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File #: 207296

April 22, 2025

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Enclosed for filing are the Reply Comments of PPL Electric Utilities Corporation on the Tentative Implementation Order issued in the above-referenced proceeding.

Copies are being served as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/sa
Enclosures

cc: Certificate of Service
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this filing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: April 22, 2025



Devin T. Ryan

PPL Electric will not respond to each issue raised in the Tentative Implementation Order and the other parties' Comments. Instead, PPL Electric will focus on those issues of the utmost importance to the Company.

II. REPLY COMMENTS OF PPL ELECTRIC

In their Comments, many of the parties recommended additional mandatory requirements that would place substantial burdens on the electric distribution companies ("EDCs") in designing their EE&C programs. When evaluating these recommendations, the Commission must bear in mind that it is difficult for EDCs to balance often-conflicting priorities and objectives when designing and implementing their EE&C Plans. The EDCs have a statutorily-mandated budget for their EE&C Plans, which they cannot exceed. At the same time, they must achieve a series of savings targets or face the risk of significant civil penalties. Every new mandatory requirement that is added makes it exceedingly difficult to design an EE&C Plan that can achieve all of the required targets while remaining under budget.

As a result, the Commission should exercise restraint in adopting any of the commenters' proposals that would impose additional mandatory requirements on the EDCs. Indeed, if there are a lot of prescriptive requirements (such as the measures and programs that can or cannot be included or restrictions on how programs should be administered or coordinated), it is equivalent to "designing EE&C Plans" and limiting the EDCs' ability to meet compliance targets within budget. Given that EDCs are the ones who face the risk of significant civil penalties if they fail to meet the savings targets established by the Commission, EDCs must have the flexibility to design their EE&C Plans as they see fit. To the extent that parties have issues with the design of the EE&C Plans, then they can raise those issues in the individual EE&C Plan proceedings. Now is not the time, however, to impose more restrictions on the Phase V EE&C Plans. Therefore, the

Commission should generally refrain from imposing additional prescriptive requirements on EDCs in Phase V, as some commenters have suggested.

A. PROPOSED REDUCTIONS IN ENERGY CONSUMPTION

In its Comments, the Office of Consumer Advocate (“OCA”) argues that “without further justification for PPL’s variance from actual acquisition costs, the PPL goal should be adjusted to a similar increase of 40% higher than actual and have the goal readjusted.” (OCA Comments at 8.) According to the OCA, “there is potential for PPL to continue to experience lower acquisition costs than its EDC counterparts, as this was also the case for the Phase IV proposed acquisition costs, which could translate to higher targets for PPL.” (OCA Comments at 8.)

PPL Electric respectfully disagrees with the OCA. The Energy Efficiency Potential Study and subsequent targets established by the Commission are, in part, the result of an increased number of electrically heated homes, which have high levels of HVAC and water heating measures forecasted as part of traditional energy efficiency. These comprehensive measures have a much higher acquisition cost than other measure types, supporting higher overall acquisition cost assumptions for Phase V.

Next, the Pennsylvania Department of Environmental Protection (“DEP”) recommends that the Commission pursue more aggressive consumption reduction and low-income goals for each of the EDC service territories. (DEP Comments at 3-4.)

The Company does not agree with DEP’s recommendation. As noted in PPL Electric’s Comments and in these Reply Comments, an increase in consumption reduction targets ignores the increasing costs due to inflation and the impact of potential tariffs imposed by the federal government, as well as the need for EDCs to rely on higher cost measures to meet targets, including HVAC. DEP’s suggestion that EDCs “craft new and innovative ways” to make up these additional savings does not consider that EDCs must use technology available in the marketplace that has the

potential for customer adoption. Indeed, new and advanced technology often has an even higher initial cost until wider adoption can lower prices. Although the Company supports demonstration pilots and innovative approaches, speculating that operational efficiencies and innovation will lead to more robust cost-effective savings does not align with the energy efficiency market potential study.

Lastly, Northeast Energy Efficiency Partnerships (“NEEP”) states that “[t]he proposed Phase V energy savings targets are lower than Phase IV, despite clear indicators that suggest far greater levels of energy savings are achievable and needed for customers in Phase V.” (NEEP Comments at 3.)

PPL Electric disputes NEEP’s contention. The Company cannot find any evidence or indicators supporting this observation, especially considering that the Energy Efficiency Potential Study findings of a changing market and fewer low-cost opportunities, reducing statewide potential. Further, to the extent that NEEP’s recommendation for increased targets is tied to its recommendation to increase EDC budget caps to account for inflation,² those budget caps are set by statute and can only be increased through new legislation. *See* 66 Pa. C.S. § 2806.1(g).

B. PRESCRIPTION OF LOW-INCOME MEASURES AND CARVE-OUT

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) and the Tenant Union Representative Network (“TURN”) argue that “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.” (CAUSE-PA & TURN Comments at 56.) Therefore, they contend that “[t]he Commission’s policy on attribution established in the TRC Order must be accompanied by higher

² *See* NEEP Comments at 1-2.

low-income goals and specific requirements for longer-lived, deeper-saving measures to avoid perverse outcomes.” (CAUSE-PA & TURN Comments at 56.) The Coalition for Equitable Energy and Housing in PA (“CEEH-PA”) also supports increasing low-income savings targets. (See CEEH-PA Comments at 21.)

The Company strongly disagrees with increasing low-income savings targets. The existing high low-income savings targets are the primary reason that EDCs must integrate lower cost measures, including energy kits, into EE&C Plans. As an example, PPL Electric has spent 33% of the Low-Income incentive budget in Phase IV on comprehensive measures (HVAC, water heater replacement, appliances), while these measures only provide 8% of the Company’s total savings achieved. The recommendation to increase targets, while also requiring EDCs to commit to 25% of all low-income spending to comprehensive measures, is completely unrealistic based on the current TRM savings calculations. That recommendation also constricts EDCs’ ability to create EE&C Plans that are appropriate for their customers and territory, as directed by the Commission. Accordingly, and as outlined in the Company’s Comments, PPL Electric recommends eliminating low-income savings targets and replacing them with a required spending target. Without the burden of high energy consumption reduction targets, EDCs could commit to even more increases to comprehensive spending.

Moreover, CAUSE-PA and TURN “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.” (CAUSE-PA & TURN Comments at 50.) They allege that this recommendation will “ensure that all low-income housing types are equitably served, regardless of metering type.” (CAUSE-PA & TURN Comments at 50.)

PPL Electric maintains that there is not sufficient data available for each service territory to determine the eligibility, prior treatment, savings, and participation propensity within these subgroups at a high enough degree of accuracy to set these types of granular carveouts. As a result, this recommendation, if adopted, would lead to more restrictions on EDCs and arbitrary targets without justification.

C. ACCUMULATING SAVINGS IN EXCESS OF REDUCTION REQUIREMENTS

CAUSE-PA and TURN assert that “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.” (CAUSE-PA & TURN Comments at 3.)

The Company disagrees with the notion that EDCs should not be allowed carry-over savings. PPL Electric notes that its Phase IV EE&C Plan will achieve the Company’s overall compliance target without carry-over savings. Additionally, while the Company has already met low-income compliance targets with carry-over savings, the final year of Phase IV will feature the highest low-income customer incentive expenditures for the entire phase. Also, if carry-over savings are completely eliminated, there would be no contingency to achieve targets set by the Commission after an EDC spends its entire EE&C Plan budget. Lastly, as indicated in the Company’s Comments, reducing or eliminating carry-over increases costs for all customers, including low-income customers, by forcing EDCs to achieve additional savings.

D. COMPETITIVE BIDDING AND COORDINATION WITH OTHER STATE CONSERVATION PROGRAMS

Other parties contend that the Commission should require EDCs to use the same implementation contractors as other low-income programs. (See CAUSE-PA & TURN Comments

at 52-54; CEO & PA Task Force Comments at 5-6.) As purported justification for their position, CAUSE-PA and TURN assert that “[o]ver 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.” (CAUSE-PA & TURN Comments at 53.) CAUSE-PA, TURN, Commission on Economic Opportunity (“CEO”), and Pennsylvania Weatherization Providers Task Force (“PA Task Force”) also recommend that the Commission consolidate the Act 129 low-income programs and Low-Income Usage Reduction Program (“LIURP”) for delivery by local Weatherization Assistance Program (“WAP”) providers. (CAUSE-PA & TURN Comments at 53; CEO & PA Task Force Comments at 6.)

PPL Electric disagrees that the Commission should impose any type of requirement that EDCs use the same implementation contractors as other low-income programs. CAUSE-PA and TURN’s generalized claim about moving away from local, community-based service providers is misleading. EDCs are focused on effective and local program implementation. For example, the Company’s primary Low-Income Conservation Service Provider (“CSP”) is headquartered in Pennsylvania and has over four decades of low-income program implementation experience in the Commonwealth. This same CSP implements other EDC programs in Pennsylvania as well.

The Company also disagrees with the suggested consolidation in the delivery of Act 129 low-income programs, LIURP, and WAP. EDCs use competitive bidding to contract with vendors that can provide the highest quality services while ensuring cost-effectiveness, protecting rate payer contributions to Act 129. To this end, community-based organizations (“CBOs”) are welcome to bid on available EDC implementation contracts and or partner with CSPs during the bidding process. Also, coordination of Act 129 with available assistance program is already prioritized. PPL Electric would highlight that the Company’s Act 129 and LIURP low-income

energy efficiency programs are highly coordinated, with customers receiving a seamless experience through both offerings. Although customers may sometimes only receive low-cost measures from Act 129, those same customers often receive comprehensive measures from LIURP. Further, not all customers are eligible for building shell or HVAC measures through Act 129 because those measures, as per the Technical Reference Manual, are solely dependent on the existing equipment in the home.

E. PEAK DEMAND REDUCTION MEASURES AND TARGETS

PPL Electric supports Oracle’s proposal, supported by Advanced Energy United, to expand access to demand reduction programs for all residential customers by including event-based behavioral demand response (“BDR”) in addition to device control-based programs. (*See* Oracle Comments at 1; Advanced Energy United Comments at 4-5.)

In addition, some parties recommend that the Commission increase the peak demand reduction targets. Particularly, Uplight recommends “that the Commission increase the demand response contributions to the peak demand reduction targets to the median of the Realistic Achievable Potential (RAP) and the Maximum Achievable Potential (MAP) which is 316 MWs – bringing the total state-wide peak demand reduction target to 760.5MWs.” (Uplight Comments at 3.) Advanced Energy United also argues that the “peak load reduction target could be cost-effectively increased by more than 50 MW.” (Advanced Energy United Comments at 4.)

PPL Electric disagrees with these recommendations. The other parties fail to account for the cost associated with demand response (“DR”), including the reduction of energy consumption reduction when reallocating funding to DR programs. Furthermore, while Uplight correctly identifies issues associated with savings potential for the daily load shifting model chosen by the Commission for Phase V, Uplight nonetheless recommends an arbitrary increase in peak demand

reduction targets that is unsupported by budget constraints, based on an unproven DR construct, and is likely difficult to achieve in the energy efficiency landscape in Phase V.

Further, NRG Energy Inc. (“NRG”) argues that the Commission should “allocate a meaningful portion of the EE&C funds” to smart thermostat virtual power plant (“VPP”) programs for “residential customers in its framework for demand reduction in its final Order in this docket.” (NRG Comments at 8.) NRG then sets forth various parameters that should be included within such a smart thermostat VPP program, including electric generation supplier (“EGS”) participation and the use of a CSP “[i]f it cannot be provided by the EGS.” (NRG Comments at 13-16.) NRG also states that “[t]he EDCs should not limit the program to one or more winning CSP[s] which might not be a licensed EGS.” (NRG Comments at 15.)

PPL Electric has concerns about NRG’s proposal. Although the Company supports efforts to explore the use of smart thermostat VPP programs, NRG appears to overlook Act 129’s requirements surrounding the use and contracting of CSPs to implement the EE&C Plans. *See, e.g.*, 66 Pa. C.S. § 2806.1(a)(7)-(8), (10). Also, NRG’s proposal does not appear to contemplate the EGSs becoming registered CSPs with the Commission. *See, e.g., id.* § 2806.2.

F. PHASE V EE&C PLAN APPROVAL PROCESS

NEEP also “urges the Commission to extend the opportunity for public comment and provide opportunities for feedback on Act 129 plans during the evidentiary hearing process.” (NEEP Comments at 11.) As an example, NEEP suggests that “the Commission can require each EDC to hold public meetings with informational presentations on their portfolio and provide opportunities for verbal and written feedback.” (NEEP Comments at 11.) CAUSE-PA and TURN make a similar argument and recommend that the Commission hold a public input hearing in every Phase V EE&C Plan proceeding. (CAUSE-PA & TURN Comments at 64.)

PPL Electric disagrees that changes are needed to its Phase V EE&C Plan process to facilitate additional opportunities for public comment. Interested stakeholders have adequate time and opportunity to respond to EDCs' EE&C Plan filings by intervening in the proceedings or by submitting Comments on the filings. It is the EDC's sole responsibility to design programs to meet Commission requirements, while allowing stakeholder feedback. By altering the existing process, the Commission could delay EE&C Plan development, add administrative burdens to EDCs, or both. Finally, the EE&C Plan proceedings have very limited time available. Adding a public input hearing requirement would further limit the number of available days in the already tight-timeframe litigation schedules.

G. EE&C PLAN OFFERINGS

PPL Electric agrees with Advanced Energy United that “maintaining midstream lighting programs is essential to maximizing the impact of remaining funds and ensuring overall portfolio cost-effectiveness.” (Advanced Energy United Comments at 17.) As explained in PPL Electric's Comments, midstream programs reduce customer barriers to participation and will be an integral part of a successful Phase V.

Moreover, the Company disagrees with OCA's recommendation that “eligibility for solar incentives through the Act 129 programs should be limited to participants receiving incentives related to efficient equipment offered through Act 129.” (OCA Comments at 17.) OCA's recommendation disregards the fact that solar installations offset standard electricity consumption in homes and businesses, actually reducing site energy consumption and peak demand. As solar installations are an approved measure in the Technical Reference Manual (TRM) with established criteria, a requirement that solar be paired with arbitrary measures will unduly limit the potential of solar measures. OCA's proposal also conflicts with the TRM and Act 129, which expressly incorporate solar measures. *See, e.g.*, 66 Pa. C.S. § 2806.1(m) (stating that “energy efficiency and

conservation measures shall include solar or solar photovoltaic panels”). Thus, solar is a valid EE&C measure and should be offered as presented in the Commission-approved TRM without OCA’s proposed eligibility restrictions.

III. CONCLUSION

For the reasons set forth above, PPL Electric Utilities Corporation respectfully requests that the Commission take these Reply Comments into consideration in preparing its Final Implementation Order.

Respectfully submitted,



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