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AN EXELON COMPANY

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April 22, 2025

**VIA eFILING**

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Energy Efficiency and Conservation Program**  
**Docket No. M-2025-3052826**

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Dear Secretary Homsher:

Enclosed please find **PECO Energy Company's Reply to Comments on the Commission's February 20, 2025 Tentative Implementation Order** ("Reply Comments") in the above-captioned proceeding.

As instructed in the Tentative Implementation Order, a Word formatted copy of these Reply Comments will be sent via email to Joseph Sherrick at [josherrick@pa.gov](mailto:josherrick@pa.gov) and Tiffany Tran at [tiftran@pa.gov](mailto:tiftran@pa.gov).

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Caroline S. Choi

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Energy Efficiency and Conservation Program** : **Docket No. M-2025-3052826**  
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**PECO ENERGY COMPANY’S REPLY TO COMMENTS ON THE  
COMMISSION’S FEBRUARY 20, 2025 TENTATIVE IMPLEMENTATION ORDER**

On April 7, 2025, PECO Energy Company (“PECO” or the “Company”) filed its Comments (“Initial Comments”) to the Pennsylvania Public Utility Commission’s (“Commission”) February 20, 2025 Tentative Implementation Order (“Tentative Order”) at the above-referenced docket. In its Initial Comments, PECO expressed its support for the continuation of an energy efficiency and conservation program (“EE&C Program”) with reasonably achievable energy efficiency (“EE”) and demand reduction (“DR”) targets for an additional five years, from June 1, 2026 to May 31, 2031 (“Phase V”). PECO also agreed with the Commission that Phase V is an opportunity to continue to move towards deeper and more comprehensive energy savings opportunities. At the same time, PECO recommended certain revisions to the Tentative Order, including several programmatic adjustments to improve the reasonableness of the proposed DR target.

Comments to the Tentative Order were filed by twenty-one other interested parties, including statutory advocates and government agencies,<sup>1</sup> low-income advocates,<sup>2</sup> environmental

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<sup>1</sup> Comments were filed by the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”) and the Pennsylvania Department of Environmental Protection (“PA DEP”).

<sup>2</sup> Comments were filed by the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania and Tenant Union Representative Network (“CAUSE-PA/TURN”), the Commission on Economic Opportunity (“CEO”), and Coalition for Equitable Energy and Housing in PA (“CEEH-PA”).

groups,<sup>3</sup> customer representatives,<sup>4</sup> other electric distribution companies (“EDCs”),<sup>5</sup> retail energy suppliers,<sup>6</sup> and conservation service providers (“CSPs”).<sup>7</sup> A wide variety of additional proposals were provided by the commenting parties, with several parties addressing the uncertainty surrounding federal funding of EE activities and the potential cost impacts of new federal tariffs.

Overall, PECO believes that the best way for the Commission to address the diverse, and sometimes competing, interests of the stakeholders is to establish reasonably achievable Phase V goals and ensure flexibility in both plan design and implementation. In EDC-specific plan proceedings, parties may use that flexibility to identify an appropriate path forward that balances stakeholder interests while maximizing savings at reasonable cost. With regard to uncertainty in macro-economic factors, the Company continues to recommend that the Commission establish a Phase V process for EDCs to seek revised targets if necessary.

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<sup>3</sup> Comments were filed by the Building Decarbonization Coalition, Celentano Energy Services, Center for Coalfield Justice, Clean Air Council, Conservation Voters of PA, Energy Efficiency Alliance, Green Building United, Jewish Earth Alliance - PA, Natural Resources Defense Council, PA Solar & Storage Industries Association, PennEnvironment, Pennsylvania Interfaith Power & Light, Pennsylvania Solar Center, Pennsylvania Sustainable Business Network, Pennsylvania Utility Law Project, POWER Interfaith, Physicians for Social Responsibility Pennsylvania, Sierra Club Pennsylvania Chapter, Vote Solar (collectively, the “Energy Advocates”), Advanced Energy United, Clean Energy Advocates, and Rocky Mountain Institute (“RMI”).

<sup>4</sup> A Comment was filed by the Industrial Energy Consumers of Pennsylvania (“IECPA”).

<sup>5</sup> Comments were filed by Duquesne Light Company (“Duquesne”), PPL Electric Utilities (“PPL”), First Energy Pennsylvania Electric Company (“FE-PA”), and UGI Utilities Inc. Comments were also filed by the Energy Association of Pennsylvania (“EAP”).

<sup>6</sup> A Comment was filed by NRG Energy, Inc.

<sup>7</sup> Comments were filed by the Keystone Energy Efficiency Alliance (“KEEA”), Northeast Energy Efficiency Partnerships (“NEEP”), Pennsylvania Energy Efficiency Providers (“EE Providers”), Uplight and Oracle Utilities Opower (“Oracle”).

## I. REPLY TO COMMENTS

### A. PECO Supports Proposals To Convert The Low-Income Savings Carve-Out Into A Low-Income Spending Requirement

In their comments, both FE-PA and EAP recommended a low-income spending requirement instead of a savings requirement.<sup>8</sup> Separately, several other commenters made proposals for low-income customer programs that could increase the complexity and acquisition cost of energy efficiency savings by low-income customers, such as: (1) requiring 25% of low-income savings from comprehensive measures (CAUSE/TURN);<sup>9</sup> (2) emphasizing building envelope measures for affordable multi-family buildings (CEEH-PA);<sup>10</sup> (3) creating subcategories for low-income single family, individually metered multifamily tenant units, and master-metered multifamily tenant units (CAUSE/TURN);<sup>11</sup> (4) making targeted investments in low-income and multifamily energy efficiency programs, which often require deeper interventions to achieve long-term savings (KEEA);<sup>12</sup> (5) and creating a multi-family consumption reduction target within the low-income segments (PA DEP).<sup>13</sup> In addition, CAUSE-PA/TURN expressed concern about some EDCs not spending their full low-income budget allocations in prior phases.<sup>14</sup>

Creating a cost-effective EE&C plan requires a balancing of measures and programs directed to different customer segments. Furthermore, as reflected in the Tentative Order, the

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<sup>8</sup> FE-PA Comments, pp. 14-16; EAP Comments, p. 16.

<sup>9</sup> CAUSE-PA/TURN Comments, pp. 37-43; *see also* CEO Comments, p. 4 (proposing that a minimum percentage of low-income residential savings be derived from direct install, comprehensive measures)

<sup>10</sup> CEEH-PA Comments, pp. 17-25.

<sup>11</sup> CAUSE-PA/TURN Comments, pp. 47-51.

<sup>12</sup> KEEA Comments, pp. 2-3.

costs of low-income measures can be substantially higher than other measures,<sup>15</sup> and many such measures, on their own, are not cost-effective. As reflected in the variety of stakeholder comments, PECO understands there are a range of desired actions and outcomes for low-income customers. Given this variety, PECO believes that a spending target would afford EDCs greater flexibility to achieve such outcomes and provide some additional assurance about the level of spending on low-income programming. PECO therefore recommends that the Commission approve a spending target mechanism instead of a savings target, with the specific target amounts to be developed in the course of each EDC's individual Phase V proceeding.

If the Commission retains only a savings carve-out in the Final Implementation Order, PECO urges the Commission to refrain from imposing specific restrictions on low-income programming (i.e., the Commission should not mandate a specific percentage of comprehensive measures or require a certain percentage of savings from multi-family housing). Any such specific restrictions would likely drive up acquisition costs and thus require the Commission to lower the overall low-income carve-out. As an alternative, the Commission could specify particular categories of measures (e.g., direct install measures), which should be included as part of an EDC's plan, with flexible percentages to be determined in the EDC-specific proceedings. Regardless of whether the Commission employs a savings target or a spending target, the Commission should adjust the target to ensure that any costs for health and safety measures are not expected to result in energy savings; such measures (e.g., mold remediation) allow for and facilitate the implementation of other measures but do not themselves generate savings.

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<sup>13</sup> PA DEP Comments, pp. 3-4

<sup>14</sup> CAUSE-PA/TURN Comments, pp. 9, 77.

<sup>15</sup> Tentative Order, p. 16 (documenting non-low income EE costs of \$393.40/MWh and low-income EE costs of \$746.22).

## **B. PECO Agrees With Other Commenters That Carryover Savings Should Not Be Capped**

Several parties opposed the Commission's tentative proposal to limit carryover savings that can be applied to Phase V savings targets and peak demand requirements.<sup>16</sup> As the Commission explained in the Tentative Order, the Commission has historically permitted an EDC to apply carryover savings (i.e., savings attained during a Phase in excess of the target for that Phase) towards the EDC's target for the following Phase. For Phase V, however, the Commission is proposing new caps that would limit the amount of Phase IV carryover savings that may be applied to Phase V targets. Specifically, the Commission proposes that EDCs may utilize carryover savings for Phase V compliance up to a maximum of 20% of their respective portfolios and low-income targets.<sup>17</sup> The Commission further proposes that EDCs may carryover 50% of the excess peak demand savings acquired in Phase IV and apply it towards Phase V peak demand reduction targets.<sup>18</sup>

PECO opposes the proposed Phase V caps on carryover savings. Importantly, carryover savings represent *verified* consumption reduction or peak demand reduction savings that have been achieved through *customer-funded* measures. Both EDCs and customers would benefit from the full utilization of carryover savings because: (1) full utilization encourages EDCs to continue offering energy savings measures to customers even after a Phase target is achieved; and (2) full utilization may permit EDCs to pursue deeper, more comprehensive savings

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<sup>16</sup> PPL Comments, pp. 10-12; DLC Comments, p. 12; EAP Comments, p. 15; IECPA Comments, pp. 2-5.

<sup>17</sup> Tentative Order, p. 20.

<sup>18</sup> *Id.*, pp. 30-32, 48.

opportunities with their fixed budgets than would be possible without carryover. The Company therefore urges the Commission to not implement the proposed caps on carryover savings.

**C. Proposals To Standardize Elements Of Act 129 And Non-Act 129 Programs Should Be Addressed In A Separate Proceeding**

Several commenters made significant program coordination and standardization proposals for Act 129 and non-Act 129 programs, including standardized eligibility criteria, standardized audits, and the use of common contractors by EDCs.<sup>19</sup> While some aspects of these proposals may have merit and are worthy of further investigation by the Commission, PECO does not believe that these proposals are appropriate for inclusion as requirements in Act 129 plans. Such mechanisms are not required by Act 129; even if permitted or encouraged by the Commission, the development and implementation of such proposals as part of Act 129 plans would require use of Act 129 funds that would otherwise be available for Act 129 measures and could therefore hinder achievement of savings goals.

Consistent with PECO's recommendations in its Initial Comments, PECO recommends that the Commission consider these proposals in a separate proceeding.<sup>20</sup> Proper examination of the relevant issues is likely to involve a number of parties and is not appropriate for the limited Act 129 implementation order docket, in which the Final Implementation Order will be issued in June 2025 and which will require EDCs to file their Act 129 plans by November 2025. A separate proceeding would permit the Commission, EDCs, and other stakeholders to fully address each proposal, including the necessary data sharing requirements, cybersecurity protections, and costs.

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<sup>19</sup> PA DEP Comments, pp. 5-6; CAUSE-PA/TURN Comments, pp. 51-63; CEEH-PA Comments, pp. 25-33; Energy Advocates Comments, pp. 5-11, 17-18; KEEA Comments, pp. 4-5, 9-11; NEEP Comments, pp. 7-8; RMI Comments, pp. 2-3.

<sup>20</sup> PECO Comments, pp. 24-26.

PECO notes that separate proceedings do not foreclose the possibility of implementing the results of those proceedings in Act 129 Phase V plans. Should the Commission determine that any of the proposed data sharing mechanisms or program standardizations are appropriate and resolve issues associated with the scope and cost, mechanisms could be included in Act 129 Phase V implementation either through proposals during individual EDC plan proceedings or through the established Act 129 amendment processes.

**D. PECO Continues To Recommend That The Commission Permit Event-Based DR in Phase V**

In its Initial Comments, PECO recommended that the Commission allow for event-based DR resources to provide eligible demand reduction in addition to daily load shifting measures.<sup>21</sup> PECO believes that event-based DR is a proven approach that can reliably provide targeted, measurable demand reduction in the most valuable hours of the year. Consistent with the Commission's approach in Phase III of the EE&C Program, the calculated savings requirement should be based upon event days only. PECO notes several other parties also requested that EDCs have the flexibility to include event-based DR,<sup>22</sup> and PECO continues to see event-based DR as a very important element in creating and achieving a reasonable DR target.

In the Tentative Order, the Commission proposed that the DR target be based on the average peak demand in summer and winter seasons.<sup>23</sup> PECO believes that an average calculation is inappropriate: as a summer peaking utility, PECO's demand reduction measures should focus on reduction of that peak demand, and an average demand reduction requirement of

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<sup>21</sup> *Id.*, pp. 4-16.

<sup>22</sup> *See, e.g.*, KEEA Comments, pp. 7-8; Advanced Energy United Comments, pp. 3-8 & 12-13; and Oracle Comments, p. 4.

<sup>23</sup> Tentative Order, p. 49.

two seasons would not properly match the realities of PECO’s demand in either season. Moreover, it is not clear how demand reductions would be measured in both seasons, and whether PECO would be required to maintain different programs to address opportunities for demand reduction that would likely vary across seasons for different customers. As in prior phases, the Commission should set demand reductions based on a utility’s annual peak demand.<sup>24</sup>

**E. Additional Proposals For Public Input Hearings Should Be Addressed in EDC Proceedings**

In the Tentative Order, the Commission proposed a procedural schedule that “allows for input from all interested stakeholders and provides all parties with the appropriate level of due process,” while also providing adequate time for EDCs to prepare and implement Phase V plans.<sup>25</sup> Noting that the Commission has not required public input hearings since Phase I, both CAUSE-PA/TURN and the Energy Advocates propose that the Commission mandate public input hearings for EDC Phase V plan by creating a public comment process with public input hearings that would parallel formal evidentiary hearings.<sup>26</sup>

Over the development of four Act 129 phases, the Commission has developed a comprehensive procedural framework for implementation orders, evidentiary hearings, and plan review that provides multiple opportunities for the public and stakeholders to participate. While public input hearings could facilitate additional public comment, PECO does not believe that the Commission should create “parallel” tracks for public comments and evidentiary hearings. As

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<sup>24</sup> PECO notes that PPL Electric also disagrees with the Commission’s proposed averaging approach. PPL Comments, pp. 11-12.

<sup>25</sup> Tentative Order, p. 63. PECO continues to support the EAP proposal to adjust the EE&C plan filing date from November 1, 2025, to November 18, 2025.

<sup>26</sup> CAUSE-PA/TURN Comments, pp. 63-65; Energy Advocates Comments, p. 19.

with other proceedings, PECO believes that any determination to conduct a public input hearing will be best managed by the Administrative Law Judge in each proceeding and should not be mandated by the Commission.

**F. The Commission Should Ensure A Flexible Approach For Plan Changes**

In its Initial Comments, PECO emphasized the need for the Commission to permit flexibility in program design, achievement of targets, and plan changes. The extensive and varied comments of stakeholders underscore the need for such flexibility, and in particular the need to be able to adjust programs and revised targets in light of experience and costs associated with potential changes in federal funding. PECO urges the Commission to incorporate both PECO's proposed target revision process and notification process in its Final Implementation Order.

**II. CONCLUSION**

PECO appreciates the opportunity to provide these Reply Comments and looks forward to continuing to work with the Commission and other stakeholders in implementing Phase V of the EE&C Program.

Respectfully submitted,



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Dated: April 22, 2025

*For PECO Energy Company*