs to provide energy efficiency measures specifically for low-income households.¹⁴ Act 129 imposes two requirements on EDCs’ EE&C plans regarding low-income households: (1) the plans must include “specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines,” and (2) the number of measures for those households shall be “proportionate to those households’ share of the total energy usage in the service territory.”¹⁵

¹⁰ 66 Pa. C.S. § 2806.1.

¹¹ 66 Pa. C.S. § 2806.1(b)

¹² 66 Pa. C.S. § 2806.1(c)(3).

¹³ TO at 5.

¹⁴ 66 Pa. C.S. § 2806.1(b)(1)(i)(G).

¹⁵ *Id.*

The General Assembly clarified that the energy efficiency measures offered to low-income households to carry out this low-income proportionality requirement are separate from and in addition to the Low-income Usage Reduction Programs (LIURPs) required by 52 Pa. Code Ch. 58.¹⁶ The Commission has interpreted the low-income proportionality requirement to mean that, for instance, “if an EDC’s plan contains forty measures, and the low-income customer group’s share of total energy usage for the service territory is 5%, then the plan must have two measures dedicated to increasing energy efficiency for low-income customers.”¹⁷ The Commission has continued to require that EDCs offer proportionate measures to low-income households in each Phase.¹⁸

In addition to the low-income proportionality requirement from the text of Act 129 itself, the Commission has, since Phase II, required each EDC to ensure that a defined percentage of the total energy consumption reduction achieved through its EE&C program comes from the low-income sector, a requirement the Commission calls the low-income carveout.¹⁹ This carveout is not a proportional percentage savings of energy used by low-income households, it is a percentage savings of the overall energy savings target for the EDC’s portfolio of programs. The Commission has increased the target percentage for this low-income carveout through each subsequent phase, though that does not necessarily translate to an increase in overall energy saved.²⁰ The Commission set the Phase II carveout at 4.5% based on the average percentage of low-income savings the EDCs achieved in Phase I and on data from the SWE’s market potential study.²¹ Through Phase I, all

¹⁶ 66 Pa. C.S. § 2806.1(b)(1)(i)(G).

¹⁷ *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation and Demand Response Plan*, M-2009-2093217, Opinion and Order, at 25 (Oct. 22, 2009).

¹⁸ Phase IV Implementation Order, Docket No. M-2020-3015228, at 27 (June 18, 2020).

¹⁹ Phase II Implementation Order, Docket No. M-2012-2289411, at 53 (Aug. 3, 2012).

²⁰ *Id.* at 55; Phase III Implementation Order, Docket No. M 2014-2424864, at 69 (June 22, 2015); Phase IV Implementation Order, Docket No. M-2020-3015228, at 35 (June 18, 2020).

²¹ Phase II Implementation Order, Docket No. M-2012-2289411, at 53-54 (Aug. 3, 2012).

but one EDC achieved at least 5% of their overall reductions from the low-income sector, with some achieving over 20%.²² However, one outlier EDC achieved less than 2%, dragging down the average to 4.5%.²³ In Phase II, the Commission allowed EDCs to meet the 4.5% carveout by counting usage reductions achieved in the low-income sector whether those reductions were achieved through programs targeted to low-income customers or through general residential programs.²⁴ Also in Phase II, the Commission clarified that the low-income savings carve-out could be fulfilled with savings achieved in single family or multifamily low-income homes (without respect to metering type) provided the dwelling served is occupied by a low-income tenant.²⁵

In Phase III, the Commission ordered what it characterized as a “modest increase” of the low-income carveout to 5.5%, hoping that ordering only a slight increase would “allow the EDCs to address critical health and safety issues while implementing the programs.”²⁶ The Commission, expressing its dissatisfaction with EDCs’ heavy reliance on upstream lighting to meet the low-income carveout, ordered that going forward, EDCs could count only low-income household participation in low-income-specific programs toward compliance with the carveout.²⁷ The Commission proposed, but ultimately rejected, a direct install sub-carveout within the low-income carveout that would have required EDCs to achieve 2% of total portfolio savings through direct-install measures in the low-income sector, expressing its belief that “direct-installed measures typically have higher realization rates, are verifiable and represent a better investment of the low-

²² *Id.*

²³ *Id.*

²⁴ *Id.* at 54; Phase III Implementation Order at 62.

²⁵ Phase II Implementation Order at 54.

²⁶ Phase III Implementation Order at 63.

²⁷ *Id.* at 69-70.

income program dollars.”²⁸ Although the Commission ultimately did not order a direct-install sub-carveout, citing insufficient data in the SWE’s EE Potential Study, the Commission stated, “we nonetheless feel that the intent of our proposal was accurate.”²⁹ The Commission “direct[ed] the EDCs to work with the SWE to determine exactly what data is necessary from the reporting of low-income direct-install measures and savings to capture this information at the service territory level, so analysis can be performed in the future,” but unfortunately, review of the Phase IV and Phase V SWEs shows that such data still has yet to be reported and analyzed.³⁰

In Phase IV, the Commission raised the low-income carveout even more modestly to 5.8%.³¹ This target, however, was lower in terms of MWh reductions because overall MWh reduction targets in Phase IV were lower.³² The Commission rejected calls to revisit a direct install sub-carveout within the low-income carveout, asserting that a sub-carveout would create increased administrative burden.³³

The Commission has acknowledged the critical importance of these low-income provisions for successful implementation of the EE&C Program, highlighting their role in helping “to ensure that low-income customers are able to access and participate in EDCs’ efficiency programs” and “realize significant benefits from those programs.”³⁴ Indeed, the Commission has found that low-income consumers “would likely be underserved without a [savings] carve-out.”³⁵

²⁸ *Id.* at 62-63.

²⁹ *Id.* at 70.

³⁰ *Id.* at 69.

³¹ Phase IV Implementation Order at 35.

³² *Id.* at 36.

³³ *Id.*

³⁴ *Id.* at 33.

³⁵ *Id.* at 40.

In the Phase V TO, the Commission again proposes to require low-income customers to continue to contribute toward EE&C costs.³⁶ In supporting this requirement, the Commission voices its “great concern for the energy burden experienced by low-income customers,” but points out that “low-income customers will stand to benefit financially from well-designed EE&C programs implemented by the EDCs.”³⁷ While we agree that energy efficiency programs have the potential to produce meaningful financial and other benefits to consumers, those benefits are not automatic and cannot be assumed. The Commission must impose strong low-income requirements on EDCs to ensure that low-income households derive meaningful, direct, and tangible benefit from EE&C programming.

B. The Present Need for Enhanced, Comprehensive Low-income Programming

Act 129 mandates that low-income households receive targeted measures that are proportional to their share of energy usage *and* that those measures produce savings designed to reach a specific amount of overall savings. These mandates are essential to the successful and equitable implementation of Act 129 by helping enable low-income households to access appreciable bill savings through participation in targeted, no-cost energy efficiency programs.

However, it is evident that, through the first four phases of implementation, EDCs have continued to rely heavily on deemed savings from energy efficiency kits, lighting packages, and short-lived behavioral programs and home energy reports to achieve their low-income savings targets. The results have been that EDCs have easily met their low-income savings targets with substantial carryover, while still spending less than their full low-income budgets. The ease of which the EDCs are achieving these goals underscores the Commission’s conclusion in the TO

³⁶ TO at 95.

³⁷ *Id.*

that the EE&C Programs have matured enough so that EDCs can and should increase their focus on more comprehensive measures, which tend to require longer implementation timeframes.³⁸ This is especially true for low-income households who, as discussed below, have the greatest need for meaningful bill savings that are achieved through the installation of deeper, whole-home efficiency measures capable of achieving greater overall energy savings, such as weatherization, HVAC, and water heating measures.

Like all ratepayers, low-income consumers are required to contribute to EE&C program costs through their electricity bills.³⁹ If the Commission fails to include strong provisions to help ensure that low-income households equitably benefit from EE&C programming, the Commission would not only be treating low-income households unfairly and inequitably – its actions will serve to compound the difficulty that low-income households already face in affording their energy bills.

i. High Energy Burdens are Devasting Low-income Pennsylvanians

To contextualize the importance of an effective EE&C Program, it is critical to understand the significant need for comprehensive energy reduction and weatherization services to assist Pennsylvanians with limited economic resources. Over 1.2 million electric customers — nearly one quarter of Pennsylvania’s electric customers—are estimated to have low household income (at or below 150% of the federal poverty level).⁴⁰ Economically vulnerable families have the highest energy burdens with the fewest economic resources to reduce these burdens without assistance. A household’s energy burden is the proportion of household income spent on energy

³⁸ TO at 9.

³⁹ Phase IV Implementation Order at 136.

⁴⁰ Pennsylvania Public Utility Commission, *2023 Report on Universal Service Programs & Collections Performance*, at 9 (Sept. 2024). <https://www.puc.pa.gov/filing-resources/reports/universal-service-programs-and-collections-performance-reports/>

costs.⁴¹ Low-income households pay a much higher proportion of their income on energy bills than more affluent families pay. The median household energy burden is 2.9%, but for low-income households, the median energy burden is 8.3%—nearly three times higher.⁴² A quarter of households carry severe energy burdens exceeding 15.2%.⁴³ Disparities in energy burden are even more pronounced for low-income Black households.⁴⁴ Utility unaffordability has posed a growing threat to the financial stability of Pennsylvania’s low-income families for many years – with low-income households regularly paying between 10-30% or more of their income on home energy costs, while middle and high income households pay between 2-4% of household income toward home energy costs.⁴⁵ According to the United States Census Bureau’s Household Pulse Survey, 24.4% of Pennsylvanians reported in August and September 2024 that they were unable to afford their energy bill.⁴⁶

As a result of these often-insurmountable energy burdens, low-income households are far more likely to be payment troubled, carry high levels of arrears, and face involuntary service termination than other residential customers. In Pennsylvania, statewide, low-income households are more than three times more likely to have suffered payment-based termination of service. In 2023, the last year for which this information is available, the termination rate for residential

⁴¹ PUC, Bureau of Consumer Services, *Home Energy Affordability for Low-income Customers in Pennsylvania* at 18, Docket No. M-2017-2587711 (Jan. 2019).

⁴² American Council for an Energy Efficiency Economy, *Data Update: City Energy Burdens* at 8 (Sep. 2024).

⁴³ *Id.* at 3.

⁴⁴ U.S. Dep’t of Energy, Energy Info. Admin., *2020 Residential Energy Consumption Survey*, <https://www.eia.gov/consumption/residential/data/2020>; see also Diana Hernández & Jennifer Laird, *Surviving a Shut-Off: U.S. Households at Greatest Risk of Utility Disconnections and How They Cope*, 66 *Am. Behavioral Sci.* 856 (2020), <https://journals.sagepub.com/doi/epub/10.1177/00027642211013401>; Jamal Lewis, Diana Hernández, & Arlene Geronimus, *Energy Efficiency as Energy Justice: Addressing Racial Inequities through Investments in People and Places*, 13(3) *Energy Effic.* 419 (Mar. 2019), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7966972/>.

⁴⁵ PUC, Bureau of Consumer Services, *Home Energy Affordability for Low-income Customers in Pennsylvania*, Docket No. M-2017-2587711 at xx; xvi (Jan. 2019).

⁴⁶ US Census Bureau, *Household Pulse Survey, Pennsylvania – Phase 4.2* (Aug. 20–Sep. 16, 2024). https://www.census.gov/data-tools/demo/hhp/#/?s_state=00042&measures=ENERGYBILL

electric customers generally was only 3.9% versus the 13.5% termination rate for confirmed low-income customers.⁴⁷ Low-income households are also three times more likely to carry debt owed to their EDC. In 2023, 31.5% of low-income customers were in debt to their EDC versus just 10.9% of general residential customers.⁴⁸ Confirmed low-income households also carry approximately half of all dollars in debt to EDCs despite only accounting for 12.3% of residential customers.⁴⁹ As grim as these numbers may seem, the true picture of energy poverty statewide is obscured by the fact that these numbers only count those customers who have actually affirmatively notified their EDC of their low-income status and only account for approximately half of the over 1.2 million estimated low-income electric customers statewide.⁵⁰

Even low-income families that manage to keep their lights and heat on throughout the year are often forced to make impossible decisions as to which life-sustaining needs they will cover, regularly forgoing food, medicine, and medical care to keep the lights on and the temperature stable in their home.⁵¹ In 2023, 50.8% of lower income families reported forgoing food or medicine at least once to pay their home energy bills.⁵² Many low-income families engage in energy-limiting behavior, keeping their homes at uncomfortable or even dangerous temperatures to cope with high energy costs.⁵³

The harm is not confined to the economically vulnerable families who struggle to pay their bills – it also contributes to the overall cost of energy for all ratepayers by increasing uncollectible

⁴⁷ 2023 Universal Service Report at 14-15.

⁴⁸ *Id.* at 19.

⁴⁹ *Id.* at 7, 23.

⁵⁰ *Id.* at 8.

⁵¹ Sanya Carley et al., *Behavioral and Financial Coping Strategies Among Energy-Insecure Households*, 119(36) PROC. NAT'L. ACAD. SCI. USA 1 (Sep. 2022). <https://pubmed.ncbi.nlm.nih.gov/36037366/>

⁵² Nat'l Energy Assistance Directors' Ass'n (NEADA), *Energy Hardship Report* at 11 (Aug. 2024). <https://neada.org/wp-content/uploads/2024/08/August-Summer-Hardship-Report-Final.pdf>

⁵³ Shuchen Cong et. al., *Unveiling Hidden Energy Poverty Using the Energy Equity Gap*, 13 NATURE COMMUNICATIONS 1 at 8 (May 2022). <https://www.nature.com/articles/s41467-022-30146-5>

accounts. The importance of the EE&C Program is paramount, as the effective design and implementation of EE&C Plans can help meaningfully reduce the energy burden of low-income individuals and families, ultimately contributing to the decrease in costs for ratepayers of all income levels. As the Commission acknowledged in the 2026 Total Resource Cost (“TRC”) Test Tentative Order, energy efficiency measures “often result in reduced energy bills for participants, which can decrease the likelihood that customers will experience difficulties paying their utility bills,” resulting in “reduced costs associated with arrearages and late payments, uncollectible bills and bad debt write-offs, service terminations and reconnections, bill-related customer calls, and the bill collections process.”⁵⁴ Equitable access to robust EE&C programming for low-income consumers benefits all Pennsylvanians while advancing energy justice and protecting the health and safety of low-income households.

ii. *Low-income Pennsylvanians Live in Less Efficient Housing*

Low-income consumers are far more likely to live in aging, inefficient, and potentially unsafe housing.⁵⁵ Low-income consumers are more likely to live in housing with poor quality insulation or no insulation at all.⁵⁶ Energy insecurity is rooted in the interconnection of poverty and housing deficiencies.⁵⁷ Many low-income households are unable to afford the costs of repairs and improvements necessary to stem high consumption as a result of inefficiencies or other factors in their homes. As a result, households that experience energy insecurity spend 26.5% more per

⁵⁴ 2026 Total Resource Cost Test Tentative Order, Docket No. M-2024-3048998 (Aug. 1, 2024).

⁵⁵ See ACEEE, *Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low-income and Underserved Communities* (April 2016), <https://www.aceee.org/sites/default/files/publications/researchreports/u1602.pdf>.

⁵⁶ Nat’l Energy Assistance Directors’ Ass’n (NEADA), *Energy Hardship Report* at 16 (Aug. 2024). <https://neada.org/wp-content/uploads/2024/08/August-Summer-Hardship-Report-Final.pdf>

⁵⁷ Hernandez, Diana, *Energy Insecurity and Health: America’s Hidden Hardship*, *Health Affairs Health Policy Brief*, June 29, 2023. <https://www.healthaffairs.org/doi/10.1377/hpb20230518.472953/>

square foot on energy costs than households that do not experience energy insecurity.⁵⁸ Further, as noted above, there is a pronounced disparity in energy burdens across low-income communities of color, driven primarily by historic inequities in housing and community investment.⁵⁹ Housing in predominantly Black neighborhoods is less energy efficient than housing in predominantly white neighborhoods because of the legacy of discriminatory housing and development policies, such as redlining, which drove decades of disinvestment.⁶⁰

iii. Rising Electricity Rates Harm Low-income Pennsylvanians Most

Household electricity costs in Pennsylvania have increased dramatically since the beginning of Phase IV in 2020, exacerbating energy insecurity and further heightening the need for comprehensive EE&C programming. As explained later in these Comments, the electric bills of a residential customer using an average 500 kWh per month increased between 2020 and 2024 by between 25% and 41% in nominal dollars.⁶¹ Annual EDC revenue from Pennsylvania households climbed 23.2% from 2020 to 2023, a staggering increase of over \$2 billion.⁶² Since 2023, electricity, gas, and water rates have climbed even higher: in the last year, the Commission approved rate increases totaling hundreds of millions of dollars that touched every corner of the

⁵⁸ U.S. Energy Information Administration, *U.S. Energy Insecure Households were Billed More for Energy Than Other Households* (May 30, 2023).

<https://www.eia.gov/todayinenergy/detail.php?id=56640#:~:text=Those%20households%20identifying%20as%20energy,did%20not%20experience%20energy%20insecurity.>

⁵⁹ Stephens, H., Donoghoe, M., and Perry, A.M., *How Extreme Heat Threatens Black Renters, and What Policymakers Can do to Fix It* (Sept. 6, 2023); <https://www.brookings.edu/articles/how-extreme-heat-threatens-black-renters-and-what-policymakers-can-do-to-fix-it/#:~:text=The%20analysis%20in%20this%20report,their%20homes%20at%20unsafe%20temperatures.>

see also Carolyn B. Swope, Diana Hernández, *Housing as a Determinant of Health Equity: A Conceptual Model*, SOCIAL SCIENCE & MEDICINE, vol. 243 (Dec. 2019), <https://www.sciencedirect.com/science/article/pii/S0277953619305659>.

⁶⁰ Benjamin Goldstein, Tony G. Reames, & Joshua P. Newell, *Racial Inequity in Household Energy Efficiency and Carbon Emissions in the United States: An Emissions Paradox*, 84 ENERGY RESEARCH & SOCIAL SCIENCE at 5 (2022). <https://www.sciencedirect.com/science/article/pii/S2214629621004552>

⁶¹ See Figure 4, *infra*.

⁶² Pa. Public Utility Commission, *2020 Report on Universal Service Programs & Collections Performance*, at 40 (Nov. 2021); Pa. Public Utility Commission, *2023 Report on Universal Service Programs & Collections Performance*, at 37 (Sept. 2024).

Commonwealth across all utility sectors, causing substantial additional strain for consumers. These rising rates have occurred in the context of surging inflation, which most stresses low-income households because they spend a higher portion of their income on necessities.⁶³ These stresses are unlikely to subside in the near future and are likely to get even worse considering the projected increased capacity costs looming in June 2025, and the likelihood of ongoing rate impacts in the near term as a result of capacity market and resource adequacy issues.⁶⁴

iv. Increasing Extreme Weather Further Strains Already Overburdened Low-income Pennsylvanians

While these rapidly increasing energy costs are placing additional financial strain on low-income households, there is growing concern over the environmental effects of uncontrolled energy usage. The climate crisis is driving an increase in extreme temperatures across the Commonwealth, producing effects felt most acutely by low-income households. Pennsylvania's Department of Environmental Protection (DEP) reports that the Commonwealth's climate has already warmed 1.2 degrees Fahrenheit since the beginning of the century and is on track to warm another 4 to 8 degrees by midcentury.⁶⁵

As the climate crisis accelerates, Pennsylvania will experience more frequent and severe extreme heat events.⁶⁶ The increase in extreme temperatures drives two issues, both of which disproportionately harm low-income families. First, periods of extreme weather in both summer and winter cause increased energy usage, which increases home energy costs – especially for homes without adequate insulation, old windows and doors, and old heating and cooling

⁶³ Gregory Acs and Laura Wheaton, *Inflation, Public Supports, and Families with Low Incomes*, Urban Institute (Feb. 2023). <https://www.urban.org/research/publication/inflation-public-supports-and-families-low-incomes>

⁶⁴ See *Shapiro v. PJM Interconnection, L.L.C.*, FERC Docket EL25-46-000, Complaint of Josh Shapiro and The Commw. of PA (filed Dec. 30, 2024).

⁶⁵ Pa. Dep't of Env'tl. Protection, *Pennsylvania Climate Impacts Assessment 2021*, at 5 (May 2021).

⁶⁶ *Id.*

equipment. Second, periods of extreme weather increase health risks to low-income families most severely, as they are more likely to be exposed to extreme temperatures – either because they keep their homes at unhealthy temperatures to cope with high energy costs, or because their heating and cooling systems are unable to adequately heat or cool their homes. In short, the accelerating climate crisis is driving an increased need for comprehensive weatherization and energy efficiency for struggling households, who are most exposed to the consequences of increasingly extreme temperatures and weather events.

v. ***The Uncertainty of Federal Funding Makes State-Level Programs More Crucial Than Ever Before***

Uncertainty in the continued availability of decades-long federal energy programs designed to promote low-income energy affordability and access to weatherization measures leaves low-income Pennsylvanians in dire need of robust and comprehensive state-level programming. The federal government has shown itself to be an unreliable funding partner, attempting to claw back funding authorized by the Inflation Reduction Act (“IRA”) for new energy efficiency programs and undermining the reliability of bedrock energy affordability programs like LIHEAP.⁶⁷ Low-income Pennsylvanians need state-level leadership on energy affordability and access to energy efficiency that ensures that robust, targeted, and specific energy savings are provided to low-income households. The uncertainty surrounding the availability of federal funding only makes the need for strong, comprehensive EE&C funding for low-income households even more acute.⁶⁸

The new funding authorized by the IRA for programs such as the Home Energy Rebate Programs (HER and HEAR), Solar for All, RISE PA, and the Greenhouse Gas Reduction Act’s

⁶⁷ See Office of President Donald J. Trump, *Unleashing American Energy*, Exec. Order No. 14,154 (Jan. 20, 2025) <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>; Brad Plumer, *Entire Staff is Fired at LIHEAP*, N.Y. TIMES Apr. 2, 2025

⁶⁸ See TO at 57.

“green bank” funding is at the center of multiple federal lawsuits, and implementation remains uncertain. But should this new funding become available, it is critical that the funds supplement—not supplant—existing funding available through the EE&C Program. In passing Act 129, the General Assembly mandated EDCs to coordinate EE&C measures “with other programs administered by the commission or another Federal or State agency.”⁶⁹ The Commission must take efforts to ensure that IRA funding is additive and does not displace existing funding available through the EE&C Program.

The new federal funding from the IRA, aimed at promoting deep, comprehensive home weatherization and energy upgrades, also highlights the increasingly acute need for EE&C programming to emphasize comprehensive, whole-home energy efficiency measures for low-income households. The massive influx of billions in new federal funds through the IRA potentially presents an exceptional opportunity to harmonize energy efficiency programming, including the EE&C Program, to achieve long-lasting energy savings for Pennsylvania’s low-income families. But considering the uncertainty of this funding, the Commission must lead to ensure that low-income households can access deep, long-lasting energy savings through strong state-level programs.

Through the Phase V proceeding, the Commission has the opportunity to rise to this moment and design an EE&C program that more equitably and successfully enables Pennsylvania’s low-income households to access cost savings through improved energy efficiency. The Low Income Advocates urge the Commission to incorporate the following

⁶⁹ 66 Pa. C.S. 2806.1(b)(1)(G).

recommendations and comments in response to the Commission’s proposals into the EE&C program, and look forward to a successful Phase V.

III. COMMENTS

A. Proposed Low-income Energy Savings

In its Tentative Implementation Order (TO) the Commission lays out the process it followed to develop its proposed Phase V savings requirements for the EDCs for 2026-2031. The SWE team assessed the technical, economic, achievable, program, and Act 129 budget-constrained potential savings that could be achieved during the Phase V implementation period. The SWE team “used the non-low-income portfolio-level acquisition cost from the Program Potential models to calculate a savings target in megawatt-hours (MWh) that is precisely aligned with the expected budgets for Phase V”⁷⁰ and developed low-income savings targets using historic investments in low-income programs from Phase IV to-date as a guide and low-income savings acquisition costs that were adjusted downwards from the costs it identified for the program potential. The final proposed Act 129 portfolio savings also reflect 1% of the total portfolio budget allocated to Combined Heat and Power (“CHP”)⁷¹ and 5% of the total portfolio budget allocated to PV.⁷²

In the following comments, Low Income Advocates focus on the bleak implications of the SWE team’s process and assumptions for Pennsylvania’s low-income EDC customers. The current circumstances demand fresh consideration of the circumstances of low-income ratepayers brought about by increasing electricity rates and Act 129 budget caps that are diminishing in real value due to inflation. Instead, in its TO, the Commission supposes that a business-as-usual approach to

⁷⁰ Pennsylvania Statewide Evaluator, *Act 129 Phase V Energy Efficiency and Peak Demand Reduction Market Potential Study* at 17 (Feb 7, 2024) (herein MPS).

⁷¹ MPS at 42.

⁷² MPS at iv.

determining allocation of the EDCs' artificially constrained budgets will accomplish appropriate policy outcomes, consistent with the Commission's stated reasoning for establishing a low-income carve-out. Based on the foregoing reasons, the Low Income Advocates disagree.

- i. The Commission should adjust the acquisition cost and savings targets for low-income customers to accommodate the installation of deeper and more durable energy savings measures.*

The Low Income Advocates recommend that the Commission take the following steps to improve the installation of longer-lived, deeper-savings measures for those low-income utility customers who stand to benefit the most from the provision of comprehensive energy efficiency programs:

1. Set statewide low-income budgets on the MPS' Statewide Program Potential Low-income acquisition cost of \$958.60 rather than the proposed adjusted statewide low-income acquisition cost of \$646.30. The MPS-proposed low-income acquisition cost discourages the EDCs from pursuing longer-lived, deeper-saving measures prioritized by the Commission.
2. Increase the statewide Phase V low-income savings goal to 308,041 MWh, equal to approximately 46% of the program potential.
3. Require the EDCs to achieve no less than 25% of the low-income savings goal through comprehensive whole-home program measures that, as described more in depth later in these comments, prioritize durable, deeper saving measures such as direct installation of appliances and envelope measures such as air sealing and insulation. To demonstrate compliance with this requirement the Commission should require EDCs to report the following whole home program data annually:
 - a. Number of program participant homes/units
 - b. Whether each is a single or multifamily home/unit, and the metering configuration of the building served

- c. Names and quantities of each measure installed, by year, in the whole-home program
 - d. Estimated aggregate electric savings for measures installed, by year, by measure in the whole-home program
 - e. Aggregate pre-participation annual electric consumption for participating homes
 - f. Total program savings
 - g. Total measure cost for each home/unit
4. No Phase IV carryover savings should be applied to the 25% whole-home program savings described above.
 5. To reflect the increased low-income budget, reduce the statewide Phase V residential non-low-income savings goal to 917,608 MWh. This would equalize non-low-income and low-income savings goals so that both are approximately 46% of the program potential.

These recommendations are intended as an integrated package of needed reforms.

Importantly, the Low Income Advocates' recommendation to increase the low-income savings acquisition cost used to determine the low-income budgets will not provide a meaningful benefit unless it is coupled with the requirement for comprehensive whole-home program measures and unless the metrics to allow the Commission to assess the results are tracked and reported for review. Simply increasing the acquisition cost and the low-income savings goals, without such requirements, would give the EDCs a larger cost-cushion than they already have, allowing them to build up additional carryover savings towards Phase VI without providing any additional benefit to low-income households. **Error! Reference source not found.** shows the Low Income Advocates' proposed low-income savings goals.

Table 4: Low Income Advocates' Proposed Goals Revision

	Non-low-income residential			Low-income residential		
	Budget (\$MM)	Incremental Savings (MWh)	Acquisition cost (\$/MWh)	Budget (\$MM)	Incremental Savings (MWh)	Acquisition cost (\$/MWh)
1. Statewide Program Potential	\$829.1	1,994,800	\$415.6	\$641.9	669,654	\$958.6
2. Statewide Act 129 EE Potential (MPS)	\$510.4	1,232,052	\$414.2	\$163.4	252,792	\$646.3
3. Act 129 Potential % of Program Potential	61.6%	61.8%	99.7%	25.5%	37.7%	67.4%
4. Low-Income Advocates' Statewide Act 129 PROPOSAL	\$380.1	917,608	\$414.2	\$295.3	308,041	\$958.6
5. Low-Income Advocates' Statewide Act 129 PROPOSAL	45.8%	46.0%	99.7%	46.0%	46.0%	100.0%

Specifically, row 1 shows the Statewide “Program Potential” from the MPS. Row 2 shows what the MPS proposed for the Act 129 Potential. Row 3 shows that the Act 129 savings potential is 61.8% of the program potential for non-low-income residential but only 37.7% for low-income, and that there is similar disparity between the non-low-income acquisition cost at 99.7% of the program potential acquisition costs while the low-income Act 129 acquisition cost is only 67.4% of the program potential acquisition cost. In other words, as proposed in the MPS, low-income households would get a smaller share of the identified program proposal than non-low-income residential customers, and EDCs would have a smaller share of the identified acquisition cost to achieve it, despite the fact that low-income households bear the brunt of increasing electricity bills.

Row 4 shows the revised savings allocation proposed here by the Low Income Advocates, where both non-low-income and low-income would have savings targets equal to 46% of the program potential, and the low-income acquisition cost would be restored to the acquisition cost from the statewide low-income program potential. Row 5 shows how the Low Income Advocates’ low-income goal proposal results in non-low-income and low-income households getting equal shares of the program potential identified in the MPS.

The restoration of the low-income savings acquisition costs from the program potential would allow the EDCs to implement comprehensive whole-home low-income programs instead of allowing the EDCs to prioritize lower cost measures for low-income households. The Low Income Advocates’ proposal also brings the percentage of low-income savings as a share of all residential savings to roughly 25%, which mirrors the 2023 Estimated Low Income household counts from the Commission’s Universal Service Report, which found that 24.2% of low-income electric utility customers qualify as low-income.⁷³

- ii. The process for establishing low-income savings targets is overly reliant on historic data and fails to consider the disproportionate consequences of increased electric bills for low-income households.*

In its Tentative Implementation Order, the Commission states it “maintains the importance of a requirement that EDCs obtain minimum percentages of consumption reductions from the low-income sector.”⁷⁴ This is because:

Energy costs represent a larger share of annual income for low-income households than homes that do not meet the low-income definition and all residential customers pay into Act 129 programs under the proposed cost recovery mechanism.⁷⁵

The Commission further explains:

[T]he Energy Efficiency and Peak Demand Reduction Market Potential Study (MPS or Study)] modeled a low-income spending carve-out consistent with historical EDC Act 129 spending levels in the low-income sector: approximately 13 percent of EEPDR budgets. The proposed budget allocations and associated low-income MWh targets match historical budget allocations.⁷⁶

The Pennsylvania Energy Efficiency and Peak Demand Reduction Market Potential Study (“MPS” or “Study”) references:

⁷³ 2023 Universal Service Report at 8.

⁷⁴ TO at 22.

⁷⁵ *Id.*

⁷⁶ *Id.* at 22-23.

an assumed low-income budget carve-out of 13.3 percent of total portfolio budget [that] was calculated by dividing the LI portfolio budget actual expenditures in nominal dollars by the total actual portfolio expenditures in nominal dollars for all EDCs.”⁷⁷

The MPS indicates that “[t]he SWE team gathered the numbers from the PY15 Final Annual Reports from each EDC.”⁷⁸ In other words, the magnitude of the proposed low-income savings carve-out relies heavily on past savings acquisition costs and historical budget allocations without directly considering whether this approach will yield a result that meets the Commission’s policy objectives.

In setting an appropriate low-income carve-out, the Low Income Advocates urge due consideration of a number of policy questions that do not appear to have been considered directly in the Phase V Tentative Implementation Order, including the following:

- How do the energy efficiency needs of income-eligible households compare with those of non-eligible households?
- Have energy burdens changed for income-eligible households compared with non-eligible households?
- Do income-eligible households receive a share of direct benefits in proportion to their presence as EDC customers, such that if, say, income-eligible households make up 20% of all households, those income-eligible households receive at least 20% of the direct benefits that accrue to all households?
- Given that “the proposed EDC budgets are effectively decreasing each program year in terms of real dollars and purchasing power,” is the approximately 13% historic spending allocation that was used as the basis for the proposed LI carve-out reflective of policy decisions that would be made absent that precedent?
- Are the referenced Phase IV acquisition costs, which reflect three years’ worth of results for a five-year program, representative of the final Phase IV LI acquisition costs?

⁷⁷ MPS at 17.

⁷⁸ *Id.*

- Do the referenced Phase IV acquisition costs reflect the Commission’s preference that the EDCs “focus on more comprehensive measures”?⁷⁹

In the view of the Low Income Advocates, these additional considerations support adoption of increased budgets and savings targets to support an increased focus on comprehensive measures, such as weatherization and HVAC, for low-income households and an increased focus on traditionally hard to reach low-income multifamily projects. We agree with the Commission that “[a]bsent a low-income specific target, Act 129 programs could become regressive, with low-income households receiving disproportionately fewer benefits due to lack of available capital to invest in efficiency”⁸⁰ but we do not see where the answer to this question was assessed in the Phase V allocation process. Discussed below, the proposed low-income savings levels represent a far smaller portion of the low-income program potential than the proposed non-low-income residential savings. Further, the Low Income Advocates do not believe the method followed to determine the proposed low-income savings carve-out sufficiently considers the important policy questions laid out above.

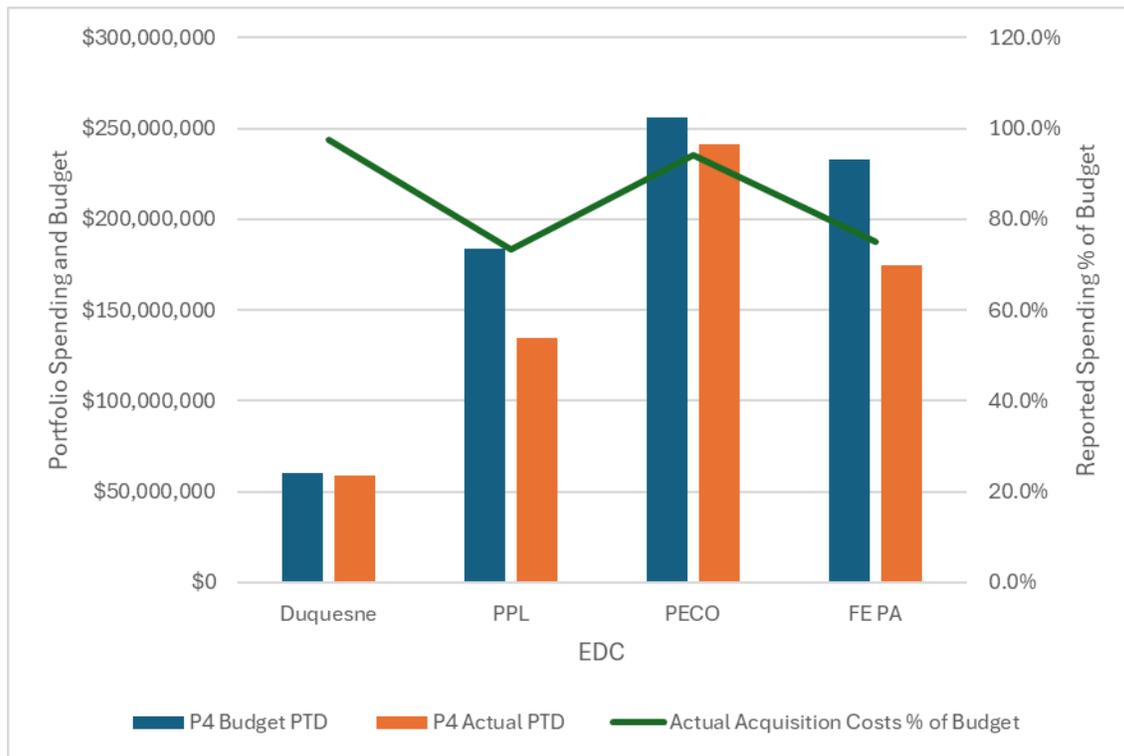
iii. Reported costs for Phase IV, program years 13 to 15, vary widely from five-year Phase IV budgeted costs, and it is not known whether Phase IV reported low-income acquisition costs are associated with comprehensive measures.

The MPS based its allocation of budgets to low-income programs on reported spending by the EDCs through the first three years of the Phase IV program cycle. However, the total expenditures reported by the EDCs varied significantly from program budgets. As seen in Figure 1, Duquesne invested nearly 98% of its approved program budget in the first three years of Phase IV, while PPL and First Energy invested only around three-quarters of their approved budgets.

⁷⁹ TO at 9.

⁸⁰ *Id.* at 22.

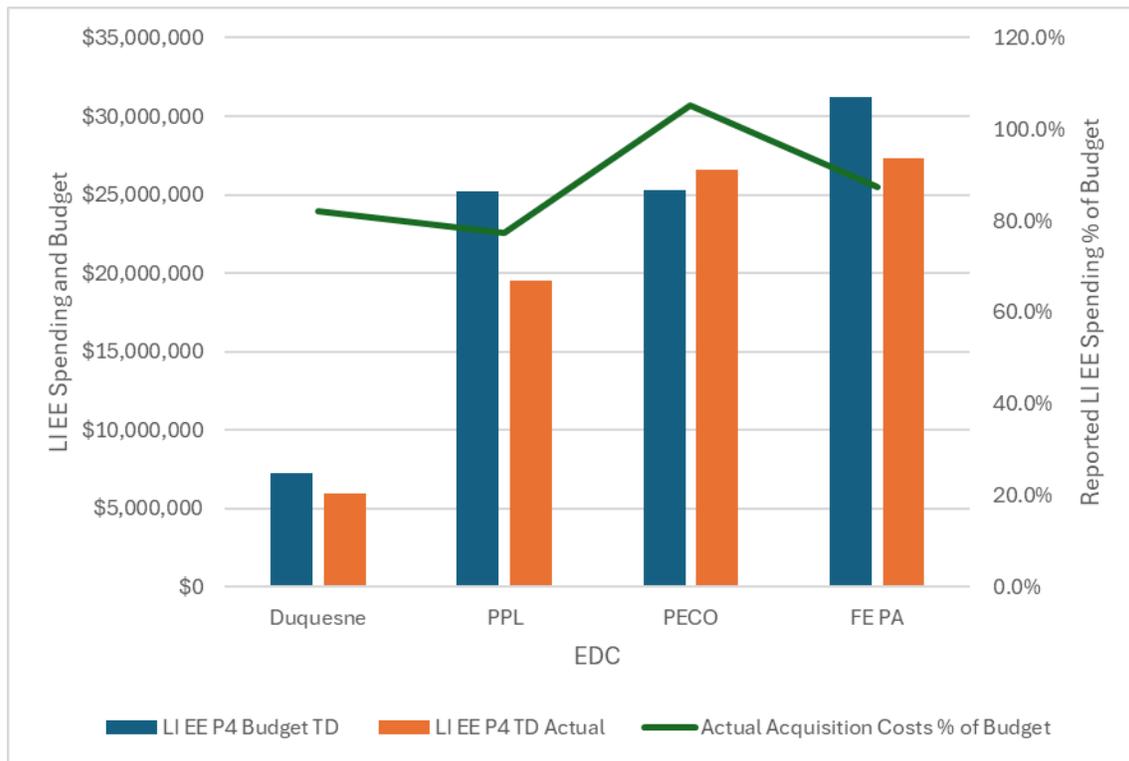
Figure 1: Phase IV PTD Portfolio Budgets and Reported Spending⁸¹



There were considerable variances in low-income program spending as well, as seen in Figure 2. PPL invested only 77% of its projected low-income program budget for the first three years of Phase IV, while Duquesne invested 82%, First Energy 88%, and PECO around 105% of its projected budget. While there is nothing unusual about the fact that actual spending is different than what was projected – especially in the middle of a five-year implementation phase – it certainly suggests that caution should be exercised before simply deciding that three years’ worth of reported spending is a sound basis for establishing prospective low-income program budgets.

⁸¹ Duquesne PY15 Report Table D-9: Comparison of P4TD Expenditures to Phase IV EE&C Plan (\$1,000) p. 158; PPL from PY15 Report Table 3-2. Phase IV Program and Portfolio Total Finances (\$1,000) p.28; PECO PY15 Report Table 4-2. P4TD Program and Portfolio Total Finances (\$1,000) p.94; FE PA PY15 Report Table 91:Met-Ed P4TD Program and Portfolio total Finances (\$1,000), p. 116; Table 92: Penelec P4TD Program and Portfolio total Finances (\$1,000), p. 116; Table 93: Penn Power P4TD Program and Portfolio total Finances (\$1,000), p. 117; Table 94: WPP P4TD Program and Portfolio total Finances (\$1,000), p. 117.

Figure 2: Phase IV PTD LI EE Budgets and Reported Spending⁸²

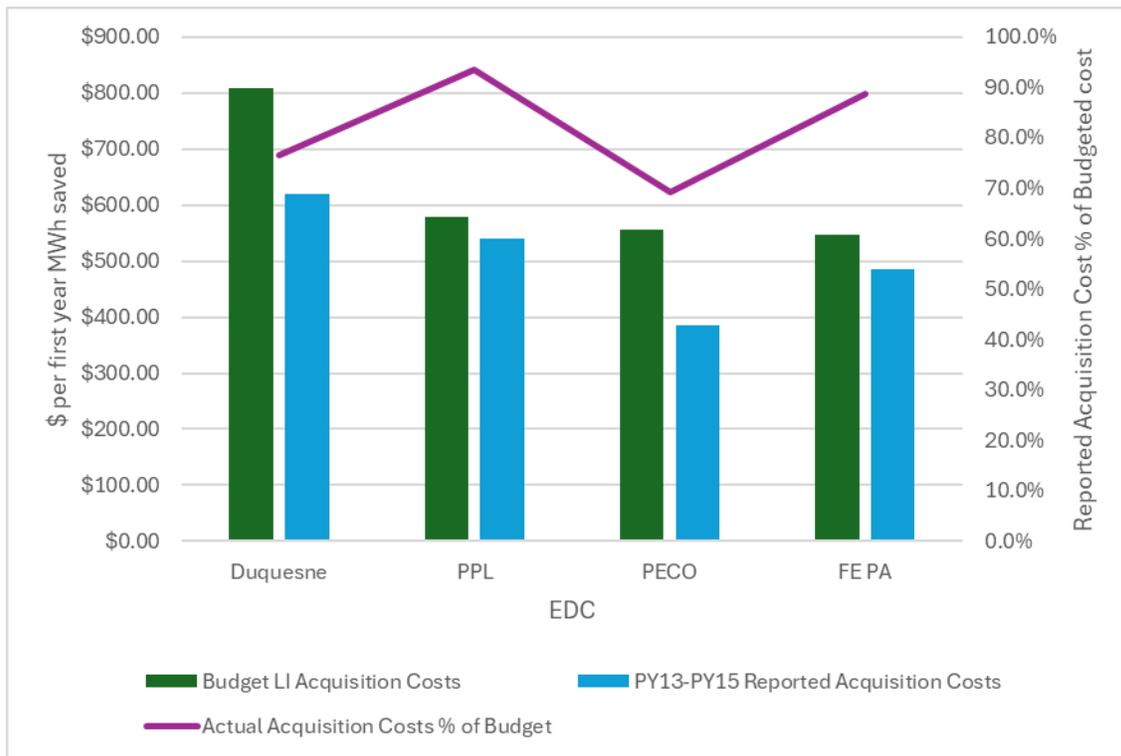


Furthermore, the Commission does not discuss whether the Phase IV acquisition costs used to develop the proposed targets reflect its preference for “comprehensive portfolios with a greater focus on longer-lived, deeper-savings measures. The EEPDR MPS included a comprehensive mix of measures to reflect this Commission position.”⁸³ Indeed, there are reasons to question whether the EDCs have, in fact, pursued this policy priority in their Phase IV programs. Consider the Phase IV budgeted low-income program costs per MWh saved compared with the PY13-PY15 reported costs per MWh saved, which are shown in Figure 3:

⁸² Duquesne PY15 Report Table D-9: Comparison of P4TD Expenditures to Phase IV EE&C Plan (\$1,000) p. 158; PPL from PY15 Report Table 3-2. Phase IV Program and Portfolio Total Finances (\$1,000) p.28; PECO PY15 Report Table 4-2. P4TD Program and Portfolio Total Finances (\$1,000) p.94; FE PA PY15 Report Table 91:Met-Ed P4TD Program and Portfolio total Finances (\$1,000), p. 116; Table 92: Penelec P4TD Program and Portfolio total Finances (\$1,000), p. 116; Table 93: Penn Power P4TD Program and Portfolio total Finances (\$1,000), p. 117; Table 94: WPP P4TD Program and Portfolio total Finances (\$1,000), p. 117.

⁸³ Phase IV Implementation Order at 15.

Figure 3: Phase IV Budget LI Acquisition Costs Compared to Reported Costs⁸⁴



The reported low-income program acquisition costs range from 69% to 94% of the budgeted costs, with an average acquisition cost of just over 80% of the amount budgeted. This could suggest that even if the budgets were based on “longer-lived, deeper saving measures” that is not what the EDCs achieved and reported. Despite this, the MPS used the reported values as the basis for determining the proposed low-income program budgets – with no data to support *why* the reported costs are so much less than what was budgeted by the EDCs. Because we do not know why the costs are less, we cannot say whether they are, in fact, appropriate to use as the basis for

⁸⁴ *Phase IV Budgets*: DLC- Revised Phase IV EE&C, Table 4, p. 139; PPL Act 129 Phase IV EE&C Plan, Table 6, p.15; PECO from Act 129 - Phase IV EE&C Plan, Table 4. Summary of Portfolio Costs, p. 10, FE PA Phase IV EE&C Plan - Appendix B, Table 4. *Phase IV LI Savings Targets*: DLC PY 15 Report Figure 2-5: p. 7; PPL PY15 Report Figure 2-5, p. 10; PECO PY15 Report Figure 2-5. p. 20; FE PA PY15 Report Figure 5, p. 32. *PY13-PY15 Reported LI Program Costs*: Duquesne PY15 Report Table D-9 p. 158; PPL PY15 Report Table 3-2 p.28; PECO PY15 Report Table 4-2, p.94; FE PA PY15 Report Table 91, p. 116, Table 92, p. 116, Table 93, p. 117, Table 94, p. 117. *PY13-PY15 Reported LI Program Savings*: Duquesne PY 15 Report Figure 2-5, p. 7; PPL PY15 Report Figure 2-5, p. 10; PECO PY15 Report Figure 2-5, p. 20; FE PA PY15 Report Figure 5, p. 32.

establishing Phase V LI acquisition costs, or for using those to establish the proposed low-income savings targets. As it did in Phase IV, the Commission indicates that “more comprehensive programs are beneficial to electric customers; therefore, for Phase V, the EDCs should implement a comprehensive mix of measures.”⁸⁵ But because it is not known whether the reported savings for Phase IV to date do, in fact, consist of longer-lived measures, it is not possible to say whether the proposed acquisition costs for Phase V’s LI programs will be sufficient for the EDC’s to pursue such measures.

iv. The Proposed LI savings target is based on a status quo spending allocation that does not consider rapidly increasing electric costs and the resulting disparate negative outcomes experienced by low-income Pennsylvanians as a result of those rising costs.

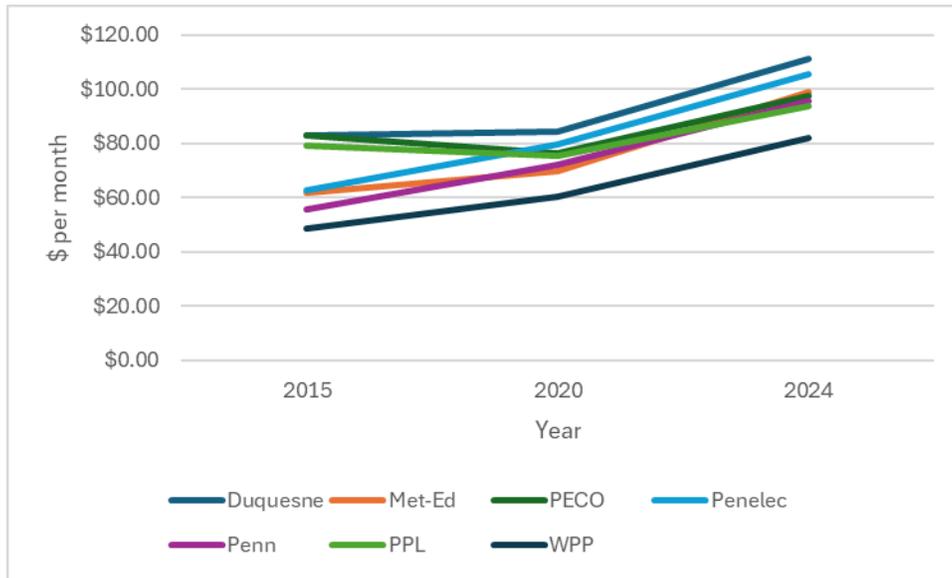
In determining the maximum funding that could be available to the EDCs to implement programs in Phase V, the Commission states that Act 129 “makes no mention of adjustments for inflation and prior phases of Act 129 utilized identical budget limits without adjustment from the initial calculations against 2006 revenues on a nominal basis.”⁸⁶ That said, the Commission “recognizes that notable inflation has occurred since the inception of Act 129, so the proposed EDC budgets are effectively decreasing each program year in terms of real dollars and purchasing power.”⁸⁷ Of course, inflation also has a powerful effect on the ability of low-income households to manage their energy costs. As reported by the Commission, the electric bills of a residential customer using an average 500 kWh per month increased between 2020 and 2024 by between 25% and 41% in nominal dollars, as shown in Figure 4.

⁸⁵ TO at 25.

⁸⁶ *Id.* at 17.

⁸⁷ *Id.*

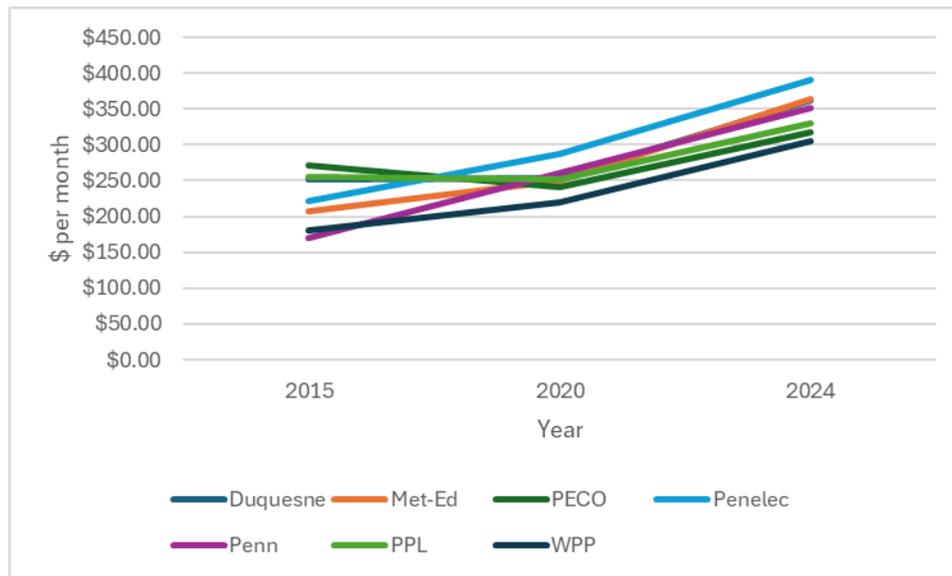
Figure 4: Change in Average 500 kWh/month Electric Bills⁸⁸



For a residential heating customer using an average of 2,000 kWh per month the electric bills increased by between 31% and 46% in the same period, as shown in Figure 5.

⁸⁸ 2015 Rate Comparison Report at 7; 2020 Rate Comparison Report at 8, 2024 Rate Comparison Report at 8 <https://www.puc.pa.gov/filing-resources/reports/rate-comparison-reports/>.

Figure 5: Change in Average 2000 kWh/month Electric Heating Bills⁸⁹



However, despite the striking increase in electric bills that residential customers are experiencing, the amount of the actual low-income savings that is proposed for Phase V is less than it was for Phase IV. While the MPS identified significantly more cost-effective savings in its estimate of program potential than in the budget constrained Act 129 potential estimate, the savings that are targeted for the low-income sector are limited by the application of the ~13% historical budget allocation. The Commission states that “[t]he proposed budget allocations and associated low-income MWh targets match historical budget allocations”⁹⁰ but in fact the proposed low-income targets are less than the approved targets for Phase IV for three of the four utilities – and represent a 5.5% decrease in actual energy savings from the low-income sector statewide. The Phase IV and Phase V low-income targets are compared in Table 1.

⁸⁹ 2015 Rate Comparison Report at 7; 2020 Rate Comparison Report at 8, 2024 Rate Comparison Report at 8 <https://www.puc.pa.gov/filing-resources/reports/rate-comparison-reports/>.

⁹⁰ TO at 22.

Table 1: Phase IV and Proposed Phase V LI goals

	Ph IV Final Order (MWh)	Ph V Tentative Order (MWh)	Change (MWh)	Change (%)
Duquesne	18,566	18,933	367	2.0%
PECO	80,089	74,456	(5,633)	-7.0%
PPL	72,509	65,678	(6,831)	-9.4%
First Energy	89,015	86,913	(2,102)	-2.4%
State-Wide Total	260,179	245,980	(14,199)	-5.5%

- v. **Utility revenues are increasing while the real values of the Act 129 capped budgets are decreasing.**

While the value in real dollars of the capped Act 129 budgets decreases with every phase, utility revenues are growing at a remarkable rate. In fact, between the Phase III planning process in 2015 and 2023 (the latest year for which the Energy Information Administration provides data) reported revenues increased between 35% and 47%.

Table 2: Utility Revenues⁹¹

	2015	2023	% change 2015 to 2023
Duquesne	\$563,629,700	\$830,367,500	47%
PECO	\$1,514,898,700	\$2,042,695,000	35%
PPL	\$1,205,771,000	\$1,895,250,300	57%
First Energy	\$2,071,085,800	\$3,027,636,400	46%
State-Wide Total	\$5,355,385,200	\$7,795,949,200	46%

Of course, there is nothing surprising about this – it is merely the flip side of customer bill increases. Customers pay more – including those low-income customers who can least afford the

⁹¹ 2015 Annual Electric Power Industry Report, Form EIA-861 detailed data files
 2023 Annual Electric Power Industry Report, Form EIA-861 detailed data files bundled service only.
<https://www.eia.gov/electricity/data/eia861/>.

increases – and utilities take in hundreds of millions of dollars more in annual reported revenues. The Low Income Advocates suggest that, with such significant changes in utility rates and bills, it is not reasonable for the Commission to simply continue a status quo process for determining low-income energy program savings goals. Instead, low-income savings goals should be considerably greater than proposed, and deeper-saving whole-home program savings should be required to make up no less than 25% of the reported low-income savings.

- vi. In determining the “Act 129 Potential” the MPS included a smaller fraction of the low-income program potential than for other residential customers. It also reduced the assumed low-income acquisition cost to well below the average cost for the low-income program potential, which increased the LI savings goals and effectively forcing the EDCs away from comprehensive measures for LI programs.*

The MPS states:

[T]o derive the Act 129 EE Potential, the SWE team used the non-low-income portfolio-level acquisition cost from the Program Potential models to calculate a savings target in megawatt-hours (MWh) that is precisely aligned with the expected budgets for Phase V.⁹²

Effectively, the MPS used the average acquisition cost for the residential portfolio as a whole, without adjusting it in a way that would have an effect on the types of programs the EDCs choose to implement. This approach used by the SWE team should enable the EDCs to design their portfolios for a mix of lower cost measures and “longer-lived, deeper saving measures” consistent with the Commission’s statement that “more comprehensive programs are beneficial to electric customers; therefore, for Phase V, the EDCs should implement a comprehensive mix of measures.”

⁹² MPS at 17.

However, the same cannot be said for the SWE Team’s approach to determining the low-income savings target. The SWE Team explains how it adjusted acquisition costs to determine the low-income savings carveout:

For the low-income portion of the analysis an alternative methodology was used to derive savings targets in line with Act 129 budget constraints...[t]he results of this method are high penetrations in low acquisition cost measures, with realistic penetrations relative to the Achievable Potential based on likely programmatic and implementation barriers, while still incorporating the full spectrum of available measures. This creates a balanced portfolio with a lower acquisition cost than the Achievable Potential, while still realizing potential in a diverse range of measures.⁹³

In other words, because low-income programs are relatively higher cost, the MPS skewed its proposal for Act 129 low-income savings potential towards low acquisition cost measures rather than developing a low-income savings target proposal that, like the non-low-income residential savings target, could be achieved with a mix of longer-lived and shorter-lived measures. The Low Income Advocates consider it highly likely – and are in turn deeply concerned – that this adjustment will move the LI programs *away* from the creation of “comprehensive portfolios with a greater focus on longer-lived, deeper-savings measures.”⁹⁴ Thus, while the Commission’s stated intent may be to promote increased comprehensiveness and deeper energy savings, the methodology and detailed policy pronouncements in its TO appear to move in the opposite direction.

As explained in the MPS, the proposed Act 129 savings goals for both the residential and low-income sectors are considerably smaller than the Program Potential that could be achieved absent a statutory spending cap on the program budgets. In developing its proposal for the Act 129 low-income savings target the SWE team also proposed to use a smaller low-income acquisition

⁹³ MPS at 17.

⁹⁴ Phase IV Implementation Order at 15.

cost than it used for the non-constrained Program Potential – essentially the team proposed that low-income savings would, on average, cost less to achieve in the Act 129 potential than they would cost in the low-income program potential scenario. Because the team assumed the savings would cost less to achieve, this adjustment increases the Act 129 low-income savings goal compared with what it would be if the low-income program potential acquisition cost had been used.

However, despite this adjustment, far less of the Program potential savings are included in the Act 129 potential for low-income customers than are included for non-low-income residential customers. This can be seen in Table 3, which shows that the Act 129 savings potential for non-low-income residential is 61.8% of the program potential, where for low-income the Act 129 incremental savings are only 37.7% of the program potential savings. This means that as a fraction of the program potential savings, those customers with the greatest need are going to receive a smaller portion of the achievable savings than their more affluent neighbors. In short: the measures available to low-income households will not be proportional or equitable.

Table 3: Comparison of Program to Act 129 EE Potential⁹⁵

	Non-low-income residential			Low-income residential		
	Budget (\$MM)	Incremental Savings (MWh)	Acquisition cost (\$/MWh)	Budget (\$MM)	Incremental Savings (MWh)	Acquisition cost (\$/MWh)
Statewide Program Potential	\$829.1	1,994,800	\$415.6	\$641.9	669,654	\$958.6
Statewide Act 129 EE Potential	\$510.4	1,232,052	\$414.2	\$163.4	252,792	\$646.3
Act 129 Potential % of Program Potential	61.6%	61.8%	99.7%	25.5%	37.7%	67.4%

⁹⁵ Program Potential from Table 13: Program Potential Budgets, Energy Savings, and Acquisition Costs by EDC and Sector, 2026–2030 Total, MPS p. 20; Act 129 Potential from Table 27: Act 129 Traditional EE Potential Budget, Energy Savings, and Acquisition Costs, MPS at 33.

vii. It is doubtful that the EDCs are making good on the Commission's prioritization of comprehensive measures.

In the Phase IV Final Order, the Commission stated that it:

. . . recognizes that the Phase IV acquisition costs are indeed higher than past acquisition costs, this is driven by two well-justified elements of the EEPDR MPS. First, a sizable share of low cost savings in prior phases have been driven by residential lighting measures, which are expected to play a very limited role in Phase IV and were modeled as such. Second, though the Commission acknowledges it is possible to design programs that capture savings at a lower average acquisition cost in Phase IV than modeled by the results of the EEPDR MPS, directing the EDCs to do so would be in contravention of the Commission's stated encouragement for EDCs to pursue comprehensive portfolios with a greater focus on longer-lived, deeper-savings measures."⁹⁶

The Low Income Advocates support the Commission's focus on longer-lived, deeper-savings measures, however we are deeply concerned by the lack of reported data that could demonstrate the extent to which the EDCs are implementing programs in a way that achieves this desirable outcome. Based only on publicly available annual reports, The Low Income Advocates do not believe it is possible to make such a determination with any confidence. Based on the analysis shown in Table 3, above, it appears that the EDC's plans do not coincide with their actual behavior. While they may include measures designed to produce comprehensive measures in their plans, the reality of their spending suggests that they do not actually pursue these measures.

Unfortunately, given the framework established by statute and reinforced in Phase IV, it makes sense that the EDCs would maximize their reported savings, regardless of how long those savings will last. Low Income Advocates suggest this is at least in part because the Commission has expressed only "encouragement" for these longer-lived measures rather than any kind of requirement. Moreover, the Commission also declined to provide any definition of its meaning of the term "comprehensive" as it applies to either measures or programs, instead leaving the EDCs

⁹⁶ Phase IV Implementation Order at 15.

to determine their own interpretations of the term. What is more, the Commission does not seem to have directed the EDCs and the Statewide Evaluator (“SWE”) to ensure that annual reports include the data necessary to allow parties to reasonably determine the extent to which the EDCs are prioritizing longer-lived, deeper-savings measures.

In fact, the Phase IV MPS explicitly:

. . . reflected some increase in acquisition costs (\$/MWh) compared to historical EDC spending. That increase has been primarily driven by the loss of residential lighting opportunities that were some of the least expensive savings. It also indicated levels that the SWE team believed would allow the EDCs to develop balanced plans that address all markets equitably. These levels would then also ensure a comprehensive portfolio of measures with appropriate investments in some of the longer-lived, but more expensive, efficiency resources.⁹⁷

What this means, as a practical matter, is that the EDCs were given savings targets that *should* allow them to prioritize longer-lived, deeper-saving measures with the available budgets, and were encouraged to do so, but in reality, they retained significant flexibility to implement their Plans as they saw fit. Given the threat of financial penalties for failing to meet their savings goals it would be surprising if the EDCs did anything other than sidestep the Commission’s encouragement in favor of the financial certainty of meeting their requirements.

Stronger leadership from the Commission is needed to ensure that the utilities take tangible and identifiable steps to implement the comprehensive, durable, and deep-savings measures that the Commission has encouraged. To that end, the Low Income Advocates recommend that, at a bare minimum, the Commission should require EDCs to report on the metrics outlined below in sufficient detail in annual reports so that it is able to judge the extent to which each EDC is, in fact, promoting longer-lived, deeper-savings measures. Better still, the Commission should impose a

⁹⁷ Pennsylvania Act 129 - Phase IV Energy Efficiency and Peak Demand Reduction Market Potential Study Report, at 8 (Feb. 28, 2020) (emphasis added).

strict requirement on the EDCs to drive the comprehensive measure installation it desires. This could be done in several ways, such as requiring a minimum level of spending in well-defined comprehensive programs, or establishing a minimum portfolio estimated useful life (EUL) that the EDCs could only achieve by prioritizing a certain allocation of longer-lived, deeper-savings measures.

The long-term benefits of comprehensive, whole-house programs support the additional cost of deep and durable measures. These benefits are especially important for low-income households who pay a larger percentage of their income toward their energy bills, often as a result of energy inefficient housing, and who struggle to make ends meet even during relatively good economic times.⁹⁸ Providing opportunities for comprehensive, whole-house energy efficiency programming to all ratepayers – particularly low-income households – will help substantially reduce energy bills over the long term, in turn helping combat rapidly rising energy costs. Thus, we support the Commission’s requirement that EE&C plans feature a comprehensive program and the Commission’s recommendation that EE&C plans present a comprehensive mix of measures capable of producing appreciable bill savings. To that end, we offer recommendations to support the Commission’s stated policy goal of delivering more comprehensive measures in Phase V.⁹⁹

Specifically, in addition to increasing the low-income budgets to accommodate the comprehensive measure requirements recommended above, we recommend that the Commission (1) clarify that the ‘comprehensive program’ requirement entails offering a program that embraces a whole-house systems approach to energy efficiency with no less than 25% of the EDCs low-income savings goals being met through savings achieved by that program, and (2) require that

⁹⁸ Hernandez, Diana, *Energy Insecurity and Health: America’s Hidden Hardship*, Health Affairs Health Policy Brief (June 29, 2023).

⁹⁹ TO at 9.

EDCs offer at least one comprehensive, whole-house program specifically targeted at the low-income sector.

- (1) The Commission should clarify that the ‘comprehensive program’ requirement entails offering a program that embraces a durable, whole-house systems approach to efficiency.

Based on prior phases, the Low Income Advocates are concerned that merely encouraging and voicing a preference for inclusion of comprehensive programming is insufficient to drive actual and meaningful implementation by the EDCs of comprehensive, durable, and deep-savings measures. To ensure that Phase V includes appropriate comprehensive programs, we encourage the Commission to direct the EDCs to implement comprehensive measures, rather than merely encourage them to do so. The Commission’s direction should include specifying the types of measures that materially and meaningfully reduce energy consumption on a long-term and durable basis. We recommend that the Commission require EDCs to achieve no less than 25% of the low-income savings goal through comprehensive whole-home program measures that prioritize durable, deeper saving measures such as direct installation of appliances and envelope measures such as air sealing and insulation. This would ensure investments are made in deep, comprehensive measures such as efficient appliances, HVAC, and shell measures – as opposed to marginal, short term savings such as kits, lightbulbs, and home energy reports.

To facilitate the requirement, we recommend that the Commission should define ‘comprehensive program’ or issue guidance clarifying what kinds of measures the Commission intends EDCs to include in required comprehensive programs. Without clear Commission guidance and directives, stakeholder input may be insufficient to persuade EDCs to include the meaningful comprehensive measures, such as direct-install weatherization and building envelope measures and HVAC systems upgrades. The Commission’s definition or guidance should clarify that the requirement that EDCs offer a comprehensive program is separate from the Commission’s

recommendation that EDCs “should implement a *comprehensive mix of measures*.”¹⁰⁰ Although both use the word “comprehensive,” each refers to a distinct feature of an EDC’s EE&C plan: EE&C plans *should* include a comprehensive mix of measures – and they *must* include at least one comprehensive, whole-home efficiency program capable of producing durable energy and bill savings for participants.

To understand the distinction between the ‘comprehensive program’ requirement and the ‘comprehensive mix of measures’ recommendation, it is helpful to trace the development of the ‘comprehensive program’ requirement through prior phases of the EE&C Program. The requirement first appeared in Phase II, where the Commission required EDCs to include in their EE&C plans at least one “comprehensive measure.”¹⁰¹ The Commission described comprehensive measures as “including whole house treatments” and stated its view that such measures were in the public interest.¹⁰² Then, in Phase III, the Commission updated the requirement, drawing from comments submitted by the Office of Consumer Advocate (OCA), who asserted that “comprehensive” means “whole-house,” and as such, comprehensive treatments are better understood as comprehensive *programs* comprising multiple retrofit measures, rather than comprehensive *measures*.¹⁰³ The Commission acknowledged the assertions of PECO and others “that the term ‘comprehensive’ should apply to the whole portfolio,” but clarified that when the Commission used the term ‘comprehensive’ in the comprehensive program requirement, “in this instance, [the Commission was] referring to programs that provide ‘deeper’ measures,” not the comprehensiveness of the EE&C plan as a whole.¹⁰⁴ The history of the comprehensive program

¹⁰⁰ *Id.*

¹⁰¹ Phase II Implementation Order at 20.

¹⁰² *Id.*

¹⁰³ Phase III Implementation Order at 59-61.

¹⁰⁴ *Id.*

requirement demonstrates that it refers to a distinct program offering within an EDC’s EE&C plan, such as a subprogram offering whole-house treatment. It does not refer to the comprehensiveness of the program offerings of an EDC’s EE&C plan overall; that feature of an EE&C plan is instead captured by the Commission’s recommendation to feature a “comprehensive mix of measures.”

Although the Commission has declined to define ‘comprehensive program’ in past Phases,¹⁰⁵ it has clarified that the term refers to measures such as “whole house treatments,”¹⁰⁶ “whole house installations,”¹⁰⁷ “whole building’ program[s],”¹⁰⁸ ‘deeper’ measures,”¹⁰⁹ and “weatherization and updates to HVAC and water heating systems.”¹¹⁰ Indeed, no residential program could truly be considered comprehensive unless it includes direct-install weatherization measures. In line with these examples the Commission has offered in past phases, the Commission’s definition or guidance for designing a required comprehensive program should make clear that to satisfy the Commission’s requirement, comprehensive programs must be whole-house programs.

The U.S. Department of Energy describes the whole-house systems approach as treating “the house as an energy system with interdependent parts, each of which affects the performance of the entire system.”¹¹¹ The house-as-a-system approach requires installing multiple energy efficiency retrofits systematically, either in particular combinations or in a particular order, to achieve larger energy usage reductions at lower costs than could be achieved by implementing

¹⁰⁵ Phase IV Implementation Order at 24.

¹⁰⁶ Phase II Implementation Order at 20.

¹⁰⁷ Phase II Implementation Order at 88.

¹⁰⁸ Phase III Implementation Order at 9.

¹⁰⁹ Phase III Implementation Order at 61.

¹¹⁰ Phase IV Implementation Order at 5.

¹¹¹ U.S. Dep’t of Energy, *Whole-House Systems*, <https://www.energy.gov/energysaver/whole-house-systems>.

measures independently.¹¹² Guidelines for required comprehensive programs should be modeled after the Weatherization Assistance Program (WAP), which starts with a whole-house energy audit, identifies all cost effective energy efficiency measures, and systematically installs all identified measures in descending order of cost effectiveness.¹¹³ Such an approach maximizes return on invested program dollars by ensuring that once the expenditure is made on conducting an audit and getting a contractor on site, all cost effective measures are installed systematically.

EDCs' existing EE&C plans largely offer a "comprehensive mix of measures," but most fall short of offering the kind of comprehensive, whole-house treatment program that the Commission has repeatedly referred to when discussing the comprehensive program requirement in past phases. Absent a clear definition or guidance from the Commission on what kind of programs it intends EDCs to implement under its comprehensive program requirement, EDCs conflate these two distinct parameters, asserting that their residential programs are 'comprehensive programs' because they offer a comprehensive mix of measures. But 'comprehensive program' refers to a specific kind of EE&C plan offering that incorporates a whole-house systems approach, not a residential program that offers a comprehensive mix of measures. The Commission should clarify that a subprogram such as FirstEnergy's Comprehensive Audit is what it intends by the 'comprehensive program' requirement.

In past phases, the Commission has asserted that defining the comprehensive program requirement was unnecessary "as each EDC's service territory presents different characteristics and, therefore, requires different programs."¹¹⁴ But WAP successfully embraces the whole-house

¹¹² Christina E. Hoicka & Paul Parker, *Assessing the Adoption of the House as a System Approach to Residential Energy Efficiency Programs*, 11 ENERGY EFFICIENCY 295, 296 (2017).
https://www.researchgate.net/publication/320059285_Assessing_the_adoption_of_the_house_as_a_system_approach_to_residential_energy_efficiency_programs .

¹¹³ See Pa. Dept. of Community and Economic Development, *Pennsylvania Standard Work Specification Aligned Field Guide* (July 2021), <https://www.pct.edu/business/clean-energy/pa-weatherization>.

¹¹⁴ Phase IV Tentative Implementation Order at 25.

systems approach across the Commonwealth. Indeed, the whole-house approach works for WAP nationwide.¹¹⁵ A whole-house systems approach means tailoring the measures installed to the characteristics of each building, providing abundant flexibility adaptable to the unique characteristics of all service territories across the Commonwealth.

For clarity moving forward, we recommend that the Commission use the term “whole-house program” to describe the comprehensive program requirement. That is, the Commission should require EDCs to offer in their EE&C plans at least one whole-house program and recommend that EE&C plans contain a comprehensive mix of measures overall. Without a clear definition, EDCs are implementing programs that lack the holistic treatment enabled by the whole-house systems approach and that are incapable of achieving the deeper energy usage reductions the Commission intends. The Commission should provide a definition or guidance regarding comprehensive, whole-house programs that embrace a whole-house systems approach, such as the approach deployed in WAP, to steer EDCs and the stakeholders they consult with when designing required comprehensive programs.

- (2) The Commission should require that EDCs offer at least one comprehensive, whole-house program specifically targeted at the low-income sector.

We recommend that all EE&C Plans be required to include at least one comprehensive, whole-house program that includes direct installation of deep, long-term energy efficiency measures specifically for low-income households and that EDCs must achieve no less than 25% of the low-income savings goal through comprehensive whole-home programs that prioritize durable, deeper saving measures such as direct installation of appliances and envelope measures such as air sealing and insulation.

¹¹⁵ U.S. Dep’t of Energy, State & Community Energy Programs, *Weatherization Assistance Program Fact Sheet*, (Aug. 2023), <https://www.energy.gov/sites/default/files/2023-08/2023-WAP-Fact-Sheet.pdf>.

Without this requirement, low-income households risk being left out of comprehensive programming capable of reducing energy usage and bills over the long term. These programs should focus on the long-term durable savings achievable through weatherization, HVAC, and water heating measures, rather than kits and customer education. These low-income comprehensive programs should be implemented utilizing the expertise of existing Weatherization Assistance Program (WAP) providers, who have decades of experience implementing a whole-house energy efficiency approach.

The Commission has acknowledged the importance of requiring EDCs to achieve consumption reductions from the low-income sector, noting that without specific low-income targets, “Act 129 programs could become regressive, with low-income households receiving disproportionately fewer benefits.”¹¹⁶ This is especially true for comprehensive programs, which need not be individually cost effective so long as the EE&C plan is cost effective as a whole. Since Phase III, to encourage EDCs to rely less on shallow measures such as upstream lighting to meet their low-income targets, the Commission has excluded savings achieved through low-income participation in general residential programs from counting toward compliance with EDCs’ low-income targets.¹¹⁷ Without a requirement that EDCs offer a low-income specific comprehensive program, low-income households risk being excluded from EDCs’ comprehensive programs while subsidizing the higher cost of comprehensive measures for the general residential sector, undermining the Commission’s policy goal of achieving deeper savings in the low-income sector.

¹¹⁶ Phase V Tentative Order at 22

¹¹⁷ Phase III Implementation Order at 70.

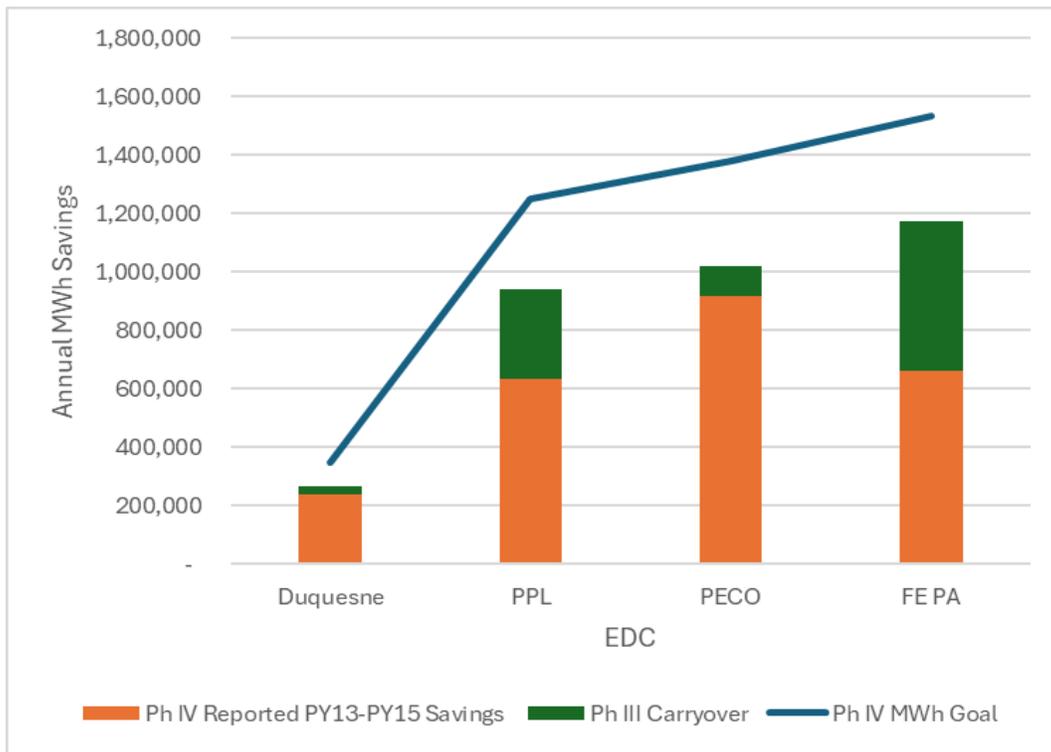
viii. The Commission should tighten its restrictions on allowing carryover savings to support Act 129’s mandate to maximize savings within the prescribed budget caps.

The confluence of overly generous savings acquisition budgets, penalties for failure to achieve savings targets, and carte blanche for the EDCs to determine which measures to pursue plays out in remarkable amounts of carryover savings that allow the EDCs to underspend their allowed budgets, thus subverting the intent of Act 129. The Commission clearly identifies that “notable inflation has occurred since the inception of Act 129, so the proposed EDC budgets are effectively decreasing each program year in terms of real dollars and purchasing power,”¹¹⁸ yet nevertheless proposes to perpetuate most aspects of a model that allows the EDCs to spend less than their available budget caps, thus achieving less savings and providing less benefits for their ratepayers than are cost-effectively available.

The EDCs’ PY15 Annual Reports clearly show the effect that carryover savings can have in reducing the need for EDCs to expend the approved Phase IV budgets – for the portfolios as a whole and for the low-income programs as well. Figure 6 shows both the savings each EDC has reported through PY15 and the Phase III carryover it anticipates applying towards the achievement of its Phase IV goal. The amount of carryover ranges from just over 10% of the combined total reported and carryover savings for Duquesne and PECO to nearly 44% of the total for FirstEnergy.

¹¹⁸ TO at 17.

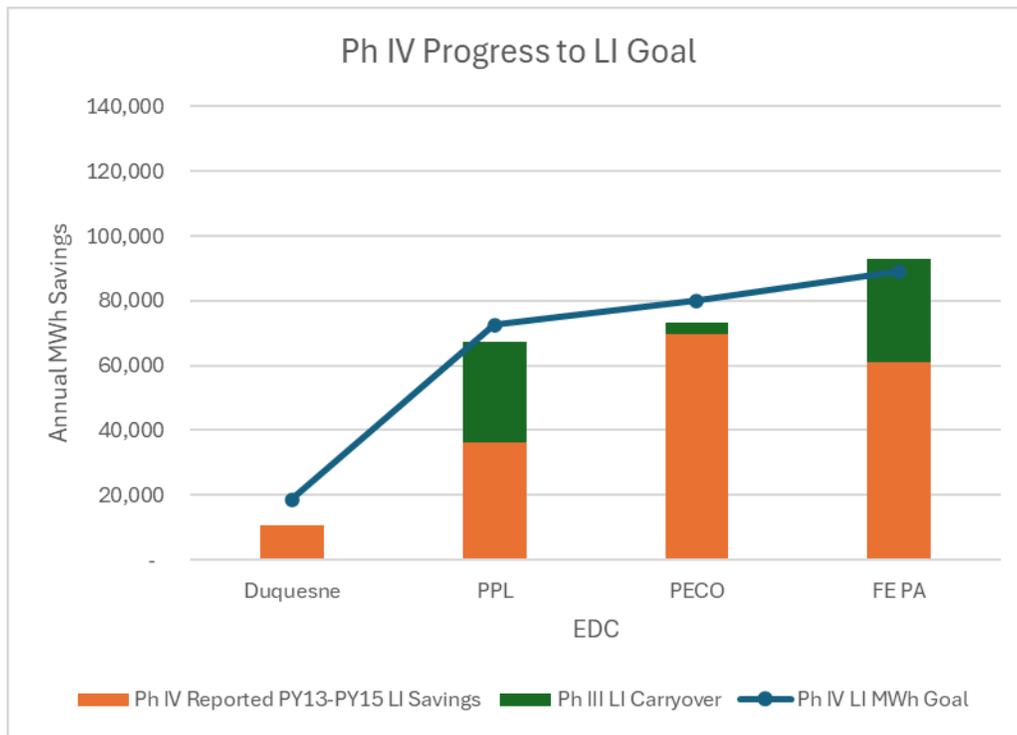
Figure 6: Reported Phase IV savings and carryover through PY15¹¹⁹



PPL and FirstEnergy plan to use similarly significant carryover savings towards the achievement of their low-income goals too, as shown in Figure 7.

¹¹⁹ DLC PY 15 Report Figure 2-4 and Figure 2-5, pp 6-7; PPL PY15 Report pp 3-4; PECO PY 15 Report Figure 2-3 p. 18 and Figure 2-5 p. 20; FE PA PY 15 Report Figure 3 p.30 and Figure 5 p. 32.

Figure 7: Reported Phase IV low-income savings and carryover through PY15¹²⁰



Duquesne does not report any Phase III carryover savings towards its low-income savings goal, and for PECO the carryover is only 5% of the total low-income savings reported to date. However, FirstEnergy reports that over 34% of its total low-income savings reported to date will come from carryover, and for PPL it is over 46%.

Notably, at the end of PY 15 – just three years into the five-year phase – every EDC, except Duquesne, had already achieved at least 90% of its Phase IV targets including their Phase III carryover.¹²¹ The Commission’s proposal to limit the amount of Phase IV carryover toward Phase V savings targets is insufficient to address these issues.

¹²⁰ Duquesne Ph IV plan targets and performance from PY 15 Report Figure 2-4 and Figure 2-5, pp 6-7; PPL PY15 Report pp 3-4; PECO PY 15 Report Figure 2-3 p. 18 and Figure 2-5 p. 20; FE PA PY 15 Report Figure 3 p.30 and Figure 5 p. 32.

¹²¹ SWE Final Annual Report: Act 129 Program Year 15 at p. 7-8.

To curb the overreliance on carryover savings to meet their savings targets, EDCs should not be allowed to rely on banked carryover savings in the design of their Phase V plans. The Commission should require that EDCs design their Phase V plans to meet their Phase V goals without the use of any carryover. The Commission should evaluate proposed plans based on the ability of those plans to meet their savings targets using Phase V savings derived from Phase V budgets – without consideration of excess savings achieved in Phase IV. EDCs should be required to track their progress toward their portfolio and low-income savings targets based solely savings derived from Phase V, not including any Phase IV carryover. Phase IV carrying over savings should only be used as a safe harbor for EDCs who cannot meet their Phase V targets after a good faith effort to meet those goals fully utilizing their Phase V budgets.

B. Low-income Multifamily Programs

In its TO, the Commission explains that in the reaching the low-income savings carve-out, an EDC may “include savings from qualifying low-income customer participation in non-low-income programs and from multifamily housing, up to the percentage of customers living in the multifamily housing with incomes at or below 150% of the FPIG.”¹²² This policy is consistent with past phases, and does not distinguish between multifamily metering types. If a multifamily tenant unit is occupied by an income qualified individual or family, savings from measures installed in that unit can count toward the EDC’s low-income savings goal – regardless of whether the unit is individually metered and tenant paid, or master-metered and owner-paid.

The Low Income Advocates are supportive of the Commission’s continued recognition of low-income multifamily housing within the low-income sector carve-out, regardless of metering

¹²² TO at 25-26.

type. The same resource constraints faced by low-income families in single family homes are present for low-income tenants and multifamily housing providers, such as local housing authorities, which lack the upfront capital and resources to invest in energy efficiency. Split incentives between tenants and housing providers introduce additional complications. As a result, affordable multifamily buildings have traditionally been and remain largely unserved by standard market rate efficiency programs. As energy costs continue to rise, the inability of low-income multifamily tenants and housing providers to access comprehensive energy efficiency programs serves to widen disparities in energy burden for low-income tenants, and further strains already stretched operating budgets for low-income housing providers. Indeed, as discussed in the Joint Comments of the Coalition for Equitable Energy and Housing in Pennsylvania (CEEH-PA), Pennsylvania is facing an acute affordable housing crisis, and comprehensive multifamily efficiency programs offer a critical tool to preserve the availability of decent and affordable housing options for low-income families.

Notwithstanding our support for the inclusion of low-income multifamily within the low-income savings carveout, regardless of metering type, we are concerned that the Commission has never fully evaluated the savings potential from both single-metered and master-metered multifamily buildings. As the Commission explains, it “directed the SWE to determine if the low-income sector could realize cost-effective consumption savings, and the extent of those possible MWh savings *within the residential sector*.”¹²³ Master-metered low-income multifamily buildings are classified within the small or medium commercial class, not the residential sector.

¹²³ *Id.* at 26.

It is unclear from the SWE's Residential Baseline Study and the EEPDR Market Potential Study whether and to what extent savings potential from tenant units in low-income master-metered multifamily buildings was included in the evaluation of the low-income sector potential.¹²⁴ The SWE also relies heavily on historic participation to analyze future potential, without analyzing the factors and circumstances driving historic participation rates and whether those factors and circumstances remain true. In other words, the SWE assumes available programs will not advance to better serve identified needs of multifamily housing providers.

The SWE's overreliance on historic participation undervalues the Phase V potential for multifamily savings. As explained at length, low-income programs through the first four phases of Act 129 have largely relied on low-cost measures that produce short-lived savings. Because these savings provide only limited benefits to tenants, affordable multifamily housing providers may not choose to invest the resources and staff time to deploy these types of measures in tenant units. If the Commission adopts our recommendations to mandate that 25% of the savings reported towards meeting the low-income savings goal must result from comprehensive whole-home efficiency programs capable of producing deeper and more durable savings, we believe a greater number of multifamily housing providers will participate. Further, with the introduction of multiple new funding sources to support low-income multifamily efficiency projects (including DCED's Multifamily Weatherization Assistance Program (WAP-M)¹²⁵ and DEP's Multifamily Home Energy Rebate (HER or Penn Energy Savers)¹²⁶), comprehensive low-income multifamily efficiency projects are more likely than ever to move forward in Phase V – especially if Act 129

¹²⁴ See SWE presentation at Slide 26; SWE 2023 Residential Baseline Study at 32; SWE EEPDR MPS at 21.

¹²⁵ See Pa. DCED Multifamily Weatherization Assistance Program, <https://dced.pa.gov/programs/multifamily-weatherization-assistance-program-wapm/>.

¹²⁶ See Pa. DEP, Penn Energy Savers, <https://www.pennenergysavers.com/>.

incentives are properly leveraged with these programs to improve the overall incentives available for affordable multifamily building owners.

Notably, when the Commission first clarified in Phase II that low-income multifamily savings could be included in the low-income savings target, without regard to meter type, it did not adjust the savings target upward to account for the expansion of eligible buildings within the low-income sector or the potential for savings within those buildings.¹²⁷ In subsequent phases, the Commission has never squarely addressed the savings potential from the full low-income multifamily sector – which straddles the residential and commercial classes.

Without proper evaluation of multifamily savings potential, we are concerned that the low-income savings carve-out is artificially low and will continue to fall short of reaching proportionality for the low-income sector. The unclear and likely underestimated low-income multifamily savings potential support the Low Income Advocates’ recommendation for increasing the low-income savings goal compared with what is proposed in the TO.

To ensure that all low-income housing types are equitably served, regardless of metering type, we recommend that the Commission establish subcategories for single family, individually metered multifamily tenant units, and master-metered multifamily tenant units within the low-income savings carveout. At a minimum, even if these subcategories are not established, we urge the Commission to require EDCs to separately track and report on the savings achieved for single family, individually metered multifamily tenant units, and master-metered multifamily tenant units. The number of dwelling units served for each metering / housing type should also be tracked and

¹²⁷ See Phase II Implementation Order at 54.

reported. This level of reporting should be in addition to the specific metrics that the Low Income Advocates propose above, regarding the provision of comprehensive whole-home programming.

The Low Income Advocates also strongly encourage the Commission to reconvene the Multifamily Housing Working Group. This Working Group was first convened nearly a decade ago, in December 2015, but has not since met to discuss ways the EDCs can design programs that will effectively serve this hard-to-reach housing type.¹²⁸ A single Working Group meeting is not adequate to produce collaborative solutions to the chronic underrepresentation of the multifamily sector within the Act 129 program portfolio. We recommend the Commission task the Working Group with identifying policy and program barriers to participation of multifamily buildings and developing recommended best practices for program design, outreach, and coordination. At minimum, the Working Group should convene monthly through the remainder of the planning phase to help inform EDC program design. Thereafter, we recommend the group continue to meet quarterly to share information and resources.

C. Coordination with Other Programs

In its TO, the Commission raises several topics surrounding the coordination of Act 129 programs with other resources and programs.¹²⁹ The Low Income Advocates strongly support effective program coordination that leverages resources to serve a greater number of households and to improve the delivery of holistic benefits capable of serving intersectional and interrelated needs. Coordination is not merely good practice. Regarding low-income programs, it is a statutory requirement that EDCs “shall coordinate measures ...with other programs administered by the

¹²⁸ Phase III Implementation Order at 80; Multi-family Housing Stakeholder Meeting Secretarial Letter, Docket No. M-2014-2424864 (Nov. 18, 2015). No report was filed on the docket following the meeting and no subsequent meetings were scheduled.

¹²⁹ TO at 27, 54-60.

commission or another Federal or State agency.”¹³⁰ We caution, however, that coordination requires careful planning and policy design and tracking to ensure leveraged resources *supplement* rather than *supplant* coordinated programming. The recommendations we offer below are designed to help further refine the Commission’s Phase V requirements to enhance the coordination of services, without supplanting existing resources.

i. Coordination of LIURP and Act 129 Programs

The Commission seeks comment from stakeholders on ways to “harmonize the management and spending of Act 129 low-income funds with Low-income Usage Reduction Program (LIURP) funds that the Commission also oversees.”¹³¹

It is important to keep in mind that the statute requires that Act 129 low-income expenditures “shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low-income usage reduction programs).” In other words, the Commission must ensure that coordination efforts in no way erode or supplant the availability of services to high usage low-income families through LIURP.

One of the most critical steps the Commission should take to improve coordination with LIURP would be to require the use of common contractors and common auditing tools in the delivery of Act 129 and LIURP programming. We note that some utilities will literally send two separate contractors to the same house to perform separate energy audits and install measures available through one program that are not available through the other. This is a waste of resources that could be better allocated through streamlined program delivery. A requirement for the EDCs to use common contractors and a single auditing tool would also make it easier for eligible

¹³⁰ 66 Pa. C.S. § 2806.1(b)(1)(i)(G).

¹³¹ TO at 27.

households to participate in the programs by reducing scheduling challenges and the need to take time off from work to meet multiple auditors.

The most effective path would be to consolidate these programs for delivery by local Weatherization Assistance Program (WAP) providers. These three programs, LIURP, WAP, and Act 129, should be delivered in tandem to provide a “no wrong door” approach to the delivery of comprehensive efficiency, conservation, and weatherization services to low-income families. If EDCs convince the Commission there is a valid reason to maintain a separate CSP for delivery of its Act 129 low-income program portfolio, EDCs should nevertheless be required to develop specific coordination programs with WAP and/or LIURP providers – within its overall low-income program portfolio – to allow LIURP and/or WAP service providers to install Act 129 program measures not covered by LIURP or WAP at the time of program delivery. This kind of coordination across programs would help to ensure the delivery of all available resources to a home while reducing unnecessary administrative costs.

Over the last decade, EDCs have moved away from using local, community-based service providers in the delivery of both LIURP and Act 129 – instead contracting with larger CSPs to deliver programming. This has caused the programs to splinter, with programs competing for participants rather than working together to deliver the services needed to each household. Unlike local CBOs that deliver WAP, larger CSPs are not known to or trusted in the community, and do not offer the same wrap-around support services such as food assistance, credit counseling, basic systems repair, housing assistance, and childcare that CBOs provide.

In addition to improving coordination through the use of common contractors for WAP, LIURP, and Act 129 low-income programs, the Commission should mandate standardized eligibility criteria, application forms, energy audits, and data sharing policies to facilitate

coordinated and streamlined delivery of LIURP and Act 129 low-income programs – as well as other local, state, and federal low-income energy programs. The Commission should also require creation of a consolidated website that can serve as a landing spot to streamline application for LIURP and Act 129 – and could possibly be expanded to other related programs such as WAP and the new IRA-funded programs like HEAR and HER.

Some of the groundwork to help streamline low-income programs has already been laid for this through the Commission’s recent Universal Service Working Group, which worked to develop a common application for utility-run Customer Assistance Programs and developed a framework for launching a statewide universal service program platform.¹³² We recommend the Commission build on the work done by the Universal Service Working Group to further advance efforts to streamline access and delivery of all low-income programs, including LIURP and Act 129.

ii. Braided Funding

The TO explicitly addresses the importance of “braided funding” to “attract more prospective program participants and potentially allow the EDCs to accomplish more with the same funding.”¹³³ To support braiding initiatives, and “promote collaboration over competition”, the Commission’s touts its decision in the 2026 Total Resource Cost (TRC) Test Final Order to allow EDCs to claim 100% of the energy savings produced through a leveraged efficiency project will incentivize program braiding.¹³⁴ Notably, the Commission did not set a minimum level of contribution for an EDC to claim 100% of the savings achieved.

¹³² See 2023 Review of All Jurisdictional Fixed Utilities’ Universal Service Programs, Docket No. M-2023-3038944.

¹³³ TO at 54-56.

¹³⁴ *Id.*

Instead of discounting the level of savings attribution from leveraged projects, the Commission notes:

In a sensitivity analysis within the EEPDR Potential Study, the SWE estimated an increase in aggregate electric savings due to the availability of external funding. Much of that modeled increase came from the low-income households where IRA-funded programs are expected to focus.

The Commission explains that “the reduction [in participating customers’ costs] will be treated as a reduction in incremental cost for Phase V of Act 129” and proposes to require EDCs to “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.”¹³⁵ The Commission proposes to include new tables in the Annual Report template to “provide stakeholder visibility into this metric on an ongoing basis.”¹³⁶

Just as the Commission has long been concerned with “free ridership”— when incentives support projects that would move forward with or without the program – EDCs may get a “free ride” in meeting their savings requirements if they are allowed to claim savings from efficiency projects that are principally financed by other resources. As the Commission suggests, program coordination, including braided funding, should be leveraged to increase participation and savings for eligible households, not to make it easier for the EDCs to claim success while doing less.

The Low Income Advocates are deeply concerned about the Commission’s decision in the Final TRC Test Order to approve a 100% attribution of savings. As discussed earlier in these comments, we do not share the Commission’s optimism that the SWE team’s proposed reduced low-income acquisition cost will translate to the delivery of more comprehensive services, even with the potential availability of federal program dollars. Nor do we believe the policy will

¹³⁵ *Id.* at 55.

¹³⁶ *Id.*

necessarily drive improved program coordination. Rather, a lower acquisition cost – without a correspondingly robust savings target and clear metrics that are more aligned with sector potential – will serve to incentivize further investment in cheap measures with short-lived savings. Without more directive policies governing the level of contribution necessary to claim overall project savings, we are concerned that EDC underspending will grow more pronounced in Phase V – in essence supplanting Act 129 program dollars with IRA program dollars to achieve required energy savings goals, exactly the opposite of what the Commission hopes its policies will produce.

The Commission’s policy on attribution established in the TRC Order must be accompanied by higher low-income goals and specific requirements for longer-lived, deeper-saving measures to avoid perverse outcomes. The Low Income Advocates submit that the distinct risk that EDCs will fail to leverage greater savings through braiding further supports our recommendations to expand the low-income savings carveout and to require EDCs to obtain a minimum 25% of savings through comprehensive, whole-home programs capable of achieving long-lasting savings. This requirement will help drive utilities to appropriately coordinate Act 129 incentives with comprehensive IRA programs.

Further, in addition to requiring utilities to report on leveraged dollars at the program and portfolio level, we submit that the Commission should require project-level reporting for any leveraged project with a combined investment of over \$200,000. We urge the Commission to closely monitor EDC “leverage ratio” reporting to prevent EDCs from being a “free rider” on IRA programs – claiming 100% of savings without meaningful leveraging.

iii. Heat Pumps and Other Fuel Switching

In its TO, the Commission notes that the “expected expansion of other state and federal conservation programs in the Commonwealth creates an opportunity for EDCs to support [gas to

electric] fuel switching without violating the intent of the Act.”¹³⁷ The Commission suggests that EDCs “can and should incentivize the home or business to install a high efficiency electric unit” if coordinated with incentives provided by another state program.¹³⁸ The Commission proposes to require EDCs to align the heat pump and heat pump water heater measures in their EE&C Plans with the measures available through the IRA-funded Home Electrification Appliance Rebate Program (HEAR) and other non-Act 129 programs, “along with a description of how the program delivery will target these bundled, or interwoven, funding opportunities.”¹³⁹

The Low Income Advocates discuss fuel switching considerations further below, in section E, regarding Program Effectiveness. Regarding coordination with the HEAR and other non-Act 129 programs, we note here our strong support for the Commission’s proposal to align heat pump and heat pump water heater incentives with HEAR and other electrification programs. Notwithstanding this support, we encourage the Commission to issue further guidance in its final implementation to require inclusion of enabling measures or other coordinated whole-home incentives that will help ensure electrification projects reduce overall household energy burden.

iv. Data Sharing Between EDCs and State Agencies

The Commission explains in its TO that enhanced data sharing is essential to improve outcomes in light of the “expected increase in external (to Act 129) funding sources.”¹⁴⁰ The Commission requested specific suggestions for the types of data that should be shared and the mechanisms for sharing – noting the importance of cybersecurity and protection of personal information as key elements of any process.

¹³⁷ TO at 56.

¹³⁸ *Id.*

¹³⁹ *Id.* at 57.

¹⁴⁰ *Id.*

The Low Income Advocates agree that data sharing is important to facilitate enhanced program coordination, and we are supportive of advancements in limited-scope data sharing that provides a clear and articulable benefit to consumers while limiting risk of exposure. We note that utilities have access to a tremendous amount of information about consumers. In addition to personally identifying information – including Social Security numbers – utilities also have access to near-real-time usage data capable of revealing intimate details about the household. Informed consumer consent about what data will be shared, how it will be shared, and the ways in which it may be used must be front and center in any policy governing the exchange of information about a program applicant or participant.

As noted above regarding LIURP and Act 129 coordination, the Low Income Advocates recommend that the Commission build on the work of the Universal Service Working Group to develop standardized guidance governing data sharing between EDCs, state agencies, and program administrators. Specifically, the USWG was charged with exploring ways the Commission could support and enhance the LIHEAP data sharing policy between the Department of Human Services and utilities. The new DHS/utility LIHEAP data sharing policy was developed by DHS, in close coordination with the DHS LIHEAP Advisory Committee (LAC). LAC members and stakeholders include utilities and utility trade groups, consumer advocates, consumer representatives, and multiple state agency members. The group was able to grapple with detailed policy considerations through an iterative process – developing the terms and conditions of the data sharing contract, identifying the critical data points to be shared, and drafting strong consumer consent language and educational outreach.

Given the complexity of the issue, and the number of varied interests, it is important to move policy forward in a manner that weighs the issues in a deliberative and iterative process that

is not conducive to the current 30-day comment period. Thus, we recommend the Commission build on the work of the USWG to develop a data sharing policy framework – including a template MOU, consumer consent process, shared data points, and parameters for data protection.

v. IRA Required Audits

In its TO, the Commission identifies the variation in audits across programs, noting that the ASHRAE Level 2 audits required by the Home Efficiency Rebate Program (HER) requires a significant up-front investment. The Commission concludes that it would be reasonable for an EDC “to co-fund ASHRAE Level 2 audits or other technical scoping studies for sites they believe are likely to provide a return on upfront investment.”¹⁴¹ The Commission then sets forth several criteria, including “available electric consumption at the facility, historic propensity of certain customer types to participate in programs, or other characteristics identified by the EDC and its CSPs.”¹⁴² The Commission underscores the savings attribution policy set in its Final 2026 TRC Test Order allowing EDCs to claim 100% savings for coordinated projects.

The Low Income Advocates are supportive of allowing EDCs to support ASHRAE Level 2 audits to facilitate coordination with HER. As the Commission notes, the audit requires a substantial investment that is likely to present a substantial barrier for affordable multifamily housing providers to participate in the program – especially those buildings which serve the lowest income populations and have the least corresponding resources for investment in building upgrades.

Notwithstanding our support, we note two concerns. First, EDCs should not base decisions on whether to cover costs of an ASHRAE Level 2 audit or other scoping studies based on “historic

¹⁴¹ TO at 59.

¹⁴² *Id.*

propensity of certain customer types to participate in programs.” We are deeply concerned about the subjective nature of these criteria, and the likelihood it will result in exclusion of the most underserved communities. At the core of the HER program is the intent to reach underserved communities that have not traditionally had access to comprehensive efficiency services. In deciding whether to cover the costs of an ASHRAE Level 2 audit, EDCs should apply objective criteria that can be measures without bias, such as a commitment of the building owner to follow through with a project if the audit shows the building will meet the requirements of the HER program and the consumer contribution levels are within a pre-determined budget range. Such a commitment should offer adequate assurance that the participant will not walk away from the program after the audit or other scoping is conducted.

Second, we are concerned that the Commission is not requiring utilities to provide additional measure incentives to contribute to HER projects following a successful ASHRAE Level 2 audit or other technical scoping. While the Commission is correct that the audit cost can be substantial, the incentives provided through HER and the required savings thresholds that must be achieved are substantial. Projects projected to obtain at least 20% energy reduction will be eligible for up to \$5,000 per unit or \$200,000 per building, and projects projected to obtain at least 35% energy reduction will be eligible for up to \$10,000 per unit or \$400,000 per building.¹⁴³ This is in addition to the stackable incentives available through the Home Electrification Appliance Rebate program. The Commission should ensure that EDC contributions are adequate to justify the attribution of these substantial energy savings.

¹⁴³ See IRA Sections 50121 and 50122.

vi. Coordinated Marketing Campaigns

The Commission encourages EDCs in its TO “to consider joint marketing campaigns to highlight the availability of multiple funding sources.”¹⁴⁴ We agree. As discussed above, we recommend that the Commission further the groundwork laid by the recent Universal Service Working Group to develop a centralized website to serve as a landing spot for Act 129, LIURP, and other universal service and energy conservation programs. Ideally, other state and federal programs could also join a platform of this type. The USWG developed a framework for how such a website could work – including the addition of data sharing components that would facilitate streamlined program application. This framework is relevant here and should be explored further to help bring cohesion to Pennsylvania’s confusing patchwork of efficiency, conservation, weatherization, and other energy assistance programs.

vii. Health and Safety

In its TO, the Commission fails to address the critical need to address health and safety issues that regularly prevent efficiency projects from moving forward – often after substantial investment of time and resources. While the Commission lists several programs “new and noteworthy” programs that could be coordinated with Act 129,¹⁴⁵ it does not explicitly reference any health and safety, home repair, housing preservation, and community development programs operated by the Department of Community and Economic Development, the Department of Human Services, the Department of Health, and the Pennsylvania Housing Finance Agency.

Health and safety is a critical coordination issue that should be addressed in the Commission’s final Phase V implementation order. As explained in depth at the outset of our

¹⁴⁴ TO at 60.

¹⁴⁵ *Id.* at 54.

comments, the stark disparities in energy burden carried by low-income families are driven in large part by housing inefficiencies. Homes in the worst condition often have the highest energy use and cost – yet are unable to receive energy efficiency services because of health and safety issues in the home that prevent installation of key measures like insulation, air sealing, and

We note that both PPL and PECO established health and safety pilots in their Phase IV plans.¹⁴⁶ While data is not yet available from those programs, there are ample studies across the state that have quantified the benefits of addressing health and safety in coordination with the delivery of energy efficiency, conservation, and weatherization programs. The Weatherization Readiness Program launched by the Department of Energy as part of the Weatherization Assistance Program has helped to reduce WAP deferrals,¹⁴⁷ driving substantial benefits in terms of overall energy reduction and improved home health and safety for hundreds of the most vulnerable households across Pennsylvania. Effective coordination of Act 129 efficiency programs with comprehensive health and safety programs will help drive a multitude of other holistic benefits for program participants and the broader community.

To improve the coordination of Act 129 programs with health and safety programs, we recommend that the Commission:

- (1) Require utilities to include an explanation in their EE&C Plan for how it will address health and safety issues that arise in the delivery of Act 129 efficiency and conservation services.
- (2) Require utilities to develop pilot health and safety programs to address common issues that, if unaddressed, would otherwise result in deferral.
- (3) Require utilities to establish a referral process with local and state-run health and safety programs to address issues such as lead and asbestos, structural issues, roof

¹⁴⁶ PPL Phase IV EE&C Plan at 87; PECO Phase IV EE&C Plan at 123.

¹⁴⁷ See Nat'l Ass'n for State Community Services Programs, Weatherization Readiness Fund Toolkit, <https://nascsp.org/wp-content/uploads/2023/11/Weatherization-Readiness-Fund-Toolkit-1.pdf>.

- replacement, and other major repairs that cannot be addressed by the EDC’s pilot health and safety program.
- (4) Require utilities to track and report on homes that are deferred from receiving Act 129 efficiency and conservation services, the reasons for the deferral, and the costs associated with the deferral.

D. Plan Approval Process

i. The Commission should adjust the procedural schedule

In its TO, the Commission explains its intent to provide an EE&C Plan approval process that “balanced the desire to respect feedback from all interested parties with the need to complete the process within the statutory time constraints.”¹⁴⁸ The Commission explains the plan approval process established in Phase I of the EE&C Program:

The Commission will publish a notice of each proposed plan in the *Pennsylvania Bulletin* within 20 days of its filing. In addition, the Commission will post each proposed plan on its website. An answer along with comments and recommendations are to be filed within 20 days of the publication of the notice in the *Pennsylvania Bulletin*. Each plan will be referred to an Administrative Law Judge (“ALJ”), who will establish a discovery schedule and hold a public input hearing(s) in the EDC’s service territory, as well as an evidentiary hearing(s) on issues related to the EDC’s EE&C plan

For Phase V, the Commission proposes to follow the same process that it followed for Phases II, III, and IV, which utilized the same Phase I approval process but eliminated the public input hearings, unless specifically requested.

In practice, the process the Commission has used in past phases has made it difficult for stakeholders to fully investigate utility proposals and create an adequately detailed record for the Commission to review. Due to the concurrent filing of multiple plans and the truncated statutory

¹⁴⁸ TO at 61.

approval timeframe and the twenty-day turnaround timeframe for discovery,¹⁴⁹ the current process, utilized in past phases, places intervenors at risk of being left without being granted intervenor status with sufficient time to submit initial and follow-up discovery and receive answers with sufficient time to analyze the responses prior to the deadline for direct testimony. For example, in Phase IV, prehearing conferences were not held until the second week in January – leaving parties just two weeks to conduct discovery, analyze the plans, and develop formal written testimony and recommendations.¹⁵⁰

The process also raises critical questions about whether and how the Commission is able to meaningfully consider public comments. Comments are unsworn and unverified and, thus, are not able to be included in a formal evidentiary record.

To ensure that public comments are able to be included in the formal record, we recommend the Commission hold a public input hearing in each plan proceeding, as it did in Phase I. While interested stakeholders should retain the option to file written comments, they should also have the option to provide testimony at a public input hearing.

We further recommend modification to the EE&C Plan review process to better coordinate the public comment period with the litigation schedules set by the Office of Administrative Law Judge (OALJ). Specifically, we recommend that referral to the OALJ and commencement of the formal review process be co-extensive with the public comment period. Upon filing, the Plans should be referred to the OALJ to allow for a prehearing conference to be held promptly at the

¹⁴⁹ 52 Pa. Code § 5.342(d).

¹⁵⁰ For example, *PECO Ph. IV EE&C Plan*, M-2020-3020830 was filed November 30, 2020. The Prehearing Conference was not scheduled until January 8, 2021, with direct testimony due January 14, 2021. *First Energy Ph IV EE&C Plans*, M-2020-3020820, M-2020-3020821, M-2020-3020822, M-2020-3020823, were filed November 30, 2020. The Prehearing Conference was not scheduled until January 5, 2021, with direct testimony due January 13, 2021.

conclusion of the formal answer period. The Commission should also shorten the Answer period to 15 days and establish an interim process for granting petitions to intervene and discovery modifications – permitting the discovery process to commence as soon as possible after plans are filed.

These modest adjustments to the plan review process will enhance the ability of the public to meaningfully engage in the review process and will prevent unnecessary delay in commencement of the formal evidentiary process – ultimately improving the Commission’s review of the EE&C Plans.

E. Plan Effectiveness Evaluation

- i. The Commission should enhance EDC tracking and reporting requirements for comprehensive, whole-house programs to promote compliance and guide the development of these programs in future phases.*

The Commission is statutorily required to establish an evaluation process that monitors and verifies data collection, quality assurance, and the results of each EDC EE&C Plan and the program as a whole.¹⁵¹ While the statute requires each plan to explain how to measure, verify, and evaluate quality assurance and performance, the Commission is ultimately required to monitor and verify this data.¹⁵²

Consistent with this requirement, the Low Income Advocates suggest that to the extent the Commission formulates acquisition costs and savings goals premised on attainment of longer-lived, deeper-saving measures, it becomes incumbent on the Commission to monitor the reported EDC results to ensure utility ratepayers are getting what they pay for. The PY15 Annual Reports

¹⁵¹ TO at 68, *see also* 66 Pa. C.S. § 2806.1(a)(2).

¹⁵² TO at 68; *see also* 66 Pa.C.S. §§ 2806.1(b)(1)(i)(C), 2806.1(a)(2).

provide no data to allow such review – thus, unless it requests the SWE to perform such an assessment the Commission is unable to fulfill this requirement.

The Commission believes “that EDCs should develop plans to achieve the most lifetime energy savings per expenditure.”¹⁵³ The MPS developed acquisition costs to support this objective, stating:

The Act 129 Traditional EE Potential reflects total portfolio savings the SWE team believed were appropriate, given the available budget. These generally reflected some increase in acquisition costs (\$/MWh) compared to historical EDC spending. That increase has been primarily driven by the continuing loss of residential lighting opportunities and diminished lighting opportunities projected in the commercial and industrial sectors that were historically some of the least expensive savings. It also indicated levels that the SWE team believed would allow the EDCs to develop balanced plans that address all markets equitably. These levels would then also ensure a comprehensive portfolio of measures with appropriate investments in some of the longer-lived, but more expensive, efficiency resources.¹⁵⁴

Given this explicit acknowledgment that inclusion of some “longer-lived, but more expensive” resources is fundamental to the calculated costs and savings for Phase V, it is difficult to see why the Commission would not require the EDCs to provide data to allow it to assess the extent to which the EDCs fulfill this policy priority. Indeed, the Low Income Advocates suggest that the Commission’s own words cited above indicate that it is authorized and required to do so by its statutory mandate.

Therefore, to be able to “measure, verify, and evaluate quality assurance and performance,” the Low Income Advocates recommend the Commission establish specific requirements for the EDCs that would indicate compliance with the Commission’s policy. As an example, the Low

¹⁵³ TO at 65.

¹⁵⁴ MPS at 36.

Income Advocates recommended the following requirements for the low-income savings goal, as outlined in further detail above:

1. Base state-wide low-income budgets on the MPS' Statewide Program Potential Low-income acquisition cost of \$958.60 rather than the proposed adjusted statewide low-income acquisition cost of \$646.30. The MPS-proposed low-income acquisition cost discourages the EDCs from pursuing longer-lived, deeper-saving measures prioritized by the Commission.
2. Increase the statewide Phase V low-income savings goal to 308,041 MWh, equal to approximately 46% of the program potential.
3. Require the EDCs to achieve no less than 25% of the low-income savings goal through comprehensive, whole-home programs that prioritize longer-lived, deeper saving measures, including insulation, air sealing, and heating/cooling system improvements. To demonstrate compliance with this requirement the EDCs must report the following whole home program data annually, disaggregated between general residential and low-income customers:
 - a. Number of program participant homes/units
 - b. Whether each is a single or multifamily home/unit, and the metering configuration of the building.
 - c. Names and quantities of each measure installed, by year, in the whole-home program
 - d. Estimated aggregate electric savings for measures installed, by year, by measure in the whole-home program
 - e. Aggregate pre-participation annual electric consumption for participating homes
 - f. Total program savings
 - g. Total measure cost for each home/unit
4. Do not allow any Phase IV carryover savings to apply to the 25% whole-home program savings described above

5. To reflect the increased low-income budget, reduce the statewide Phase V residential non-low-income savings goal to 917,608 MWh. This would equalize non-low-income and low-income savings goals so that both are approximately 46% of the program potential.

Again, as explained at the outset of our comments, these recommendations are intended as an integrated package of reforms, and must be implemented as a whole to produce meaningful improvements in low-income programs

Adopting this package of reforms would provide the Commission with far greater assurance than it has now that its policy objectives would be fulfilled. Similar requirements should also be established for non-low-income programs where acquisition costs were formulated to reflect the opportunity for longer-lived, more expensive measures. For example, as cited above, the MPS savings acquisition costs reflect “the diminished lighting opportunities projected in the commercial and industrial sectors that were historically some of the least expensive savings.”¹⁵⁵ As a result, the Commission “urges the EDCs to minimize the contribution of midstream delivery of non-residential lighting measures in their Phase V EE&C Plans.”¹⁵⁶ However it offers nothing more persuasive than this recommendation, and the Low Income Advocates do not see where the Commission proposes to monitor the EDCs’ reported progress towards goals in Phase V to determine the extent to which the EDCs adopt the recommendation. The Low Income Advocates suggest this is not consistent with the Commission’s summary of its obligation to “measure, verify, and evaluate quality assurance and performance.” As it stands, if the EDCs choose to maximize the savings, they obtain from lighting they can do so, as long as the program remains cost-effective. To circumvent this possibility, the Low Income Advocates recommend the Commission should

¹⁵⁵ MPS at p. 36.

¹⁵⁶ TO at p. 29.

establish, and require the EDCs to track and report on, specific metrics that will provide assurance that the EDCs are not simply taking the path of least resistance to fulfill their savings obligations.¹⁵⁷

Thus, we recommend that the Commission take the steps outlined above to ensure compliance with the Commission's program requirements and statutory mandate and to inform the development of comprehensive programs. Specifically, the Commission should require EDCs to track and report the number of comprehensive, whole-house treatments performed, the kinds of measures installed at each household through such programs, and the energy usage reductions achieved through them.

ii. The commission should establish clear guidelines for how EDCs should count low-income participation.

In its TO, and throughout prior Act 129 implementation phases, the Commission has ordered that EDCs achieve their low-income savings targets through programs solely directed at low-income customers or low-income-verified participants in multifamily housing programs.¹⁵⁸ However, the Commission has not provided clarity on how EDCs are to track and identify low-income customer participants, nor how to verify the percentage of low-income residents in general multifamily projects. As a result, the EDCs use various processes

The Low Income Advocates urge the Commission to adopt clear, consistent guidelines for how EDCs should track participation of low-income customers for the purposes of achieving their low-income savings targets.

¹⁵⁷ Low Income Advocates acknowledge the Commission's statement that it "reserves the right to reject EE&C Plans that rely heavily on measures with high expected rates of free ridership." [TO at p. 79]. However, there is no requirement – nor expectation – that the EDCs' implementation will follow the Plans to the letter. Therefore, there remains significant risk that the EDCs could file Plans that minimize high free-ridership measures but then report much higher participation levels for those measures in their Annual Plans.

¹⁵⁸ TO at 27.

To avoid inconsistency in program requirements, and the potential for under or over counting of program participants, which could detrimentally impacts the ability of customers to access low-income programs, we recommend that EDCs should follow the definition of “confirmed low-income” used for universal service reporting.¹⁵⁹ This term included, “Accounts where the EDC has obtained information that would reasonably place the customer in a low-income designation.”¹⁶⁰ The regulation defines a “Low-income customer” as having “household income is at or below 150% of the Federal poverty guidelines.”¹⁶¹ The combination of these definitions reasonably includes any customer who has received low-income assistance such as:

- Enrollment or participation in a universal service or energy conservation program (CAP, LIURP, Hardship Fund, or CARES).
- Receipt of a cash or crisis LIHEAP grant.
- Receipt of other emergency utility assistance.
- Indication by the customer of inability to pay current bill.
- Requests for income-based payment arrangements.
- Contact immediately prior to termination.
- CARES contacts and other referrals to low-income programs.
- Self-certification by the customer.
- Income information received based on a request for a medical certificate.

In addition to using the Commission’s definition of “confirmed low-income” for the purposes of tracking and outreach for participation in low-income Act 129 programs, this definition should also be used for counting and verifying percentage of low-income residents in

¹⁵⁹ 52 Pa. Code § 54.72: Confirmed low-income residential account.

¹⁶⁰ *Id.*

¹⁶¹ *Id.* Low-income customer.

general multifamily projects and the corresponding percentage of savings from those projects that should count toward the EDC's low-income savings target.

In addition to counting these residents toward the percentage of usage reductions counted toward the low-income savings targets, any residential EDC customers answering in the affirmative should be referred to the EDC's universal service program staff for additional outreach.

iii. The Commission should reconsider the strict limitations it placed on fossil to electric fuel switching measures.

In its TO, the Commission proposes to limit the allowance of fossil fuel to electric switching through Act 129 programs to situations where another state program incentivizes the electric equipment measure.¹⁶² The Commission acknowledges greenhouse gas reduction potential of Act 129 energy reductions; however, it argues that Act 129's focus is on electric usage reduction and that initiatives encouraging fossil to electric fuel switching runs counter to the objectives of the Act and should not be included in Phase V Plans.¹⁶³

The Low Income Advocates respectfully disagree with the Commission's assertion that Act 129's focus on electric usage reductions should preclude or severely limit the use of EE&C plans to provide beneficial electrification measures. The plain language of Act 129 reads, that the intent of the program is "to reduce energy demand and consumption within the service territory of each electric distribution company in this Commonwealth."¹⁶⁴ While the Act specifies electric reduction measures and requirements regarding the amounts of electric consumption reductions that must be achieved through the plans, replacing old and inefficient fossil fuel equipment with high efficiency electric equipment does not necessarily run counter to the explicit statutory intent

¹⁶² TO at 56.

¹⁶³ *Id.*

¹⁶⁴ 66 Pa. C.S. § 2806.1(a)

to reduce energy usage in the service territory – and in the right application may reduce energy costs and alleviate energy burdens, fulfilling other critical policy goals. We further note that, while electric fuel switching measures would have a TRC of 0, it is the EDC’s plan as a whole that must meet the TRC test, rather than any one measure.¹⁶⁵ Thus, fossil fuel to electric switching should not be summarily precluded from EDC plans based on cost effectiveness.

As Charman DeFrank acknowledges in his Statement on the TO, in addition to usage and peak demand reductions, the General Assembly also passed Act 129 out of concerns about rising energy prices, looking for ways to lower costs for Pennsylvania’s ratepayers.¹⁶⁶

Tens of thousands of low-income Pennsylvanians currently heat with high cost and inefficient oil, propane, kerosene, and coal. This group presents a largely untapped potential for energy burden reduction and household energy savings. These customers are subject to high cost and volatile fluctuations in fuel prices with little to no consumer protections, no real incentives or subsidies available to upgrade to more efficient equipment.¹⁶⁷ This is an especially acute issue in rural areas in Pennsylvania. Many rural households rely on propane and fuel oil for heating, but providers of these fuels typically do not fund weatherization and efficiency programs.¹⁶⁸ With EDCs being main, or only, providers of efficiency programs in these areas, it is especially important that they be able to serve these hard to reach, vulnerable households.¹⁶⁹ Reducing use of

¹⁶⁵ 2026 TRC Test, Final Order, Docket No. M-2024-3048998, at 14.

¹⁶⁶ Statement of Chairman DeFrank, Feb. 20, 2025.

¹⁶⁷ Lauren Ross, Ariel Drehobl, and Brian Stickle, *The High Cost of Energy in Rural America: Household Energy Burdens and Opportunities for Energy Efficiency*, American Council for an Energy-Efficient Economy at 8 (July 2018), <https://www.aceee.org/sites/default/files/publications/researchreports/u1806.pdf>

¹⁶⁸ *Id.* at 4.

¹⁶⁹ *Id.*

these heating fuels can help lower bills, reduce air pollution, and lead to more comfortable and healthier buildings and residents.¹⁷⁰

Thus, the Low Income Advocates urge the Commission to revisit the strict limitations that it has placed on fossil to electric fuel switching. In our view, the EDCs should incentivize the installation of high-efficiency electric units. They should also be allowed and encouraged to assist low-income customers heating their homes with outdated, inefficient fossil fuel equipment to upgrade to high efficiency electric equipment.

iv. The Commission should not allow EDCs to count usage reduction from switching electric customers onto fossil fuel systems toward their savings targets.

Regarding electric to fossil fuel switching, the Low Income Advocates urge the Commission and EDCs to reconsider its decision to continue to allow electric to fossil fuel conversion through Act 129 programs. In the Phase IV Implementation Proceeding, several commentors had recommended the elimination of electric-to-fossil fuel switching as eligible measures in Act 129 plans because it is inconsistent with Pennsylvania State and Municipal Public Policies towards decarbonization and market and technology trends supporting building electrification.¹⁷¹ At the time, the Commission disagreed with these recommendations and stated that (1) measures were adopted as part of the 2021 TRM and they are eligible measures for Phase IV and (2) the fossil fuel equipment is required to have efficiency levels that are greater than or equal to the applicable ENERGY STAR requirement.¹⁷² The Commission also noted that, historically, these measures are rarely adopted.¹⁷³

¹⁷⁰ *Id.* at 42.

¹⁷¹ Phase IV Implementation Order at 99.

¹⁷² *Id.*

¹⁷³ *Id.*

In the 2026 Technical Resource Manual (TRM) Final Order, the Commission ordered that fuel switching has been removed as an eligible measure, noting that the ENERGY STAR standards for many fossil fuel equipment measures were in a state of uncertainty.¹⁷⁴ In the 2026 Total Resource Cost (TRC) Test Final Order, the Commission acknowledged “the state climate goals and policies that support a shift towards decarbonization and reducing greenhouse gas emissions,” however it declined to issue a general statement that electric to gas fuel-switching measures should be discontinued within Act 129.¹⁷⁵

The Commission left the door open to the inclusion of such measures in proposed EE&C plans, only if they “state a proposed minimum standard and provide justification for the threshold.”¹⁷⁶ However, it did not specify what those minimum standards should be other than if the plan includes fuel switching from Electric Heat to Gas/Propane/Oil Heat, the EE&C plan should specify the “minimum qualifying AFUE or thermal efficiency of the efficient heating system.”¹⁷⁷

While these measures may be rarely utilized, they continue to carry the potential for harm to low-income households and the environment and continue to undermine Pennsylvania State Decarbonization Goals. Thus, we suggest that any electric usage and peak demand reduction that EDCs can achieve from electric-to-fossil fuel switching measures does not justify the risk of harm to consumers and state environmental policy goals. Considering that these measures have been removed from the 2026 TRM and the ENERGY STAR requirements for these measures remain in

¹⁷⁴ 2026 TRM Order at 115-119.

¹⁷⁵ *Id.* at 83.

¹⁷⁶ *Id.* at 116.

¹⁷⁷ *Id.*

a state of uncertainty, we urge the Commission to disallow program measures intended to achieve usage reduction through conversion of electric equipment to gas fired equipment.

F. EDC Cost Recovery

i. The Commission should direct EDCs to rollover unspent budgets into Phase V.

In the TO, the Commission states they do not believe it is sound policy to continue spending Phase IV budgets in Phase V when those funds could be returned to customers.¹⁷⁸ The Commission also notes that rolling funds into Phase IV would run counter to the statutory budget CAP of 2% of EDC revenues.¹⁷⁹ However, the current paradigm of budget and goal setting has not sufficiently influenced EDCs to achieve their savings targets by providing deeper, long-lasting measures. To address these issues, we recommend that EDCs be required to roll unspent low-income budgets into the next phase to be used toward increasing the ability to provide meaningful long-term measures, such as direct install weatherization and HVAC measures to low-income households. The Low Income Advocates urge the Commission to require EDCs to roll unspent budgets into Phase V to address the underspending among EDCs and to incentivize spending on deeper, more comprehensive measures.

The risk of EDCs seeking to achieve their savings targets through cheaper, short-lived measures, rather than deep and durable measures, is highlighted by the disconnect between the underspending of program budgets and the ability of EDCs to reach their savings targets with significant carryover. In Phase III, EDCs underspent their available Act 129 funding, leaving opportunities on the table for delivery of additional cost-effective energy efficiency services.

¹⁷⁸ TO at 91-92.

¹⁷⁹ *Id.*

Among the companies, there was an average underspend of 14% of the Act 129 Program Budgets.¹⁸⁰ However, EDCs ended Phase III with carryover savings averaging 21% toward their respective Phase IV savings goals.¹⁸¹ Statewide, over **\$149 million dollars** meant to provide deep, comprehensive EE&C measures to Pennsylvania consumers went unspent.

Table 4: EDC Phase III Portfolio Spending¹⁸²

EDC	Phase III Budget	Phase III Spending	Difference	% of Budget Spent
PECO	\$296,193,000	\$306,861,000	\$10,668,000	104%
PPL	\$295,996,000	\$251,528,000	(\$44,469,000)	85%
DLC	\$85,671,000	\$73,784,000	(\$11,887,000)	86%
FEPA	\$ 362,523,000	\$ 259,164,000	(\$103,359,000)	71%
Statewide	\$1,040,383,000	\$891,337,000	(\$149,047,000)	85%

Phase III low-income spending reflects a similar pattern of underspending relative to the amount of savings carryover toward Phase IV targets. Statewide, over \$25 million that should have been utilized to provide vital weatherization, HVAC, and water heating measures to low-income households went unspent. Yet, as shown above in Figure 7, all EDCs except DLC ended Phase III with significant carryover toward their Phase IV low-income targets.

¹⁸⁰ See SWE Phase III Final Report at 50.

¹⁸¹ SWE Final Annual Report Act 129 Program Year 13 (2022) at 17.

¹⁸² SWE Phase III Final Report at 50.

Table 5: EDC Phase III Portfolio Spending¹⁸³

EDC	Ph III LI Budget	Ph III LI Spending	Difference	% of LI Budget Spent
PPL	51,066,000	43,406,000	(7,660,000)	85%
PECO	36,117,000	36,539,000	422,000	101%
FEPA	56,080,000	38,449,000	(17,631,000)	69%
DLC	6,100,000	5,886,000	(214,000)	96%
Statewide	149,363,000	124,280,000	25,083,000	83%

In review of PY 15 Phase IV reports, it appears the EDCs are on track to repeat these outcomes in Phase IV, underscoring the insufficiency of low-income savings requirements discussed throughout our comments.

Thus, we urge the Commission to require EDCs to spend their full Act 129 budgets and to focus on the delivery of deep, comprehensive program services. We further recommend that the Commission require utilities to carry over any unspent budget remaining at the end of Phase IV and add it to the funding available for Phase V programs.

IV. CONCLUSION

The Low Income Advocates appreciate the opportunity to comment on these important matters and urge the Commission to take steps to ensure that low-income households are equitably served by Phase V EE&C programs with durable, comprehensive energy savings and appreciable bill savings. Adoption of the recommendations in these comments will help ensure that low-income households are able to equitably and proportionately access Phase V Act 129 programs that help to drive lasting energy and bill savings. We thank the Commission for the opportunity to

¹⁸³ See PPL PY 12 Final Report; PECO PY 12 Final Report; FEPA PY 12 Final Report; DLC PY 12 Final Report.

submit these comments to the Phase V Tentative Implementation Order and look forward to a successful transition into Phase V.

Respectfully submitted,

On Behalf of CAUSE-PA



John W. Sweet, Esq., PA ID: 320182
Elizabeth R. Marx, Esq., PA ID: 309014
Patrick M. Cicero, PA ID: 89039
Ria M. Pereira, Esq., PA ID: 316771
Lauren N. Berman, Esq., PA ID: 310116
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
Tel.: 717-236-9486
PULP@pautilitylawproject.org

On Behalf of TURN



Joline Price, Esq., PA ID: 315405
Daniela Rakhlina-Powsner, Esq.,
PA ID: 332206
Vikram Patel, Esq., PA ID: 324387
Robert Ballenger, Esq., PA ID: 93434
Benjamin Clark, Esq., PA ID: 335697
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102-2505
JPrice@clsphila.org
VPatel@clsphila.org
DRakhlinaPowsner@clsphila.org
RBallenger@clsphila.org