

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held March 26, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair, Statement
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Petition of PECO Energy Company for
Approval of its Act 129 Phase V Energy
Efficiency and Conservation Plan

M-2025-3057328

OPINION AND ORDER

Table of Contents

I.	Background.....	3
A.	Act 129	3
B.	Description of the Company	7
II.	History of the Proceeding.....	8
III.	Description of the Plan and the Joint Settlement	13
A.	The Plan.....	13
B.	Joint Settlement	16
1.	Terms and Conditions	16
2.	Statements in Support.....	25
IV.	Legal Standards	26
V.	Discussion of the Plan	27
A.	Phase V Conservation and Demand Reduction.....	28
1.	Overall Conservation Requirements	28
a.	Requirements.....	28
b.	Disposition	29
2.	Overall Demand Reduction Requirements.....	30
a.	Requirements.....	30
b.	Disposition	33
3.	Requirements for a Variety of Programs Equitably Distributed.....	35
a.	Requirements.....	35
b.	Disposition	35
4.	Government/Educational/Non-Profit Requirement	37
a.	Requirements.....	37
5.	Constraints on EE&C Plan Offerings	39
a.	Requirements.....	39
(1)	Non-Residential Midstream Lighting	39
(2)	FTM Measures	40
b.	Disposition	41
(1)	Non-Residential Midstream Lighting	41
(2)	FTM Measures	42
6.	Low-Income Program Requirements	42
a.	Requirements.....	42
b.	Disposition	44

7.	Proposals for Improvement of Plan.....	49
	a. Requirements.....	49
	b. Disposition	49
B.	Cost Issues.....	51
1.	Plan Cost Issues.....	52
	a. Determination of Allowable Costs.....	52
	(1) Phase V Allowable Costs.....	52
	(a) Requirements	52
	(b) Disposition	53
	(2) Application of Excess Phase IV Budget	54
	(a) Requirements	54
	(b) Disposition	55
	(3) Rebate Application Deadlines.....	55
	(a) Requirements	55
	(b) Disposition	55
2.	Cost Effectiveness/Cost-Benefit Issues.....	56
	a. Requirements.....	56
	b. Disposition	57
3.	Cost Allocation Issues.....	57
	a. Requirements.....	57
	b. Disposition	58
4.	Cost Recovery Issues	58
	a. Requirements.....	58
	b. Disposition	60
C.	Conservation Service Provider Issues	64
	1. Requirements.....	64
	2. Disposition	64
D.	Implementation and Evaluation Issues.....	65
	1. Implementation Issues.....	65
	a. Requirements.....	65
	b. Disposition	66
	2. Monitoring, Reporting, and Evaluation Issues.....	66
	a. Requirements.....	66
	b. Disposition	67
E.	Other Issues	70
	1. Coordination with Other State Conservation Programs.....	70

a.	Braided Funding	71
(1)	Requirements	71
(2)	Disposition	71
b.	Heat Pumps and other Fuel Switching.....	72
(1)	Requirements	72
(2)	Disposition	73
c.	Data Sharing Between EDCs and State Agencies	73
d.	Support with AEPS Act Registrations	74
(1)	Requirements	74
(2)	Disposition	75
e.	IRA-Required Audits	75
(1)	Requirements	75
(2)	Disposition	76
f.	Coordinated Marketing Campaigns	77
(1)	Requirements	77
(2)	Disposition	77
2.	Working Groups and Enhanced Transparency for Stakeholders	78
3.	Statewide Contractor Training and Workforce Development Programs.....	78
F.	Overall Disposition of the Settlement	79
VI.	Conclusion.....	83

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is the Petition (Petition) of PECO Energy Company (PECO or the Company) for approval of its Act 129 Phase V Energy Efficiency and Conservation (EE&C) Plan (EE&C Plan or Plan),¹ filed on December 1, 2025. Also, before the Commission for consideration and disposition is the Joint Settlement filed by the Company, the Office of Consumer Advocate (the OCA), the Office of Small Business Advocate (the OSBA), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Tenant Union Representative Network (TURN) (collectively, CAUSE-PA/TURN), the Philadelphia Area Industrial Energy Users Group (PAIEUG), the City of Philadelphia and Philadelphia Energy Authority (collectively, the City/PEA), and the Keystone Energy Efficiency Alliance (KEEA) (collectively, the Joint Petitioners) on February 24, 2026. Administrative Law Judge (ALJ) Marta Guhl certified the record in this proceeding on February 26, 2026.

For the reasons fully delineated herein, we will: (1) grant PECO's Petition, in part, and deny it, in part; (2) adopt the Joint Settlement, as modified; and (3) approve the Plan, as modified, consistent with this Opinion and Order.

¹ As noted herein, the Company filed a revised plan on February 24, 2026, to reflect the Joint Petition for Settlement (Joint Settlement or Settlement) reached in this proceeding. Accordingly, the terms "EE&C Plan" or "Plan" will be used to refer to the Plan, as amended to date, while the plan filed on December 1, 2025, will be referred to as the Initial Plan.

I. Background

A. Act 129

On October 15, 2008, Act 129 of 2008 (Act 129 or Act) was signed into law with an effective date of November 14, 2008. Among other requirements, Act 129 directed the Commission to adopt an EE&C Program, under which each of the Commonwealth's largest electric distribution companies (EDCs) was required to implement a cost-effective EE&C plan to reduce energy consumption and demand. Specifically, Act 129 required each EDC with at least 100,000 customers to adopt an EE&C plan to reduce energy demand and consumption within its service territory. Initially, Act 129 required each affected EDC to adopt an EE&C plan to reduce electric consumption by at least 1% of its expected consumption for June 1, 2009 through May 31, 2010, by May 31, 2011. By May 31, 2013, the total annual weather-normalized consumption was to be reduced by a minimum of 3%. Also, by May 31, 2013, peak demand was to be reduced by a minimum of 4.5% of each EDC's annual system peak demand in the 100 hours of highest demand, measured against the EDC's peak demand during the period of June 1, 2007 through May 31, 2008.

The Act required the Commission to develop and adopt an EE&C Program by January 15, 2009 and set out specific issues the EE&C Program must address.

66 Pa.C.S. § 2806.1(a). The Commission's EE&C Program was to include the following:

- (1) A procedure for approving EE&C plans.
- (2) A process to evaluate and verify the results of each EE&C plan and the EE&C Program as a whole.
- (3) A process to analyze the costs and benefits of each EE&C plan in accordance with a total resource cost (TRC) Test.

- (4) A process to analyze how the EE&C Program as a whole and each EE&C plan will enable the EDCs to meet or exceed the consumption and peak demand reduction (PDR) requirements.
- (5) Standards to ensure that each EE&C plan uses a variety of measures that are applied equitably to all customer classes.
- (6) A process through which recommendations can be made for the employment of additional measures.
- (7) A procedure to require and approve the competitive bidding of all contracts with conservation service providers (CSPs).
- (8) A procedure through which the Commission will review and modify, if necessary, all contracts with CSPs prior to execution.
- (9) A requirement for the participation of CSPs in the implementation of all or part of an EE&C plan.
- (10) A procedure to ensure compliance with the requirements of Sections 2806.1(c) & (d).
- (11) A cost recovery mechanism to ensure that measures approved are financed by the customer class that directly receives the energy and conservation benefits.

On January 15, 2009, the Commission adopted a Final Implementation Order at Docket No. M-2008-2069887 (*Phase I Implementation Order*), which established the standards that each plan must meet, and which provided guidance on the procedures to be followed for submittal, review, and approval of all aspects of the EE&C plans. In addition, the Commission adopted orders implementing specific and essential

components of the EE&C Program, to include the establishment of a TRC Test,² updates to the Technical Reference Manual (TRM),³ and the establishment of a Statewide Evaluator (SWE). The Commission subsequently approved a Phase I EE&C plan (and, in some cases, modifications to the plan) for each affected EDC.

Another requirement of Act 129 directed the Commission to evaluate the costs and benefits of the Commission's EE&C Program and of the EDCs' approved EE&C plans by November 30, 2013, and every five years thereafter. The Act provided that the Commission must adopt additional incremental reductions in consumption and peak demand if it determines that the benefits of the EE&C Program exceed its costs.

Consistent with the above, on August 3, 2012, the Commission issued a Final Implementation Order at Docket Nos. M-2012-2289411 and M-2008-2069887 (*Phase II Implementation Order*), which established required standards for Phase II EDC EE&C plans (including the additional incremental reductions in consumption that each EDC must meet) and provided guidance on the procedures to be followed for submittal, review, and approval of all aspects of the EDCs' Phase II EE&C plans. Within the *Phase II Implementation Order*, the Commission tentatively adopted EDC-specific consumption reduction targets to be met by May 31, 2016. The Commission

² See *Implementation of Act 129 of 2008 – Total Resource Cost (TRC) Test Order*, Docket No. M-2009-2108601 (Order entered June 23, 2009). Available online at: <https://www.puc.pa.gov/pcdocs/1057172.docx>. The most recent modification to the TRC test was by the Commission's Final Order entered on November 7, 2024, in Docket No. M-2024-3048998, providing comprehensive guidance on all aspects of Act 129 benefit-cost calculations for Phase V of Act 129. See *2026 Total Resource Cost (TRC) Test*, Docket No. M-2024-3048998 (Final Order entered November 7, 2024) (*2026 TRC Test Order*). Available online at: <https://www.puc.pa.gov/pcdocs/1855583.pdf>.

³ See *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual Update Order*, Docket No. M-00051865 (entered June 1, 2009). Available online at: <https://www.puc.pa.gov/pcdocs/1043608.doc>.

subsequently approved a Phase II EE&C plan (and, in some cases, modifications to the plan) for each affected EDC.

The Commission also subsequently issued a Final Implementation Order on June 19, 2015, at Docket No. M-2014-2424864 (*Phase III Implementation Order*) for Phase III of the EE&C Program. The Commission determined in its *Phase III Implementation Order* that additional reductions in consumption and peak demand were cost-effective and therefore prescribed reductions in consumption and peak demand targets to be met by May 31, 2021. The Commission subsequently approved a Phase III EE&C plan (and, in some cases, modifications to the plan) for each affected EDC.

Similarly, the Commission issued a Final Implementation Order on June 18, 2020, at Docket No. M-2020-3015228 (*Phase IV Implementation Order*). Therein, the Commission determined that additional reductions in consumption and peak demand were cost-effective and therefore prescribed reductions in consumption and peak demand targets to be met by May 31, 2026. The targets for peak demand were based on the expected PDRs from energy efficiency (EE) rather than dispatchable demand response (DDR) programs. The Commission subsequently approved a Phase IV EE&C plan (and, in some cases, modifications to the plan) for each affected EDC.

On February 20, 2025, the Commission issued a Tentative Implementation Order (*Phase V Tentative Implementation Order*) at Docket No. M-2025-3052826, for Phase V of the EE&C Program. Following the submittal and review of comments, on June 18, 2025, the Commission issued a Final Implementation Order at that same docket number (*Phase V Implementation Order*). Among other things, the *Phase V Implementation Order* established standards that each plan must meet, including consumption reduction and demand reduction targets, and provided guidance on the procedures to be followed for submittal, review, and approval of all aspects of the EDCs' EE&C plans for the period from June 1, 2026 through May 31, 2031. The Commission

directed that the EDCs file their Phase V plans by no later than November 30, 2025. *Phase V Implementation Order* at 197-98.⁴

On July 3, 2025, CAUSE-PA/TURN filed a Petition seeking reconsideration, clarification, and modification of the *Phase V Implementation Order* regarding the process, timeline, and standards for the submittal, review, approval, and potential change of the Phase V EE&C plans. On September 4, 2025, the Commission entered an Opinion and Order (*September 2025 Order*) which, *inter alia*, granted the Petition of CAUSE-PA/TURN and revised the program planning timeline set forth in the *Phase V Implementation Order*.⁵

B. Description of the Company

PECO is a corporation duly incorporated and validly subsisting under the laws of the Commonwealth of Pennsylvania, with the Company's principal office located in Philadelphia, Pennsylvania. PECO provides electric delivery service to approximately 1.7 million customers and natural gas delivery service to more than 553,000 customers in Pennsylvania. Petition at 2.

⁴ Because November 30, 2025 was a Sunday, the actual deadline for the filing of Phase V EE&C Plans was on the next business day, Monday December 1, 2025.

⁵ On December 18, 2025, the Commission issued a Secretarial Letter (*December 2025 Secretarial Letter*) to All Parties of Record explaining that although the *September 2025 Order* provided for, *inter alia*, the Commission to publish a notice of each EDC's proposed Phase V EE&C plan in the *Pennsylvania Bulletin* on December 13, 2025, such publication did not occur on this date due to administrative error. Therefore, the Commission explained that such publication would occur on January 3, 2026. As a result of this delay in publication, the Commission revised certain other deadlines previously established in the *September 2025 Order*. *December 2025 Secretarial Letter* at 1-2.

II. History of the Proceeding

As noted, *supra*, on June 18, 2025, the Commission entered the *Phase V Implementation Order*. In the *Phase V Implementation Order*, we adopted an EE&C plan approval process, identical to that set forth in Phases II, III, and IV, that included the publishing of a notice of each proposed plan in the *Pennsylvania Bulletin* within twenty days of the filing of the plan, as well as the posting of each proposed plan on the Commission's website. Answers, along with comments and recommendations, were to be filed within twenty days of the publication of the notice in the *Pennsylvania Bulletin*. We also directed each EDC to file its Phase V EE&C plan by November 30, 2025,⁶ and further directed that each plan was to be assigned to an ALJ for an evidentiary hearing within sixty-five days after the plan was filed, after which, the Parties had ten days to file briefs. The EDC then had ten days to submit a revised plan or reply comments, or both. The presiding ALJ was directed to then certify the record to the Commission. We noted that the Commission would approve or reject all or part of each EDC's plan at a public meeting in March 2026, within 120 days of the plan filing. *Phase V Implementation Order* at 191-93, 195, 197-98.

As previously noted, on September 4, 2025, we entered the *September 2025 Order* which, *inter alia*, revised the program planning timeline set forth in the *Phase V Implementation Order*. More specifically, we modified our *Phase V Implementation Order* by:

1. Setting a firm deadline (December 13, 2025) for publishing each EDC's Phase V EE&C plan in the

⁶ As previously noted, because November 30, 2025 was a Sunday, the actual deadline for the filing of Phase V EE&C Plans was on the next business day, Monday December 1, 2025.

Pennsylvania Bulletin to provide stakeholders with certainty.

2. Running public comment and litigation tracks concurrently but separately, consistent with other Commission proceedings.
3. Setting other deadlines and requirements as follows:
 - Thirty (30) days for public comment (to avoid holiday conflicts).
 - Ten (10) days for Answers and Petitions to Intervene.
 - Requiring EDCs to serve plans to stakeholders upon filing.
 - Referring plans immediately to the Office of Administrative Law Judge (OALJ), with Prehearing Conferences by January 6, 2026.
4. Allowing discovery to begin with Petitions to Intervene (or expedite intervention reviews) and shortening discovery responses to ten (10) calendar days.

September 2025 Order at 11-12.

On December 1, 2025, PECO timely filed a Petition for approval of its Act 129 Phase V EE&C Plan, pursuant to 66 Pa.C.S. §§ 2806.1 and 2806.2, and the Commission's *Phase V Implementation Order* and *September 2025 Order*.⁷ See ALJ Guhl's Order Certifying Record to the Commission (*Certification Order*) at 1.

On December 2, 2025, CAUSE-PA and TURN each filed a Petition to Intervene. On December 4, 2025, the OSBA filed a Notice of Appearance. On December 5, 2025, the OCA filed a Notice of Appearance. On December 9, 2025, the

⁷ As noted, *infra*, notice of the filing was published in the *Pennsylvania Bulletin* on January 3, 2026, at 56 *Pa. B.* 156. *Certification Order* at 3.

OCA filed a Notice of Intervention and Public Statement. On December 18, 2025, PAIEUG filed a Petition to Intervene. *Certification Order* at 1-2.

Additionally, as noted above, on December 18, 2025, the Commission issued the *December 2025 Secretarial Letter* to All Parties of Record, explaining that, although the *September 2025 Order* provided for, *inter alia*, the Commission to publish a notice of each EDC's proposed Phase V EE&C plan in the *Pennsylvania Bulletin* on December 13, 2025, such publication did not occur on this date due to administrative error. Therefore, the Commission explained that such publication would occur on January 3, 2026. As a result of this delay in publication, the Commission revised certain other deadlines previously established in the *September 2025 Order*. Namely, we specified that Answers and Petitions to Intervene for each EDC's proposed Phase V EE&C plan, which were originally due on December 23, 2025, were to be filed by no later than January 5, 2026. We also directed that any public comments for each EDC's proposed Phase V EE&C plan, which were originally due on January 12, 2026, were to be submitted by no later than January 20, 2026. We further explained that all other procedures and timelines set forth in the *Phase V Implementation Order*, as revised by the *September 2025 Order*, and not modified above, were to remain as previously established, including, but not limited to, the Prehearing Conferences for each EDC's proposed Phase V EE&C plan, which were to occur by January 6, 2026. *December 2025 Secretarial Letter* at 1-2; *Certification Order* at 2.

On December 19, 2025, the OSBA filed a Notice of Intervention and Public Statement. On December 26, 2025, the City/PEA filed a Petition to Intervene. *Certification Order* at 2.

Notice of the filing was published in the *Pennsylvania Bulletin* on January 3, 2026, at 56 *Pa. B.* 156.⁸ *Certification Order* at 3.

On January 5, 2026, the prehearing conference was held as scheduled.⁹ Counsel for PECO, the OCA, the OSBA, CAUSE-PA/TURN, PAIEUG, and the City/PEA were present at the conference. At the prehearing conference, the ALJ granted: (1) the Petitions to Intervene of CAUSE-PA/TURN, PAIEUG and the City/PEA; and (2) the discovery modifications of PECO and the OCA. *Certification Order* at 3.

On January 6, 2026, the KEEA filed a Petition to Intervene and Answer, as well as a Notice of Appearance. On January 8, 2026, the ALJ approved: (1) a procedural schedule; and (2) KEEA's Petition to Intervene.

On January 16, 2026, the Coalition for Equitable Energy and Housing in Pennsylvania (CEEH-PA) and a coalition of environmental, energy efficiency, consumer, housing, business, and faith-based organizations (collectively, the Energy Advocates) each filed Comments to the EE&C Plan. On January 19, 2026, the Rocky Mountain Institute (RMI)¹⁰ and the Clean Air Council (CAC) each filed Comments to the EE&C Plan. *Certification Order* at 3.

⁸ Additionally, the Company's Joint Petition and Plan were posted on the Commission's website at <https://www.puc.pa.gov/filing-resources/issues-laws-regulations/act-129/energy-efficiency-and-conservation-ee-c-program/>.

⁹ On December 30, 2025, the Commission issued an Initial Telephonic Prehearing Conference Notice scheduling this matter for a prehearing conference on January 5, 2026, and assigning this matter to ALJ Guhl. Also, on December 30, 2025, the Commission issued a Prehearing Conference Order. *Certification Order* at 2-3.

¹⁰ RMI is an independent, non-partisan, non-profit organization whose mission is to transform the global energy system to secure a clean, prosperous, zero-carbon future for all.

On January 22, 2026, the Commission issued a Protective Order. *Certification Order* at 4.

On February 2, 2026, the evidentiary hearing was held, as scheduled.¹¹ PECO, the OCA, the OSBA, CAUSE-PA/TURN, PAIEUG, the City/PEA, and KEEA were present and represented by counsel. PECO, the OCA, the OSBA, CAUSE-PA/TURN, the City/PEA, and KEEA moved for the admission of pre-served testimony and exhibits into the evidentiary record. *Certification Order* at 4.

On February 9, 2026, the Parties contacted the ALJ to indicate that they had reached a full settlement in this matter and requested that settlement documents be filed by February 24, 2026. On February 23, 2026, the Commission issued a Post Hearing Order, which indicated that settlement documents must be filed no later than February 24, 2026. *Certification Order* at 4.

As noted, *supra*, on February 24, 2026, the Joint Petitioners filed the Settlement, which included the following attachments: (1) Exhibit 1, which is PECO's Revised Phase V EE&C Plan, as modified by the terms and conditions of the Settlement; (2) Exhibit 2, which is a comparison of Original and Revised Plan Design for Comprehensive Low-Income Measure Incentive Spending; and (3) Statements A through G, which are the Joint Petitioners' Statements in Support of the Settlement. *Certification Order* at 4.

¹¹ On January 8, 2026, the Commission issued an Initial Telephonic Hearing Notice, setting a telephonic evidentiary hearing in this matter for February 2, 2026. *Certification Order* at 3.

On February 26, 2026, the Commission issued ALJ Guhl's *Certification Order*.¹²

III. Description of the Plan and the Joint Settlement

As noted above, the Joint Settlement was filed on February 24, 2026, resolving all issues. The Plan, as modified by the Joint Settlement, is summarized below.

A. The Plan

In its Plan, PECO proposes three EE programs, including two low-income subprograms. PECO's EE portfolio consists of the following three comprehensive programs: (1) Residential (including a subprogram for Residential low-income); (2) Residential Home Energy Reports (HER)¹³ (including a subprogram for Residential low-income HER); and (3) Non-Residential. As discussed below, in Section V.A of this Opinion and Order, the Company estimates that over the course of the Phase V Program Years (PYs),¹⁴ its EE programs will produce totals of 1,449,612 megawatt hours (MWh) in energy savings and 264.5 megawatts (MW) of PDR, or approximately 131% and 136%

¹² Pages 5 through 9 of the *Certification Order* provide the complete list of documents that comprise the evidentiary record in this proceeding.

¹³ The HER program includes HERs for market-rate and low-income customers. Plan at 21.

¹⁴ Phase V covers five PYs, starting on June 1, 2026, and ending on May 31 2031. Plan at 2. In this Opinion and Order, we refer to PYs as follows:

PY 2026: June 1, 2026 – May 31, 2027

PY 2027: June 1, 2027 – May 31, 2028

PY 2028: June 1, 2028 – May 31, 2029

PY 2029: June 1, 2029 – May 31, 2030

PY 2030: June 1, 2030 – May 31, 2031.

of PECO's overall energy savings targets, respectively. Plan at 1, 6, 8, Table 2, at 10, Table 3, at 18, Table 6, at 21.

A summary of PECO's EE programs is described below, as follows:

- **The Residential Program** is designed to offer customers opportunities to save energy across all their electric end uses. The Program objective is to increase [EE] in single-family homes and individual units, as well as common areas of multifamily buildings. In order to meet that objective, the Program will offer incentives for the purchase of efficient equipment and removal of old appliances through responsible recycling. The Program will also drive construction of energy-efficient homes, deliver no-cost and low-cost energy assessments, and support PDRs by encouraging the adoption of smart devices.
- **The Residential Low-Income Subprogram** is available to residential customers in the low-income sector. The foundational element of the subprogram is a direct install whole-home solution, which provides in-home audits and education as well as the direct-installation of EE measures at no charge to the participant. The subprogram also includes appliance recycling services. Subprogram offerings will be available for low-income families living in multifamily buildings, including measures for the customer premises and common areas. Importantly, the subprogram addresses health and safety barriers in customer homes to enable installation of [EE] measures and improve overall comfort and well-being.
- **The Residential HER Program** involves regularly delivering direct mail or digital home energy reports that motivate customers to act through contextualized energy-usage information, personal and neighborhood comparisons, and energy savings recommendations. The Program is designed to influence participant behaviors and influence energy management in their homes.

- **The Residential Low-Income HER Subprogram** has similar offerings to the overall Residential HER Program but is targeted only to customers in the low-income sector.
- **The Non-Residential Program** objective is to increase [EE] for both large and small commercial and industrial customers with rebates for a wide range of energy conservation measures. The Program provides access to technical support, incentives, and concierge-style services to facilitate program participation. The Program includes the following components: strategic energy management, existing buildings, buildings optimization, distributed energy resources, small business solutions, and new construction.

Petition at 9-10; Plan at 1.

As discussed in more detail in Section V.A.2, *infra*, PECO's program portfolio is designed to produce PDRs of at least 15% of its prescribed PDR target per year, as outlined in the *Phase V Implementation Order*. Petition at 9; Plan at 12.

PECO proposes to recover costs associated with the Phase V Plan through a cost recovery mechanism. Although the mechanism will follow the same format as the Company's existing Phase IV mechanism, which recovers costs associated with the Company's Phase IV Plan, it has been modified to remove references to proceeds/deficiencies from nominated PDRs in PJM's Forward Capacity Market (FCM).¹⁵ Petition at 11-12; Plan at 15.

¹⁵ FERC approval of recent PJM tariff changes that disallow EE participation in the FCM removes this consideration from Act 129 planning. *Phase V Implementation Order* at 41; see FERC November 2024 Order 189 FERC ¶ 61,095 at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20241105-3046.

As required by Act 129: (1) PECO applied the TRC Test to the Phase V Plan, resulting in an overall gross TRC score of 1.19; and (2) contracted CSPs will be responsible for program implementation, staffing, training, tracking, and measurements. Petition at 10.

B. Joint Settlement

1. Terms and Conditions

The Joint Settlement consists of a sixteen-page document outlining the terms and conditions of the Settlement. Additionally, the Joint Settlement contains the following Exhibits and Statements:

- Exhibit 1 – PECO’s EE&C Plan, as revised by the Settlement
- Exhibit 2 – Comparison of the Initial Plan and Revised Plan Design for Comprehensive Low-Income Measure Incentive Spending
- Statement A – PECO Statement in Support
- Statement B – the OCA Statement in Support
- Statement C – the OSBA Statement in Support
- Statement D – CAUSE-PA/TURN Statement in Support
- Statement E – PAIEUG Statement in Support
- Statement F – the City/PEA Statement in Support
- Statement G – KEEA Statement in Support

The specific terms of the Settlement related to the Company’s EE&C Plan are set forth in Paragraphs 9 through 37 of the Settlement, which are shown below in full as they appear in the Joint Settlement:

9. The Joint Petitioners have agreed to the following Settlement terms and conditions which are

reflected, as appropriate, in the revised Phase V Plan (Exhibit 1)^[16] attached to this Joint Petition:

10. PECO's Section 1307 surcharge to recover Phase V Plan costs shall be consistent with PECO Exhibit MAM-1.

A. Comprehensiveness / Deeper Savings

11. PECO will revise Table 8 and Table 20 in the Plan to reflect the measures identified in the residential comprehensive measure list issued by the Commission in their Phase V plan template tables (the "Comprehensive Measure List").^[17]

12. PECO will reduce the share of non-residential savings attributed to lighting measures from approximately 44 percent to approximately 40 percent and reallocate funds related to that reduction to non-lighting strategies within the Non-Residential Program.

13. PECO will adjust the Plan design to increase the low-income comprehensive measure spending by \$2 million (to \$17.7 million total) by reallocating funds from non-comprehensive measures.^[18] Low-income comprehensive measures are measures identified on the Comprehensive Measure List.

14. Within 180 days of the start of Phase V, PECO will draft a program strategy document outlining its approach to promoting projects that include two or more comprehensive measures for installation. PECO will share the strategy and approach with parties during a biannual stakeholder update meeting. PECO will share the program

¹⁶ In addition to reflecting the Settlement terms and conditions, the revised Phase V Plan includes some limited additional clarifications, corrections and updates.

¹⁷ See Table 8 Addendum of the Plan Template Tables Workbook (<https://www.puc.pa.gov/pcdocs/1894161.xlsx>).

¹⁸ See Joint Petition Exhibit 2 for a comparison of the original and revised Plan design for comprehensive low-income measure incentive spending.

strategy document and gather input from stakeholders at the meeting to help inform PECO's program strategy.

15. The Company will implement the non-low-income Home Energy Reports ("HER") program consistent with the savings, participation levels, and portfolio proposed in the PECO Phase V Plan filing. Outreach for the non-low-income HER program will leverage usage-based targeting approaches, including identification of customers with higher electricity usage. The Company's non-low-income HER Program spending will not exceed \$13,989,000 as set forth in the filed Plan on December 1, 2025. PECO will enhance HER recommendations to emphasize comprehensive [EE] measures with longer measure lives. This will include targeted messaging related to building envelope improvements, heating and cooling upgrades, and participation in other Act 129 programs offering deeper savings opportunities, including the availability of low-income Act 129 programs.

B. Low-Income Sector

16. Within 180 days of the start of Phase V, PECO will incorporate [EE] education into existing Customer Assistance Program ("CAP") outreach events to generate awareness about Act 129 and other PECO assistance programs.

17. The Company will not count savings generated by the Low-Income HER program towards the Phase V low-income carveout.

18. For the Appliance Recycling component of the low-income subprogram, PECO will develop targeted messaging to low-income customers to drive participation at drop-off events and pick-up events (if a suitable vendor is obtained to provide pick-up services). For customers that participate, PECO will inform confirmed low-income customers about the availability and benefits of a Free Energy Check-Up and will facilitate audit scheduling for customers who affirmatively opt in. PECO will develop and implement targeted marketing for the Appliance Recycling component of the low-income subprogram. All print and/or email

marketing materials for the appliance recycling component of the low-income subprogram will include information about both Appliance Recycling and examples of the no-cost measures available through the Free Energy Check-Up. Copies of these marketing materials will be provided to the other Joint Petitioners when finalized and no later than 180 days after the start of Phase V. The Company will tailor messaging for low-income customers to highlight the benefits of energy assessments and potential [EE] measures, subject to the unique characteristics of the home. PECO will count savings generated by the Appliance Recycling component of the low-income subprogram towards the Phase V low-income carveout.

19. Within 180 days of the start of Phase V, PECO will add information to the existing CAP Maximum Credit Notification letters sent to CAP customers about how customers can access PECO's website to obtain information regarding Act 129 [EE] measures available to low-income customers. PECO further agrees to coordinate with Community-Based Organizations in PECO's service territory to provide training and materials regarding Act 129 lowincome program offerings.

20. PECO will track electric resistance heating customers from low-income Free Energy Check-Up visits and will provide materials, once finalized, about the benefits of the opportunities available to them to move away from electric resistance heating to heat pumps during Act 129 audits. PECO will provide a copy of the materials with the parties to this proceeding when finalized and no later than 180 days after the start of Phase V. When an Act 129 auditor identifies a residential or low-income customer who is potentially eligible for Rate RH, in accordance with PECO's Tariff, the technician will provide that customer with information about specific requirements for switching to Rate RH.

21. PECO agrees to include in its Act 129 Final Annual Report data that contains, disaggregated by CAP customers with electric heating and those without electric heating, and as identified during an Act 129 audit:

- (a) the number of CAP customers who received an Act 129 audit, including any LIURP audit where Act 129 measures are installed;
- (b) the number of customers who received any Act 129 measures following the audit; and
- (c) the number of customers who received comprehensive measures following the audit.

22. PECO will not impose a standard per-household cap on health and safety spending for its Act 129 program in Phase V. Rather, PECO will assess health and safety needs on an individual basis while considering the available Phase V Health and Safety budget.

C. Coordination, Tracking and Data Collection, Data Sharing and Stakeholder Engagement

23. Within 180 days of the start of Phase V, PECO shall designate at least one staff-level coordination lead (the “Coordination Lead”) responsible for maintaining coordination and referrals with external home repair, weatherization, and [EE] programs operating in PECO’s service territory, including but not limited to the Philadelphia Housing Development Corporation, Philadelphia Energy Authority, any other agencies implementing the City of Philadelphia HOME plan, and weatherization/home repair agencies in PECO’s service territory (collectively, the “Act 129 Coordination Partners”). PECO shall provide all parties to this proceeding with the name and contact information of this Coordination Lead. The Coordination Lead shall also serve as the point of contact for other non-profit or governmental housing, legal, and direct service providers operating in PECO’s service territory (the “Service Providers”) for questions regarding Act 129 services for low-income residents whom the Service Providers are assisting.

24. Within 180 days of the start of Phase V, PECO shall establish a written coordination framework governing interactions between PECO’s residential and low-income Act 129 programs (as managed through PECO’s Conservation Service Providers (“CSPs”)), the Act 129

Coordination Partners, and the Service Providers. The framework shall, at a minimum, address: data sharing (both method and types of data), customer privacy, communication and follow-up protocols, coordination within the Act 129 framework or sequencing of Act 129 and external program measure implementation with consideration given to the number of provider visits to enter a customer home, opportunities to braid funding sources, dispute resolution protocols, discussion of other potentially applicable external programs, and a pathway for negotiated agreements between PECO and Act 129 Coordination Partners.

25. Within 75 days of the start of Phase V, PECO will convene a coordination collaborative with interested parties to this proceeding, Act 129 Coordination Partners, and other individuals on PECO's distribution list for Act 129 biannual meetings to gather input on the issues to be addressed in the coordination framework.

26. At least 45 days prior to finalizing its coordination framework, PECO will provide the parties to this proceeding, the Act 129 Coordination Partners, and PECO's distribution list for Act 129 biannual meetings with a draft of this coordination framework, and will also convene a second coordination collaborative to provide an overview and answer questions about the draft. Following this collaborative, PECO will provide the opportunity to provide written feedback on the draft within 21 days after distribution of the draft. PECO will consider incorporating feedback and recommendations in good faith.

27. Upon implementation of the coordination framework, PECO shall track the following coordination metrics for Act 129 Coordination Partners:

- (a) the number of referrals received;
- (b) the number of referrals with completed Act 129 measures;
- (c) the types of Act 129 measures installed for referred customers; and

- (d) the number of customers referred to other programs through Act 129.

PECO shall provide this data at its biannual stakeholder meetings and include such data in its annual reports to the Commission.

28. Within 60 days of the Commission's Data Sharing Working Group issuing any final recommendations or proposals, the Company shall convene a meeting of interested Joint Petitioners to explain whether PECO will be adopting those recommendations or proposals. If PECO does not adopt a particular recommendation or proposal, PECO will explain its reasoning at that meeting.

29. PECO shall reserve time on the agenda during the biannual stakeholder meetings to discuss coordination efforts with organizations implementing home repair, weatherization, and [EE] programs in PECO's service territory, as well as with any interested parties to this proceeding. These stakeholder agenda items may include:

- (a) evaluating the effectiveness of the coordination framework;
- (b) identifying barriers to coordinated delivery;
- (c) proposing improvements to coordination practices; and/or
- (d) implementation of recommendations from the Commission's Data Sharing Working Group

PECO shall consider program changes identified in these meetings.

D. Low-to-Moderate Income and Multi-Family Sectors

30. PECO will dedicate \$1 million from its total Plan Residential Research and Development budget to a low-to moderate-income pilot, targeting [EE] opportunities within that specific customer segment (151%-250% of the Federal

Poverty Level). PECO will identify and track implementation of comprehensive efficiency measures to these customers while advancing its overall energy savings goals. The pilot term will be up to 24 months. Once the pilot results have been analyzed, the Company will present pilot findings to PECO Act 129 stakeholders and discuss any recommended changes to [EE] offerings in PECO's Phase V Plan because of the pilot findings, including consideration of expanding the pilot and funding for the targeted customer group if the pilot demonstrates positive performance and there is available budget in the program.

31. To facilitate the specific targeting of multi-family properties and future Act 129 EE&C marketing strategies of that customer segment, PECO will require CSPs to collect multi-family housing information while implementing Phase V programs. PECO will track multi-family participation and savings by measure, program, and income segment (low-income and non-low income), where feasible. The Company will develop a data repository and summarize findings at the biannual Act 129 EE&C stakeholder meetings.

E. Additional Enhancements

32. PECO will continue to actively participate in the ongoing Act 129 Data Sharing Working Group established by the Commission and work with stakeholders to arrive at a common strategy and process for Phase V.

33. PECO will continue collaboration opportunities with the Electric Association of Philadelphia to convene a training program for local contractors focusing on heat pumps and heat pump water heaters. PECO will reach out to the Energy Coordinating Agency and any other existing programs in PECO's service territory that provide heat pump training to provide an opportunity to include them in any discussions.

34. PECO will share information about Act 129 residential customer outreach activities at the biannual EE&C stakeholder meetings, including information from residential customer surveys conducted through Evaluation Measurement & Verification process activities.

35. Within 180 days of the start of Phase V, PECO shall develop, implement, and maintain a formal process to ensure that all customers and prospective customers seeking interconnection with the Company are informed of available Commission-approved Act 129 programs. This obligation shall include, at a minimum, residential new construction builders, data centers, and other commercial or industrial (“C&I”) customers. PECO shall include in their biannual stakeholder meetings a report out of the processes implemented to inform interconnection applicants of Act 129 programs, including any communication methods and updates or improvements.

36. PECO will reserve an hour at the conclusion of a biannual stakeholder meeting for the interested parties to stay and discuss potential residential and C&I daily load shifting opportunities, pilot program concepts and relevant market developments.

37. PECO will include participation information about the C&I Load Shifting measure in PECO’s Act 129 Final Annual Report.

See Settlement at 3-11, ¶¶ 9-37.

In addition to the specific terms to which the Joint Petitioners have agreed, the Joint Settlement contains other general terms and conditions typically found in settlements submitted to the Commission. Specifically, the Joint Petitioners agree that the Joint Settlement is conditioned upon the Commission’s approval of all the terms and conditions contained therein without modification. The Joint Settlement establishes the procedure by which any of the Joint Petitioners may withdraw from the Settlement and proceed to litigate this case, if the Commission should act to modify or reject the Settlement. In addition, the Joint Petitioners assert that although the Joint Settlement is proffered to settle the instant case, it may not be cited as precedent in any future proceeding, except to the extent required to implement any term specifically agreed to by the Joint Petitioners. Further, the Joint Petitioners submit that the Joint Settlement is

made without any admission against, or prejudice to, any position which any of the Joint Petitioners might adopt in future proceedings, except to the extent necessary to effectuate or enforce any term specifically agreed to in the Settlement before us. Moreover, the Joint Petitioners state that if the Commission adopts the Joint Settlement without modification, then they: (1) will not initiate or join in any challenge to the Settlement; (2) will not take any positions that run contrary to the Settlement; and (3) will waive their right to appeal or to seek reconsideration, rehearing, reargument, or clarification of the Commission Order approving the Settlement. Joint Settlement at 11-13, ¶¶ 38-46.

2. Statements in Support

The Joint Petitioners assert that the Settlement provides a fair and reasonable means of resolving all issues and claims raised in this proceeding. Of particular note, PECO, the OCA, and CAUSE-PA/TURN aver that under the Settlement, the Company made commitments to, *inter alia*: (1) incentivize comprehensive projects; (2) address low-income sector issues; (3) advance collaboration and coordination with external programs; (4) benefit low-to-moderate income and multi-family customers; (5) advance the Act 129 interconnection process; (6) strengthen workforce development and training; (7) incorporate tracking and reporting on outreach efforts; and (8) place greater focus on potential daily load shifting opportunities for residential and C&I customers. Further, the Joint Petitioners aver that the Settlement adheres to the Commission's policies promoting negotiated settlements and reduces the administrative burden on the Commission and the involved Parties. Moreover, the Joint Petitioners represent that the terms and conditions of the Settlement are in the public interest, and therefore, submit that the Settlement should be approved without modification.

PECO Statement in Support at 2, 9; OCA Statement in Support at 1, 6, 24;

OSBA Statement in Support at 3; CAUSE-PA/TURN Statement in Support at 1, 14;

PAIEUG Statement in Support at 1, 3-4; the City/PEA Statement in Support at 11;

KEEA Statement in Support at 1.

IV. Legal Standards

Because the Joint Petitioners have reached a settlement, the Joint Petitioners have the burden to prove that the Joint Settlement is in the public interest. Pursuant to our Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. Settlement terms often are preferable to those achieved at the conclusion of a fully litigated proceeding. In addition, a full settlement of all the issues in a proceeding eliminates the time, effort, and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort, and expense of litigating a case. Act 129 cases often are expensive to litigate, and the reasonable cost of such litigation is an operating expense recoverable in the rates approved by the Commission. Partial or full settlements allow the parties to avoid the substantial costs of preparing and serving testimony, cross-examining witnesses in lengthy hearings, and preparing and serving briefs, reply briefs, exceptions, and reply exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission's decision, yielding significant expense savings for the Company's customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

The Commission must, however, review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004); *Pa. PUC v. C.S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*C.S. Water and Sewer*); *Pa. PUC v. Philadelphia Electric Co.*, 60 Pa. P.U.C. 1 (1985). In order to accept a settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C.S. Water and Sewer, supra*. Additionally, this Commission's decision must be supported by substantial evidence in the record. More is required than a mere trace of evidence or a suspicion of the

existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980).

Finally, we note that any issue that we do not specifically address has been duly considered and will be denied without further discussion. It is well settled that the Commission is not required to consider, expressly or at length, each contention or argument raised by the parties. *Consolidated Rail Corporation v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

V. Discussion of the Plan

Before addressing the merits of the proposed Phase V Plan, in conjunction with the Settlement, we first note that in the Settlement, PECO has agreed to adopt or investigate and study several improvements proposed by the Parties to the Settlement. All Parties to this proceeding either agreed to the Settlement or did not oppose it. Because we will review the Company's Plan in conjunction with the terms of the Settlement, it appears there are no remaining contested issues. Accordingly, we will not specifically discuss the Comments filed by CEEH-PA, the Energy Advocates, RMI, and the CAC (collectively, Commenting Parties) on January 16 and 18, 2026, in this Opinion and Order because, although they were not parties to the Settlement, none of them have opposed it.

Accordingly, we will now address PECO's Proposed Phase V EE&C Plan, in conjunction with the Settlement, to determine whether the Settlement is in the public interest and whether the Phase V Plan, either on its own, or as supplemented by the Settlement, complies with Act 129, the *Phase V Implementation Order*, and related Phase V Orders.

A. Phase V Conservation and Demand Reduction

1. Overall Conservation Requirements

a. Requirements

The *Phase V Implementation Order* established a Phase V energy consumption reduction target of 1,111,685 MWh for PECO, including a low-income consumption reduction target of 74,456 MWh. *Phase V Implementation Order* at 12; *see also* Petition at 5. Consumption reductions are measured using the savings approach. Under this approach, estimates of the weather-normalized annual energy savings expected over the course of a measure's expected useful life were developed, absent any dual baseline considerations. *Phase V Implementation Order* at 88, 89. Each EDC was directed to develop a plan that was designed to achieve at least 15% of the target amount in each PY. *Id.* at 48.

In the *Phase V Implementation Order*, we also expressed concern that the carryover of all excess savings from phase to phase of the EE&C Program would lead to a scenario in which EDCs meet most, if not all, of their reduction targets by simply applying carryover savings. As a result, the Commission concluded that in Phase V, EDCs are allowed to carry over only excess savings obtained in Phase IV for application toward Phase V targets. In addition, we imposed a limiting mechanism on carryover in response to concerns expressed by Act 129 stakeholders regarding excessive carryover. More specifically, we directed that for Phase V, EDC carryover of Phase IV MWh will be capped at a maximum of 20% of their respective portfolio and low-income consumption reduction targets. We found that such a limit was reasonable, as it is approximately equivalent to one-fifth of the five-year phase targets. We further found that this approach will encourage EDCs to continue the full implementation of programs

even after they achieve their consumption reduction targets, as long as the funds are still available. *Phase V Implementation Order* at 80-81, 84, 241.

b. Disposition

In its Plan, PECO proposes total energy savings of 1,449,612 MWh by the end of PY 2030 (May 31, 2031), or 130%, of its prescribed targeted amount of 1,111,685 MWh.¹⁹

Furthermore, PECO proposes to obtain 227,550 MWh, 295,457 MWh, 314,386 MWh, 360,824 MWh, and 251,395 MWh of its Phase V total consumption reduction target for PYs 2026, 2027, 2028, 2029, and 2030, respectively. Plan at 8, Table 2. Table 1, below, outlines the consumption reduction targets that PECO proposes to obtain in each PY of Phase V:²⁰

¹⁹ In addition, PECO estimates Phase IV carryover savings of 171,867 MWh. This represents 15% of the Company's Phase V prescribed consumption reduction target. [$171,867 \text{ MWh} \div 1,111,685 \text{ MWh} = 15\%$]. Additionally, this will result in overall total energy savings of 1,621,479 MWh. [$1,449,612 \text{ MWh} + 171,867 \text{ MWh} = 1,621,479 \text{ MWh}$]. See Plan at 8, Table 2.

²⁰ See *Id.* for the Company's projected energy savings by PY.

Table 1: PECO’s Proposed Consumption Reduction Target Amounts to be met in each PY²¹

	PY 2026	PY 2027	PY 2028	PY 2029	PY 2030
MWH	227,550	295,457	314,386	360,824	251,395
%	20%	27%	28%	32%	23%

Plan at 8, Table 2.

Upon our review of PECO’s Plan, we find that the Company projects total energy savings that will meet or exceed the prescribed Phase V energy consumption reduction targets set forth in our *Phase V Implementation Order*. Additionally, we find that the Plan complies with our directive that any carryover savings be limited only to savings actually obtained in Phase IV and capped at a maximum of 20%. Moreover, we find that the Plan is designed to achieve at least 15% of the total prescribed energy savings amount in each Phase V PY.

2. Overall Demand Reduction Requirements

a. Requirements

Act 129 required the Commission, by November 30, 2013, to compare the total costs of the EDCs’ EE&C plans to the total savings in energy and capacity costs to

²¹ As previously noted, in this Opinion and Order, we refer to PYs as follows:
 PY 2026: June 1, 2026 – May 31, 2027
 PY 2027: June 1, 2027 – May 31, 2028
 PY 2028: June 1, 2028 – May 31, 2029
 PY 2029: June 1, 2029 – May 31, 2030
 PY 2030: June 1, 2030 – May 31, 2031.

retail customers, or other costs as determined by the Commission. If the Commission determined that the benefits of the plans exceeded the costs, the Act required the Commission to set additional incremental requirements for reduction in peak demand for the 100 hours of greatest demand, or an alternative reduction approach approved by the Commission. Any such reductions in peak demand must be measured from the EDC's peak demand for the period from June 1, 2011 through May 31, 2012. *See* 66 Pa.C.S. § 2806.1(d)(2); *Phase V Implementation Order* at 89.

Phase I of the EE&C Program included demand reduction (DR) requirements. 66 Pa.C.S. § 2806.1(d). The Commission did not believe it had the information necessary at the time to definitively determine that a DR program would be cost-effective as part of Phase II. Consequently, Phase II did not include DR requirements. *Phase II Implementation Order* at 32-33. For Phase III, the Commission concluded that it had sufficient information to determine that DR requirements would be cost-effective in the service territories of six of the then-seven EDCs (all EDCs except Penelec) that were required to file a Phase III EE&C plan. *Phase III Implementation Order* at 34-35. The prescribed Phase III PDR targets were designed around DDR programs. However, for Phase IV, the Commission concluded that PDRs could only be met with coincident reductions in peak demand from EE programs. *Phase IV Implementation Order* at 59, 61-62, 85. The Commission noted that coincident PDRs from EE measures could be recognized in PJM's FCM. The Commission stated that proceeds from bidding these demand resources could reduce the EE&C plan funding that must be collected via riders. *Id.* at 62.

For Phase V, the Commission proposed that either coincident PDRs from EE programs or verified DRs from daily load shifting DR programs may be used to satisfy PDR targets. We reasoned that in doing so, we sought to establish targets and policies that provide the EDCs with flexibility in addition to achieving the desired technical and economic outcomes. The Commission also proposed utilizing the average

load for the 100 hours of highest load for the period June 1, 2007, through May 31, 2008, as the reference peak load values against which to express PDRs for each EDC and for the EE&C program as a whole. *Phase V Implementation Order* at 126, 133-34.

We further proposed assessing compliance with the PDR targets using an average of the EDC's gross verified summer PDR and winter PDR.²² We reasoned that this would allow an EDC to offset underperformance in one season by overperforming in another season. Thus, establishing a PDR target that includes both summer and winter performance inherently indicates that both seasons are important. To ensure some balance across seasons, the Commission directed that each EDC's Phase V EE&C plan include a mix of measures and programs projected to acquire at least 75% of the proposed target in each season. For example, an EDC with a Phase V PDR target of 120 MW would need to file an EE&C plan projecting no less than 90 MW of summer or winter PDR. [$90 \div 120 = 75\%$]. *Phase V Implementation Order* at 136, 143.

Further, we directed that: (1) EDCs be permitted to carryover 50% of the excess peak demand savings acquired in Phase IV and apply them towards Phase V PDR targets; (2) EDCs design their EE&C plans to achieve at least 15% of their prescribed PDR target in each program year; and (3) PDRs from EE measures be measured using the savings approach described, *supra*. *Phase V Implementation Order* at 144, 145-47, 149. Moreover, we specified that EDCs that include time of use (TOU) rates in

²² The summer peak demand period for Act 129 programs is non-holiday weekdays from June through August, from 2:00 pm to 6:00 pm Eastern Prevailing Time. The winter peak demand period is non-holiday weekdays from January through February, from 7:00 am to 9:00 am and 6:00 pm to 8:00 pm Eastern Prevailing Time. *Phase V Implementation Order* at 149. However, we also stated that the EDCs may propose an alternative performance window in their Phase V EE&C plans. We further specified that the EE&C plan should provide a rationale for the alternative window. *Id.* at 154. In its Plan, the Company is using the peak demand periods, as defined above. *See Plan* at 26, 61.

their proposed Phase V EE&C plans should clearly describe how Act 129 support will lead to improved outcomes over simply offering TOU rates in tariffs.²³ *Id.* at 124.

At the same time, we declined to direct the inclusion of a specific low-income PDR target. We noted, *inter alia*, that each additional target the Commission establishes exposes the EDCs to additional compliance risk, given the associated statutory penalties set forth in the Act. Further, we reasoned that establishing a specific low-income peak demand carve-out could divert focus from comprehensive efficiency programs that more directly reduce household energy bills. *Phase V Implementation Order* at 141-42.

The *Phase V Implementation Order* established a Phase V PDR target for PECO of 194.8 megawatts. This represents 2.47% of PECO's 2007-08 baseline. *Phase V Implementation Order* at 143.

b. Disposition

In its EE&C Plan, PECO states that it will collaborate with CSPs to monitor the performance and track progress toward the seasonal target, enabling timely adjustments and compliance. PECO projects a Phase V PDR of 264.5 MW, or 136% of the Phase V compliance PDR target of 194.8 MW for the Company, as outlined in our *Phase V Implementation Order*. Plan at 6, 10, Table 3. For the summer and winter

²³ In the *Phase IV Implementation Order*, the Commission explained that it had directed the SWE to exclude TOU pricing from the Phase IV DR Potential Study over concerns about an EDC's risk due to factors beyond its control. In the *Phase V Implementation Order*, the Commission stands by its choice to exclude TOU rates as a PDR strategy, but reiterates that the exclusion of a strategy does not dictate measure eligibility. *Phase V Implementation Order* at 124 (citing *Phase IV Implementation Order* at 58-59).

seasons, PECO projects PDRs of 290.5 MW and 238.4 MW, respectively, for an average total Phase V PDR of 264.5 MW.²⁴ Plan at 11, Table 4.

The Company represents that it will not claim inherent load shifting benefits solely from TOU. Rather, PECO will leverage its EE&C Plan to drive customer adoption and maximize load impacts of TOU adoption through: (1) customer education that explains TOU rate structures, benefits, and practical strategies for shifting usage to lower-cost periods; (2) behavioral programming to adjust consumption patterns in response to TOU signals; and (3) financial incentives, such as enrollment bonuses, bill credits, or rebates tied to verified load shifting performance. Plan at 23-24.

PECO and the OCA aver that the energy and PDRs in the Company's Phase V Plan will satisfy the targets established in the *Phase V Implementation Order*. PECO Statement in Support at 2; OCA Statement in Support at 5.

In its Plan, PECO states that consistent with the directive of the *Phase V Implementation Order*, its Plan is structured to achieve at least 75% of the seasonal peak demand target each season. Additionally, PECO projects that no less than 15% of the five-year savings and PDR compliance targets will be achieved in each PY. Plan at 12. Furthermore, the Company's Plan includes a summary of demand savings, by PY, and a summary of demand savings, by seasonal PDRs. *See Id.* at 9-11, Tables 3-4.

We find that the Plan, as modified by the Settlement, is designed to adequately achieve compliance with the overall coincidental PDR requirements and the

²⁴ In addition, PECO estimates Phase IV Carryover savings of 7.2 MW. Plan at 10, Table 3. This represents 3.7% of the Company's Phase V prescribed PDR target. $[7.2 \text{ MW} \div 191.8 \text{ MW} = 3.7\%]$. Additionally, this will result in an overall PDR amount of 271.7 MW. $[264.5 \text{ MW} + 7.2 \text{ MW} = 271.7 \text{ MW}]$.

seasonal requirements prescribed for PECO in our *Phase V Implementation Order*. We also find that PECO sufficiently complied with our directive regarding TOU rates.

3. Requirements for a Variety of Programs Equitably Distributed

a. Requirements

In the *Phase V Implementation Order*, we did not require a proportionate distribution of measures among customer classes. However, we did require that each customer class be offered at least one program. *Phase V Implementation Order* at 199-200. In addition, the Commission required that all Phase V EE&C Plans include at least one comprehensive program for residential customers and at least one comprehensive program for non-residential customers. *Id.* at 52.

b. Disposition

PECO's Plan includes three programs: (1) one geared toward residential (including a subprogram for low-income); (2) one geared toward residential HERs (including residential low-income HERs); and (3) one geared toward non-residential energy efficiency measures. PECO's Plan provides EE and coincident PDR for each of its customer classes, including a carve-out for low-income customers. The residential program and non-residential program are designed to have a comprehensive approach to implementation. The individual EE&C programs are described in detail in Section 3 of PECO's Plan.²⁵ PECO's Plan provides at least one comprehensive program for

²⁵ As discussed, *infra*, the Company's Plan does not include any front of the meter (FTM) measures. Plan at 23.

residential customers and non-residential customers.²⁶ The three programs provide customers with opportunities to save energy across all electric end-uses. This will enable participants to make comprehensive EE upgrades to various types of equipment while working with a single Company program, resulting in deeper retrofits. PECO also notes that its programs and measures for small and large customers will also serve the government, nonprofits, and institutions (GNI) sector. Plan at 1-3, 20-21, 23-25, 90-91.

PECO proposes to spend 25% of its total Plan budget on residential (exclusive of low-income) programs, 12% on residential low-income programs, 30% on small C&I programs, and 34% on large C&I programs. Plan at 19.

Additionally, certain of the Joint Petitioners expressed concern that in its Initial Plan, PECO, *inter alia*: (1) did not provide sufficient information to demonstrate whether the Company intended to provide its low-income customers with “deep-saving efficiency measures;” and (2) did not sufficiently tailor to low-income HER and low-income appliance recycling components to low-income customers to generate savings that could be counted towards the Company’s low-income carve-out. *See* PECO Statement in Support at 4. Therefore, the Settlement provides for additional focus on comprehensive measures. In this regard, the Company has agreed to not count savings generated by the Residential HER low-income subprogram towards PECO’s Phase V low-income carve-out and also agreed to a range of tailored enhancements for the appliance recycling component of the Residential low-income subprogram. Moreover, PECO agreed to strengthen its customer assistance program (CAP) customer awareness of EE programming through CAP outreach events, CAP Maximum Credit Notification

²⁶ PECO represents that the measure mix in its Plan aims to prioritize comprehensive measures. The Company states that this includes measures that are defined as comprehensive on their own, such as heat pumps and insulation, as well as measures that are considered comprehensive only when paired with the installation of another comprehensive measure. *Id.*

letters, and training with community-based organizations, as well as to track and report information about CAP customer audits and measures. Settlement at ¶¶ 16-19, 21. *See also* CAUSE-PA/TURN Statement in Support at 4-8.

Based on our review of the Plan, we conclude that PECO's EE&C Plan meets the requirement set forth in our *Phase V Implementation Order* that each customer class be offered at least one program. We further conclude that the Plan satisfies the requirement that at least one comprehensive program be offered to residential customers and at least one comprehensive program be offered to non-residential customers. Accordingly, we conclude that PECO's Plan complies with the provisions of 66 Pa.C.S. § 2806.1(a)(5) and the *Phase V Implementation Order*, which require that EE&C plans include a variety of EE&C measures and that these measures be provided equitably to all classes of customers.

4. Government/Educational/Non-Profit Requirement

a. Requirements

Act 129 required, in its initial phase of implementation, that EE&C plans obtain a minimum of 10% of all consumption and PDR requirements from units of the federal, state, and local governments, including municipalities, nonprofit entities, school districts, and institutions of higher education (GNI carve-out). 66 Pa.C.S. § 2806.1(b)(1)(i)(B). No such stipulation was required for subsequent phases of implementation. For Phase II, the Commission prescribed a similar requirement for the EE&C Program. In Phase III, the Commission required that each EDC obtain at least 3.5% of all consumption reduction requirements from GNI entities. For Phase IV, the Commission did not require a specific carve-out for the GNI sector, finding that the results of the EE and PDR Potential Study performed by the Phase III SWE indicated that the GNI sector was expected to produce a significant share in Phase IV consumption

reductions at a comparable acquisition cost to the broader small and large C&I customer classes without a specific compliance target. Namely, the Commission found that in contrast to the low-income sector, which would likely be underserved without a carve-out, the GNI sector can be adequately served by measures offered to other non-residential customers. However, the Commission proposed that the EDCs report savings achieved for the GNI sector in Phase IV and that the EDCs' EE&C plans highlight how the GNI sector will be served. *Phase IV Implementation Order* at 37-39, 43.

In our *Phase V Implementation Order*, we did not specifically set forth any requirements as to the GNI sector.

However, PECO represents that its Plan is to have a specific assigned outreach representative for engagement in the prescriptive and custom sub-components of the Non-Residential Program. PECO proposes that the outreach representative will coordinate with PECO's economic development, large customer services team, and government affairs to work collaboratively to engage and educate these customers on the value of EE and participation in the Company's programs. Further, the Company explains that a CSP will tailor marketing and outreach to reflect the priorities of GNI customers, including sustainability goals and budget constraints, and will implement sector-specific messaging where appropriate. The Company's outreach team will directly support implementation of those plans using its Non-Residential program incentives. Plan at 122.

5. Constraints on EE&C Plan Offerings

a. Requirements

(1) Non-Residential Midstream Lighting

The Commission noted that in Phase IV of the EE&C Program, non-residential LED lighting measures have delivered more savings than all other measure categories combined. The three primary measure vintages for non-residential lighting and most other EE&C measures are Early Replacement, New Construction, and Replace on Burnout (ROB). We explained that ROB lighting is generally delivered via midstream channels at the point of sale through participating distributors. We cautioned that as LED lighting becomes the industry standard technology for virtually all lighting applications, this creates serious concern about the use of limited program funds to incent LED equipment at the point of purchase. The Commission expressed concern that many of these sales in Phase V would replace first-generation LED systems and that nearly all of these sales would be LEDs even without program support. Thus, we posited that implementation of large midstream/ROB lighting programs in Phase V could result in a situation in which the EDCs claim more gross lighting savings than the total contribution of non-residential lighting energy to their current retail sales. *Phase V Implementation Order* at 74-75.

However, in view of the volume of EDC comments in this proceeding lamenting the blended acquisition costs used to establish Phase V targets, we concluded that it is inappropriate to limit EDC flexibility to offer program designs with low administrative costs per kWh saved. Therefore, for Phase V, we concluded that the EDCs do not need to minimize the contribution of midstream delivery of non-residential lighting measures in their Phase V EE&C plans, provided that participating distributors

can document each transaction that the replaced lighting equipment is not LED. *Phase V Implementation Order* at 76-77.

(2) FTM Measures

In our *Phase V Implementation Order*, we noted that there are potential EE&C measures that affect the EDC distribution equipment that transports electricity to homes and businesses. We stated that while FTM measures would lower customer energy consumption, and therefore bills, they generally do not involve ratepayer participation or even awareness. Previous phases of Act 129 have allowed FTM measures, such as conservation voltage reduction, to contribute to EDC compliance goals. *Phase V Implementation Order* at 77. In our *Phase V Tentative Implementation Order*, we proposed limiting Phase V EE&C plans to customer-sited measures that the home or business would have knowledge of, reasoning that FTM measures are part of operating the distribution system, rather than an EE&C plan component. *Id.*; *Phase V Tentative Implementation Order* at 30.

However, based upon comments we received in response to our *Phase V Tentative Implementation Order*, we found that FTM measures such as conservation voltage reduction can be low-cost, high-yield EE&C plan components and can help combat growing resource adequacy concerns in the Commonwealth. Accordingly, we determined that for Phase V, the EDCs do not need to limit their proposed Phase V EE&C plans to customer-sited measures.²⁷ Notwithstanding the above, we directed that

²⁷ Typically, such customer-sited measures involve the customer, or a contractor on their behalf, installing a piece of electric equipment or implementing behavior or technical controls to alter the way existing equipment operates. Often the participant pays the majority of the cost of efficient equipment. *Phase V Tentative Implementation Order* at 30; *Phase V Implementation Order* at 77.

the projected contribution of FTM measures be limited to no more than 10% of the total Phase V EE&C plan MWh and MW savings. *Phase V Implementation Order* at 79.²⁸

b. Disposition

(1) Non-Residential Midstream Lighting

The Company's Plan includes language specifying that PECO will work with its non-residential CSP to confirm that midstream delivery of lighting minimizes "like-for-like" LED replacements. Further, the Plan requires participating distributors to:

- (1) confirm at the point of sale that the replaced equipment is non-LED and certify installation within ninety (90) days, in alignment with current program standards;
- (2) provide mandatory baseline documentation through the midstream upload template, including details such as fixture type, to confirm accurate data capture;
- (3) undergo compliance verification, which includes random post-installation checks by phone and on-site, within 90 days of purchase;
- (4) follow enhanced quality assurance/quality control (QA/QC) protocols, including automated flags for duplicate projects or missing baseline data, and annual compliance audits; and
- (5) complete mandatory training on documentation requirements and program rules, reinforced through periodic refreshers and performance reviews.

The Plan notes that distributors that fail to meet compliance standards will be subject to corrective action plans or removal from the program.

Plan at 167-68.

²⁸ In addition to the constraints regarding Non-Residential Midstream Lighting and FTM Measures, we also considered the proposal of the OCA that eligibility for solar photovoltaic (PV) incentives should be limited to participants who also receive incentives for other EE measures offered through Act 129. However, we declined to require the pairing of solar PV with other EE measures, noting that we instead favor program designs that allow participants to select the measure(s) that make sense for them based on their technical and economic circumstances. *See Phase V Implementation Order* at 79-80.

Our review of the record indicates that the Company's Plan is in compliance with the directive in our *Phase V Implementation Order* regarding documentation of non-residential midstream LED lighting replacements.

(2) FTM Measures

PECO's Phase V Plan does not include FTM measures. Plan at 23. Accordingly, we find that PECO's Plan satisfies the directive in our *Phase V Implementation Order* that the projected contribution of FTM measures be limited to no more than 10% of the Company's total Phase V EE&C Plan MWh and MW savings.

6. Low-Income Program Requirements

a. Requirements

For Phase V, as in all prior phases of Act 129, the Commission proposed that each EDC's EE&C plan include specific EE measures for households at or below 150% of the Federal Poverty Income Guidelines (FPIG), in proportion to that sector's share of the total energy usage in the EDC's service territory. *Phase V Implementation Order* at 54; *see also* 66 Pa.C.S. § 2806.1(b)(1)(i)(G).²⁹ The Commission derived the low-income savings targets by allocating 13% of each EDC's Act 129 budget to programs solely directed at low-income customers or low-income-verified participants in multifamily housing programs. The low-income targets represent 7.5% of the statewide MWh target, which is higher than the 5.8% of Phase IV savings that come from low-

²⁹ *See Report of the Act 129 Low-Income Working Group* at Docket No. M-2009-2146801, Table 1 at page 6, that was adopted by the Commission in an April 27, 2010 Secretarial Letter at the same Docket.

income households.³⁰ By EDC, the low-income targets range from 6.7% to 7.9%, including 6.7% for PECO. *Phase V Implementation Order* at 55, 68-69, and 12, Table 2.³¹ Savings counted toward this target can only come from specific programs

³⁰ In Phase III, the Commission required that each EDC obtain a minimum of five-and-one-half percent of its total consumption target from the low-income sector. *Phase III Implementation Order* at 62-63 and 69. In the *Phase IV Implementation Order*, the Commission noted that while the Phase IV target was slightly higher in terms of percentage, the Phase IV target is lower for all EDCs in terms of MWh due to the higher portfolio-level acquisition costs used to set the Phase IV targets. *Phase IV Implementation Order* at 36.

³¹ We note that there is a slight discrepancy between the statewide and individual EDC low-income target percentages stated on page 55 of our *Phase V Implementation Order*, and those stated on page 69. On review, Table 12 on page 55 of our *Phase V Implementation Order* includes the total Phase V consumption reduction targets for each EDC that we initially contemplated in our *Phase V Tentative Implementation Order*, as opposed to the final total Phase V consumption reduction targets set forth in Table 2 page 12 in our *Phase V Implementation Order*. On pages 68 and 69 of our *Phase V Implementation Order*, we also stated that the low-income energy savings targets presented in our *Phase V Tentative Implementation Order* were reasonable and achievable. While our prescribed low-income targets in our *Phase V Implementation Order* did not change from those contemplated in our *Phase V Tentative Implementation Order*, we did update the total overall Phase V consumption reduction targets. Therefore, as shown in Table 2, below, the low-income target percentages stated in this Opinion and Order are consistent with those stated on page 69 of our *Phase V Implementation Order*.

Table 2: Percentage of Overall Consumption Reduction Targets attributable to Low-Income

	Total Consumption Reduction Targets (MWh)	Low-Income Consumption Reduction Targets (MWh)	Percentage of Overall Consumption Reduction Targets Attributable to Low-Income
Duquesne Light	261,583	18,933	7.2%
PECO	1,111,685	74,456	6.7%
PPL	828,231	65,678	7.9%
First Energy	1,097,605	86,913	7.9%
Total	3,299,104	245,980	7.5%

See *Phase V Implementation Order* at 69; 12, Table 2.

solely directed at low-income customers or low-income-verified participants in multifamily housing programs. Savings from non-low-income programs, such as general residential programs, cannot be counted toward these targets.³² *Id.* at 55.

Table 3 summarizes the Phase V low-income savings targets prescribed for PECO in our *Phase V Implementation Order*, which the Company must meet by May 31, 2031.

Table 3: PECO Phase V Low-Income Savings Targets

	Proportionate Number of Measures (%)	Low-Income Consumption Reduction Target (MWh)
PECO	8.80	74,456

Phase V Implementation Order at 55.

b. Disposition

The Company’s Plan includes language specifying that the Residential low-income subprogram will: (1) contribute to PECO’s prescribed low-income carve-out; and (2) serve low-income customers in single family homes and multifamily buildings in which 66% of occupants have a household income of less than 150% of the federal poverty level (FPL).³³ Plan at 2, n.2, 59. Further, PECO represents that in accordance with the Settlement, the Company will not count savings generated by the

³² As previously discussed, we are not proposing a low-income carve-out for the peak demand reduction requirements. *See also, Phase V Implementation Order* at 55, n.48.

³³ The Plan also notes that master-metered buildings are counted towards the low-income carve-out target. Plan at 8, n.12, 17, n.21.

low-income HER subprogram towards the low-income carve-out.³⁴ Settlement at ¶ 17; Plan at 81.

In the Plan, PECO proposes total energy savings from low-income customers of 81,550 MWh, by the end of PY 2030 (May 31, 2031).³⁵ Plan at 2, Figure 1. Therefore, we find that PECO's Plan exceeds the prescribed low-income savings target of 74,456 MWh that was set forth for the Company in our *Phase V Implementation Order*, and as restated in Tables 2 and 3, *supra*.³⁶

³⁴ PECO indicates a savings of 5,374 MWh from this subprogram. See Plan at 16, Table 6.

³⁵ The Company's proposed total low-income energy savings includes projected participation of low-income households living in multifamily housing. Low-income master-metered buildings are recovered from the small and large C&I sectors and are counted towards the low income carveout target [63,598 MWh + 8,976 MWh + 8,976 MWh = 81,550 MWh]. *Id.* at 16-17, Table 6. Additionally, PECO estimates Phase IV carryover savings from the low-income sector of 22,295 MWh. *Id.* at 89. However, PECO represents that, in accordance with the *Phase V Implementation Order*, and as stated in Section V.A.1, *supra*, the Company will cap Phase IV low-income carryover savings to a maximum of 20% of the Company's prescribed Phase V low-income compliance target, or approximately 14,891 MWh. [74,456 MWh x 20% = 14,891 MWh]. *Id.* at 89, n.30. Therefore, PECO's overall total energy savings from the low-income sector is 96,441 MWh. [81,550 MWh + 14,891 MWh = 96,441 MWh].

³⁶ As discussed in Section V.A.1 of this Opinion and Order, the Company projects total overall energy savings from all sectors of 1,449,612 MWh in its Plan. Thus, PECO's consumption reduction attributable to the low-income sector is approximately 5.63%. [81,550 MWh ÷ 1,449,612 MWh = 5.63%]. Although PECO's effective percentage of overall savings attributable to the low-income sector, as set forth in its Plan, is lower than that prescribed in our *Phase V Implementation Order*, the Company's projected energy savings from the low-income sector represents approximately 7.34% of the overall Phase V consumption reduction target of 1,111,685 MWh (*i.e.* total overall energy savings) we prescribed for PECO in our *Phase V Implementation Order*. [81,550 MWh ÷ 1,111,685 MWh = 7.34%]. Therefore, PECO's projected energy savings attributable to the low-income sector exceeds the prescribed target of 6.7% of the Company's overall consumption reduction target prescribed in the *Phase V Implementation Order* and restated in Table 2, *supra*.

In PECO's Plan, Table 8 "Residential Eligible Measures" identifies 87 measures that are not low-income measures. Plan at 30-34, Table 8. Additionally, Table 20 "Residential Low-Income Subprogram Eligible Measures" identifies 72 residential measures that are low-income measures. *Id.* at 64-67, Table 20. Further, in Table 38, PECO identifies 142 measures that are non-residential measures. *Id.* at 95-102, Table 32. Therefore, PECO has identified a total of 72 out of 301 measures in its Plan that specifically target low-income customers, representing approximately 23.9% of its total Plan measures. $[72 + 87 + 142 = 301]$; $[72 \div 301 = 23.9\%]$.³⁷

Regarding the requirement that an EE&C plan include a number of low-income measures in proportion to the low-income households' usage of total energy usage in each of the Company's service territories, the Company's Plan states that:

PECO confirmed that the Phase V Final Order requirement to set low-income measures at 8.8% was incorporated into its CSP plans. Throughout the program, PECO will actively monitor this metric to maintain compliance.

Plan at 89.

On review of the above, we find that the Company has sufficiently complied with the requirement in our *Phase V Implementation Order* that an EE&C plan include a number of low-income measures in proportion to the low-income households' usage to the total energy usage in the Company's service territory.

³⁷ Additionally, as noted above, the Company's proposed total low-income energy savings includes projected participation of low-income households living in multifamily housing. Low-income master-metered buildings are recovered from the small and large C&I sectors. We note that this metric does not definitively eliminate any double counting of measures offered in multiple sectors, multiple tiers, or demand response measures.

Additionally, under the Settlement, PECO will incorporate EE education into existing CAP outreach events to generate awareness regarding Act 129 and other Company assistance programs. Regarding the appliance recycling component of the low-income program, the Company will: (1) develop targeted messaging to low-income customers to drive participation at drop-off events and pick-up events (if a suitable vendor is obtained to provide pick-up services); (2) inform confirmed low-income customers about the availability and benefits of a Free Energy Check-Up and will facilitate audit scheduling for customers who affirmatively opt in; (3) develop and implement targeted print and/or email marketing materials, which will include information about both appliance recycling and examples of the no-cost measures available through the Free Energy Check-Up; (4) provide copies of the marketing materials to the other Joint Petitioners when finalized, and by no later than 180 days after the start of the Phase V Plan; (5) tailor the messaging for low-income customers to highlight the benefits of energy assessments and potential EE measures, subject to the unique characteristics of the home; and (6) count savings generated by the appliance recycling component towards the low-income carve out. Settlement ¶¶ 16, 18 at 5-6.

Further, under the Settlement, the Company will: (1) add information to the existing CAP Maximum Credit Notification letters sent to CAP customers regarding how customers can access PECO's website to obtain information regarding Act 129 EE measures available to low-income customers; (2) coordinate with Community-Based Organizations (CBOs) in PECO's service territory to provide training and materials regarding Act 129 low-income program offerings; (3) track electric resistance heating customers from low-income Free Energy Check-Up visits and will provide materials, once finalized, about the benefits of the opportunities available to move away from electric resistance heating to heat pumps during Act 129 audits; and (4) provide a copy of the materials with the Parties to this proceeding when finalized and no later than 180 days after the start of Phase V. When an Act 129 auditor identifies a residential or low-income customer who is potentially eligible for Rate residential heating (RH), in accordance with

PECO's Tariff, the technician will provide that customer with information about specific requirements for switching to Rate RH. Settlement ¶¶ 19-20 at 6.

Moreover, under the Settlement, PECO will include, in its Act 129 Final Annual Report, data that is disaggregated by CAP customers with electric heating and those without electric heating, and as identified during an Act 129 audit: (1) the number of CAP customers who received an Act 129 audit, including any LIURP audit where Act 129 measures are installed; (2) the number of customers who received any Act 129 measures following the audit; and (3) the number of customers who received comprehensive measures following the audit. Additionally, PECO will not impose a standard per-household cap on health and safety spending for its Act 129 program during Phase V. Rather, the Company will assess health and safety needs on an individual basis while considering the available Phase V Health and Safety budget. Settlement ¶¶ 21-22 at 6-7.

On review, we find that the Settlement provisions related to the low-income programs in PECO's Plan are consistent with the public interest. The Settlement provisions strengthen how low-income savings are attributed by ensuring that savings counted toward the low-income carve-out are derived solely from programs directed to income-eligible customers. The Settlement provisions also expand program access through targeted outreach and coordination with CBOs and provide greater transparency through additional tracking and reporting of CAP customer and multifamily program participation. As stated by the OCA, the Settlement terms that address low-income programming are expected to produce outcomes that benefit consumers and align with the directives of Act 129. OCA Statement in Support at 22. We also agree with CAUSE-PA/TURN that the Settlement terms strengthen the likelihood that Act 129 resources will, *inter alia*, deliver more durable benefits to low-income customers. CAUSE-PA/TURN Statement in Support at 13. Further, we agree with the City/PEA that the provisions are designed to further connect the Company's low-income customers with

the most meaningful energy savings opportunities available under Act 129. The City/PEA Statement in Support at 7. Therefore, we find that this portion of PECO’s Plan, as modified by the Settlement, should be adopted.

7. Proposals for Improvement of Plan

a. Requirements

The Commission’s EE&C Program must include “procedures to make recommendations as to additional measures that will enable an EDC to improve its plan and exceed the required reductions in consumption.” 66 Pa.C.S. § 2806.1(a)(6). Furthermore, Act 129 permits the Commission to direct an EDC to modify or terminate any part of an approved plan if, after an adequate period for implementation, the Commission determines that a measure included in the plan will not achieve the required consumption reductions in a cost-effective manner. 66 Pa.C.S. § 2806.1(b)(2); *see also Phase V Implementation Order* at 201.

b. Disposition

As previously noted, the Commenting Parties each filed Comments to the Joint Petitioners’ EE&C Plan on January 16 and 18, 2026. In their Comments, the Commenting Parties make recommendations regarding: (1) adjusting and clarifying proposed low-income measures to prioritize whole home measures that will provide deeper, longer-term savings; (2) ensuring that favorable cost sharing and no cost measures are available to both individually metered and master metered affordable housing buildings; (3) modifying the Plan to make it easier for multifamily affordable housing to qualify as “Low-Income” or “Resource Constrained;” (4) offering and funding a higher proportion of thorough physical inspections and residential energy audits; (5) creating marketing plans with clear, specific criteria and application rules that are sent

directly to multifamily affordable residences; (6) the delivery of comprehensive EE programming and services; (7) providing tangible examples of how the Company intends to coordinate the service delivery of its Plan programs; (8) establishing clear customer pathways for electric resistance (ER) customers within residential programs; (9) establishing dedicated budgets, targets, and reporting metrics for electric space and water heating upgrades; (10) deploying market-readiness initiatives; (11) adopting the definition of measures qualifying for comprehensive programs, per Commission guidance; (12) improving program information and marketing; (13) the enhanced coordination of EE&C Plan program offerings with other conservation and health and safety programs; (14) better coordination of low-income programs for eligible customers; (15) improving heat pump education and access; (16) prioritizing measures that offer deep energy savings; and (17) development and investment in health and safety pilot programs for eligible customers. *See* CEEH-PA Comments at 8, 12-13, 18-19, 22-24; Energy Advocates Comments at 2-7; RMI Comments at 3-6; CAC Comments at 3-8.

As previously discussed, through the Joint Settlement, PECO has agreed to adopt or investigate and study several improvements proposed by the Parties to the Settlement. All Parties to this proceeding either agreed to the Settlement or did not oppose the Settlement. Several of the proposed improvements set forth in the Comments have been addressed either in the Company's Plan, as revised by the Settlement, or in the *Phase V Implementation Order* and associated proceedings.³⁸ In addition, there are no remaining contested issues related to these proposed improvements. Therefore, as noted above, in this Opinion and Order, we will not address the Comments that were filed to PECO's Phase V EE&C Plan. As stated previously, while none of the Commenting Parties were Parties to the Settlement, they also did not oppose the Settlement.

³⁸ *See also, 2026 TRC Test Order.*

B. Cost Issues

In the *Phase V Implementation Order*, we stated as follows:

Act 129 directs the Commission to establish a cost recovery mechanism that ensures that the approved measures are financed by the customer class that receives the direct energy and conservation benefit of the measure. 66 Pa. C.S. § 2806.1(a)(11). All EDC plans must include cost estimates for implementation of all measures. 66 Pa. C.S. § 2806.1(b)(1)(i)(F). Each plan must also include a proposed cost recovery tariff mechanism, in accordance with Section 1307 (relating to sliding scale of rates; adjustments), to fund all measures and to ensure full and current recovery of prudent and reasonable costs, including administrative costs, as approved by the Commission. 66 Pa. C.S. § 2806.1(b)(1)(i)(H).

In addition, each plan must include an analysis of administrative costs. 66 Pa. C.S. § 2806.1(b)(1)(i)(K). Act 129 dictates that the total cost of any plan must not exceed two percent of the EDC's total annual revenue as of December 31, 2006, excluding Low-Income Usage Reduction Programs [(LIURPs)] established under 52 Pa. Code § 58 (relating to residential Low-Income Usage Reduction Programs, 66 Pa. C.S. § 2806.1(g)).

Lastly, all EDCs, including those subject to generation or other rate caps, must recover, on a full and current basis from customers, through a reconcilable adjustment clause under Section 1307, all reasonable and prudent costs incurred in the provision or management of their plans. 66 Pa. C.S. § 2806.1(k).

Phase V Implementation Order at 231.

1. Plan Cost Issues

a. Determination of Allowable Costs

(1) Phase V Allowable Costs

(a) Requirements

The Act allows an EDC to recover all prudent and reasonable costs relating to the provision or management of its EE&C Plan, but limits such costs to an amount not to exceed 2% of the EDC's total annual revenue as of December 31, 2006, excluding LIURPs established under 52 Pa. Code §§ 58.1-58.18. 66 Pa.C.S. § 2806.1(g). The level of costs that an EDC will be permitted to recover in implementing its EE&C program was established in the Phase I EE&C proceedings. The Commission interprets the 2% limitation provision of Act 129 to be an annual amount applicable for the period of the EE&C plan, rather than an amount for the full proposed five-year period of Phase V. In the *Phase V Implementation Order*, we established an annual spending cap of \$85,477,166 for PECO, which results in a total five-year Phase V budget limit of \$427,385,830. [$\$85,477,166 \times 5 = \$427,385,830$]. *Phase V Implementation Order* at 34, 232, 234-35.

Further, we stated that for Phase V, each EDC was required to submit an EE&C plan demonstrating that at least 50% of its total Phase V budget is allocated to incentives, and that less than 50% of this budget is allocated to non-incentive cost categories. However, we clarified that this directive only applies to the EDC's overall Phase V EE&C plan. Thus, we explained that an EDC may still include any program that does not individually meet the spending split criteria, provided that the overall plan complies with our directive above. *Phase V Implementation Order* at 233, 237.

(b) Disposition

PECO's total projected costs, as set forth in the Company's Phase V EE&C Plan, are \$427,385,830. As will be discussed in detail in Section V.B.4, *infra*, the Company will recover these costs through the Company's Phase V cost recovery mechanism. Plan at 15, 145, 151 (Table 41), 173 (Table 50). As the Company's total projected costs do not exceed its 2% cost cap, we find that these costs comply with the 2% cost cap requirement. Therefore, we shall approve this Phase V spending allowance.

However, on review, we note that PECO's Plan does not address the requirements in the *Phase V Implementation Order* to demonstrate that at least 50% of the Company's total Phase V budget is allocated to incentives, and that less than 50% of this budget is allocated to non-incentive cost categories.³⁹ Therefore, we shall modify the Plan by requiring the Company to include a table in its Plan to demonstrate that at least 50% of its total Phase V budget is allocated to incentives, and that less than 50% of this budget is allocated to non-incentive cost categories, pursuant to our requirements in the *Phase V Implementation Order* that the Company's Plan, as a whole, is in compliance with these directives. *See Phase V Implementation Order* at 233, 237. PECO is directed to file this revision to its Phase V EE&C Plan within sixty (60) days of the entry date of this Opinion and Order. *See* 66 Pa.C.S. § 2806.1(e)(2)(i)-(ii).

³⁹ We note in Section 4.2.3 of its Plan, PECO acknowledges that under the *Phase V Implementation Order*, PECO must "have a minimum of 50% of the total budget go to incentives." Plan at 132. In addition, the Company's Plan demonstrates that several programs and subprograms allocated to incentives and non-incentives for each PY. *See* Plan at 47, Table 10, at 119, Table 34, at 147-49, Table 38. However, these tables do not specifically address whether the Company meets our requirements regarding the Company's total Phase V budget, as a whole (*i.e.*, these tables do not demonstrate that at least 50% of the Company's *total Phase V budget* is allocated to incentives, and that less than 50% of the Company's *total Phase V budget* is allocated to non-incentive cost categories). *See Phase V Implementation Order* at 233, 237.

(2) Application of Excess Phase IV Budget

(a) Requirements

EDCs cannot use excess Phase IV funds to implement Phase V programs. After June 1, 2026, the EDCs can only use Phase IV budgets to close out program delivery, evaluation, measurement, and verification (EM&V), and reporting obligations for measures installed and commercially operable on or before May 31, 2026. Similarly, EDCs may continue to spend their Phase IV budgets even if their consumption and/or peak demand reduction goals are met before the end of Phase V. However, EDCs may spend their Phase V budgets past May 31, 2031, only to account for those program measures installed and commercially operable on or before May 31, 2031, and to finalize the CSP and administrative fees related to Phase V. Subsequently, the Commission's Bureau of Audits will reconcile Phase V funds collected by the EDCs, compared to Phase V expenditures, and direct the EDCs to refund any over-collections to the appropriate rate classes. *Phase V Implementation Order* at 239, 242.

Additionally, with respect to the caps on savings carryover percentages, we clarified, as follows:

- Energy (MWh) is **capped**, meaning that no more than 20% of an EDC's Phase V consumption reduction targets can be achieved by carryover savings from Phase IV.
- Peak demand savings (MW) is **discounted** by a factor of 50%, meaning that EDCs can only carry over half of the peak demand savings they achieve in Phase IV in excess of their Phase IV target towards Phase V peak demand reduction targets.
- Energy carryover is *capped but not discounted*. Peak demand carryover is *uncapped, but discounted*.

Phase V Implementation Order at 241 (emphasis in original).

(b) Disposition

Our review of the record indicates that the Company's Plan is in compliance with the directive in our *Phase V Implementation Order*, which prohibits the use of excess Phase IV funds to implement Phase V programs. Additionally, we find PECO's Phase V Plan to be consistent with the directives regarding the application of excess Phase IV budget and the caps on savings carryover percentages. Plan at 8 (Table 2), 10 (Table 3), 172-73 (Tables 48-50).

(3) Rebate Application Deadlines

(a) Requirements

In our *Phase V Implementation Order*, we required EDCs to include rebate deadlines in their Phase V EE&C plans. Although we believe that EDCs and their stakeholders are in the best position to determine the appropriate deadlines, we suggested that 180 days be the maximum deadline. Thus, we proposed that, if an EDC includes a deadline for rebates longer than 180 days in their EE&C plan, that the EDC has the burden to provide a clear and reasonable rationale for the longer timeframe. Additionally, we proposed that EDCs include clear deadlines on all rebate forms and applications, and that CSP contracts clearly delineate responsibilities for maintaining up to date forms and website information. *Phase V Implementation Order* at 242-44.

(b) Disposition

The Company's Plan includes language specifying that, in general, the maximum deadline for rebates is 180 days after purchase, and that any rebate deadlines that are longer than 180 days may affect the reporting and reconciliation timeframes. Plan at 35, 103.

In view of the above, we find PECO's EE&C Plan to be consistent with the directives in our *Phase V Implementation Order* with respect to rebate application deadlines.

2. Cost Effectiveness/Cost-Benefit Issues

a. Requirements

The Act requires an EDC to demonstrate that its plan is cost-effective, using the TRC Test approved by the Commission. 66 Pa.C.S. § 2806.1(b)(1)(i)(I). The TRC Test to be used for evaluating Phase V EE&C plans was approved by the Commission in the *2026 TRC Test Order*.

In our *Phase V Implementation Order*, we maintained the practice used in each prior Act 129 Phase, where Net-to-Gross (NTG) ratio research results are used for modifications to existing programs, as well as for planning for future phases. Furthermore, we proposed that compliance in Phase V be determined using gross verified savings. Additionally, we proposed that the EDCs include in their EE&C plans net TRC ratios, as well as gross TRC ratios, based on the best available estimates of NTG research for a given program type. We reserved the right to reject EE&C plans that rely heavily on measures with high expected rates of free ridership (*i.e.* program savings attributable to program participants who would have implemented a program measure or practice even in the absence of the program). We recognized that prospective NTG adjustments are less precise than retrospective adjustments, but stressed the importance of making adequate primary and secondary data available to the EDCs and their EM&V contractors to produce reasonable projections. We further stressed that the EDCs and their EM&V contractors should consider the vintage of NTG research when developing prospective NTG factors. We noted that as markets mature, the free ridership rate for a given technology will often increase. Moreover, we concluded that the inclusion of NTG-based

TRC ratios would provide all stakeholders with additional information regarding the effectiveness of EE&C measures and programs. *Phase V Implementation Order* at 218-22.

b. Disposition

PECO's Phase V Plan shows a cost-benefit ratio, or TRC ratio, of 1.2 for the Plan's EE measures. As such, we find the Plan to be cost-effective from an EE standpoint. In addition, the Plan includes both a gross TRC ratio and a net TRC ratio for each program for the Company. Plan at 6 (Table 1), 152-55 (Tables 42-43).

On review of the record evidence, we find that PECO has satisfied the requirement outlined in our *Phase V Implementation Order*, wherein we instructed EDCs to include net TRC ratios and gross TRC ratios. As such, we find that the Company's Plan, as a whole, is cost-effective.

3. Cost Allocation Issues

a. Requirements

66 Pa.C.S. § 2806.1(a)(11) requires that EE&C measures be financed by the same customer class that receives the energy and conservation benefits of those measures. In the *Phase V Implementation Order*, we stated:

To ensure that all approved EE&C measures are financed by the customer classes that receive the benefit of such measures, EDCs must first assign each measure's costs to those classes that benefit. Therefore, once the EDC has developed an estimate of its total EE&C costs as directed above, we proposed requiring the EDC [to] allocate those costs to each of its customer classes. Those costs that

demonstrably and exclusively relate to measures or programs dedicated to a specific customer class should be assigned solely to that class. Those costs that relate to measures or programs applicable to more than one class, or that can be shown to provide system-wide benefits, should be allocated using reasonable and generally acceptable cost of service principles as are commonly utilized in base rate proceedings. Administrative costs should also be allocated using reasonable and generally acceptable cost-of-service principles.

Phase V Implementation Order at 244-46 (note omitted).

b. Disposition

Upon review of the Company's Plan and Phase V EE&C charge tariff riders, we find that the Plan and the rider adequately address how PECO will allocate those costs that relate to measures that are applicable to more than one class, or that can be shown to provide system-wide benefits.

4. Cost Recovery Issues

a. Requirements

The Act allows an EDC to recover from customers, on a full and current basis, through a reconcilable adjustment clause under 66 Pa.C.S. § 1307, all reasonable and prudent costs incurred in the provision or management of its plan. 66 Pa.C.S. § 2806.1(k)(1). Each EDC's plan must include a proposed cost-recovery tariff mechanism, in accordance with 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments), to fund all measures and to ensure a full and current recovery of prudent and reasonable costs, including administrative costs, as approved by the Commission. 66 Pa.C.S. § 2806.1(b)(1)(i)(H).

In the *Phase V Implementation Order*, the Commission adopted a standardized cost recovery and reconciliation process that will enable the EDCs and ratepayers to compare the cost recovery of program expenditures of all EDCs on an equal basis. We also concluded that it is beneficial to the EDCs and ratepayers that, with the implementation of Phase V, the annual surcharge should be based on the projected program costs that the EDC anticipates will be incurred over the surcharge application year to attain the conservation targets. Additionally, we noted that a reconciliation methodology based upon actual expenditures is pursuant to Section 1307(e) of the Code, 66 Pa.C.S. § 1307(e), and allows for the provision of interest on over- or under-recoveries. Thus, we concluded that these measures would mitigate the over- or under-recovery of costs during the surcharge application period. As such, consistent with our determination in the *Phase III Implementation Order*⁴⁰ and the *Phase IV Implementation Order*,⁴¹ we did not require the provision of interest on over- or under-recoveries. *Phase V Implementation Order* at 247-48.

To further standardize the filing process, we directed that, beginning in 2026, the EDCs file the annual rate adjustment by May 1, to become effective June 1. Concurrent with the annual rate adjustment, the EDCs will submit, in a separate filing, the annual reconciliation statement thirty (30) days following the end of the reconciliation period, in accordance with Section 1307(e) of the Code, 66 Pa.C.S. § 1307(e). In order to transition from Phase IV, ending May 31, 2026, to Phase V, beginning on June 1, 2026, we proposed that each EDC reconcile its total actual recoverable EE&C plan expenditures incurred through March 31, 2026, with its actual EE&C plan revenues

⁴⁰ See *Phase III Implementation Order* at 49.

⁴¹ See *Phase IV Implementation Order* at 141.

received through March 31, 2026.⁴² In addition, we directed each EDC to include, as part of the calculation of the Phase V rates to become effective June 1, 2026, as clearly identified separate line items: (1) projections of the expenses to finalize any measures installed and commercially operable on or before May 31, 2026; (2) expenses to finalize any contracts; and (3) other remaining administrative obligations. The Phase IV rate that becomes effective June 1, 2025, will remain effective through May 31, 2026. We further directed each EDC to include, as clearly identified separate line items in the subsequent reconciliation period: (1) the revenues and expenses of the remaining two months of Phase IV (*i.e.*, April 2026 and May 2026); (2) expenses to finalize any measures installed and commercially operable on or before May 31, 2026; (3) expenses to finalize any contracts; and (4) other Phase IV administrative obligations. *Phase V Implementation Order* at 248-49.

Each EDC was directed to set forth the standardized reconciliation process and the calculation of the annual surcharge in a supplement, or supplements, to the EDC's tariff to become effective June 1, 2026, accompanied by a full and clear explanation as to their operation and applicability to each customer class. The EE&C rates are subject to continuous Commission review and audit as well as reconciliation reports, in accordance with Section 1307(e) of the Code, 66 Pa.C.S. § 1307(e). *Phase V Implementation Order* at 249.

b. Disposition

PECO's Plan includes language specifying that, similar to its cost recovery mechanism in Phase IV, the Company's cost recovery mechanism in Phase V is designed

⁴² Due to the timing of the filing, the reconciliation statement will contain 10 months of revenues and expenses. The remaining two months of PY 17 (*i.e.*, April 1, 2026 through May 31, 2026) will be reconciled with PY 18 (*i.e.*, the subsequent PY) revenues and expenses. *Phase V Implementation Order* at 248, n.145.

to ensure that the rate classes financing the measures are those receiving the direct energy and conservation benefits. This will be accomplished by creating separate tracking of EE&C charges for the following rate classes: (1) residential; (2) small C&I; (3) large C&I; and (4) municipal lighting.⁴³ Plan at 14-15, 156-58.

PECO proposes a Phase V EE&C charge to recover its Phase V Plan costs. The Company included Phase V EE&C charge tariff rider supplements as part of PECO Statement No. 4, Exhibit MAM-1. The Company proposes to recover the fixed capital costs (depreciation and pre-tax return) and operating expenses not otherwise recovered in base rates, to design and implement the EE&C programs incorporated in its Phase V Plan. These costs include, *inter alia*, the costs of: (1) information technology; (2) customer outreach and program promotion; (3) incremental labor; (4) measurement and verification of program results; and (5) incentives for customer participation in the approved programs. Plan at 156 (citing PECO St. 4, Exh. MAM-2).⁴⁴

The Company's Plan includes language stating that PECO will account for and track Phase V costs and revenues on its books separate from costs incurred in prior phases, so that Phase V costs will be reconciled against Phase V funds collected. Further, PECO will develop Phase V recovery rates annually, based on the projected program expenditures for that program year plus reconciliation amounts for previous periods. The Company will track its Phase V SWE costs, which will be determined through a request for proposal (RFP) bidding process, separate from the EE&C Phase V costs. Plan at 156-58.

⁴³ For the municipal lighting, charges were developed in accordance with the Commission's granting of the *Petition of PECO Energy Company for Approval of Changes to its Act 129 Phase IV Energy Efficiency and Conservation Plan*, Docket No. M-2020-3020830 (Opinion and Order entered May 23, 2024). Plan at 157, n.36.

⁴⁴ PECO Exhibit MAM-2 depicts program costs by rate class.

Additionally, PECO's Plan includes language specifying that the Company will annually reconcile its EE&C charge to account for any under- or over-recovery from the prior year. PECO will reconcile its total actual recoverable EE&C Plan expenditures incurred through March 31, 2026, with its actual EE&C Plan revenues received through March 31, 2026. The net over- or under-recovery shall be reflected (without interest) as a separate line item of the E factor calculation of the Phase V rates, to become effective June 1, 2026. The Phase V rates will also include, as a separate line item: (1) projected Phase IV program implementation expenses incurred in April 2026 and May 2026; (2) projected expenses to finalize any measures installed and commercially operable on or before May 31, 2026; (3) projected expenses to finalize any contracts; and (4) other Phase IV administrative obligations. The difference between the Company's projected and actual expenses and EE&C revenue for the months of April 2026 and May 2026 will be presented as clearly identified, separate line items in the reconciliation statement for the period April 1, 2026, through March 31, 2027. Plan at 157.

Based on our review of the Company's cost recovery mechanism, as contained in its Plan and Phase V EE&C charge tariff rider supplements, we have identified several deficiencies with the EE&C charge tariff rider that require correction and/or clarification. First, the EE&C charge tariff rider indicates that the TLCL⁴⁵ surcharge is eliminated and any remaining over/under balances will be applied as needed. PECO Exh MAM-1 at 4 (*i.e.* "x Revised Page No. 48"). In Direct Testimony, PECO's witness, Ms. Megan A. McDevitt, explained that rate TLCL will be removed from the municipal lighting rate recovery after final reconciliation because traffic lighting measures are no longer a part of the Commission's TRM. PECO St. 4 at 8, n.12. We find it useful to direct PECO to explain the basis for the removal of the rate TLCL from the municipal lighting rate recovery. Therefore, we shall require PECO to revise its

⁴⁵ Rate TLCL refers to "Traffic Lighting Constant Load Service." PECO Exh. MAM-1 at 3.

EE&C charge tariff rider supplement to state that the TLCL surcharge is eliminated and that rate TLCL will be removed from municipal lighting rate recovery after final reconciliation because traffic lighting measures are no longer a part of the Commission's TRM, and any remaining over/under balances will be applied, as needed.

Additionally, the Company's proposed EE&C charge tariff rider states that the program costs are those approved and audited by the Commission for the Phase V program ending "May 31, 2026." PECO Exh MAM-1 at 4 (*i.e.*, "x Revised Page No. 48"). As discussed, *supra*, the Phase V program covers the five-year period ending May 31, 2031. Therefore, we shall require PECO to revise its EE&C charge tariff rider supplement to state that the program costs are those approved and audited by the Commission for the Phase V program ending May 31, 2031.

Finally, there is a noticeable imbalance of details and information between the filings and reconciliations section of the Company's proposed EE&C charge tariff rider and the Company's Plan under sections "7.4 Tariffs and Section 1307 Cost Recovery Mechanism for Phase V Plan" and more specifically, under "7.5.2 True Up." *See* Plan at 156-57. Therefore, we shall require PECO to revise its EE&C charge tariff rider supplement to include the details and information from the Company's Plan that are pertinent to rate and annual reconciliation statement filings, as required by 66 Pa.C.S. § 1307(e). *See* PECO Exh MAM-1 at 4 (*i.e.* "x Revised Page No. 48").

Based on the foregoing, we shall reject the Company's proposed *pro forma* tariff, as filed, and shall direct PECO to consult with the Commission's Bureau of Audits within thirty (30) days of the entry of this Opinion and Order so that the Company may revise its *pro forma* tariff to address the issues outlined above. We will further direct that the Company file a tariff supplement within sixty (60) days of the entry of this Opinion and Order containing the revised Phase V cost recovery mechanism, based on its consultation with the Bureau of Audits.

C. Conservation Service Provider Issues

1. Requirements

In the *Phase V Implementation Order*, and as required by Act 129, the Commission required that all Phase V CSP contracts be competitively bid. *See* 66 Pa.C.S. § 2806.1(a)(7). As a result, the Commission required EDCs to file their Phase V RFP procedures for Commission review and approval. EDCs were encouraged to file their proposed RFP process by August 30, 2025. If Commission staff did not comment on the proposed process within fifteen days of its filing, the EDC was permitted to use that process. We also clarified that we adopted the competitive bidding requirements, with the modification that EDC contracts pertaining to Act 129 activities, which do not cover implementation or EM&V, may forgo the competitive bidding process with individual vendors if the cumulative value of contracts for that vendor's work does not amount to more than 1% of the EDC's Phase V budget. *Phase V Implementation Order* at 224-27.

PECO filed its RFP process on July 14, 2025, and Commission staff approved this process by Secretarial Letter dated September 11, 2025, at Docket No. M-2025-3052826.

2. Disposition

In Section 4.3 of its Plan, PECO represents that it will contract with CSPs to implement and evaluate its Phase V programs. The Company asserts that the qualifications and basis for selecting the implementation CSPs and independent evaluator will be shared with the Commission. Further, PECO stresses that no CSP contract will be effective until approved by the Commission. PECO states that the CSPs will implement the EE programs using their experience and capabilities from implementing previous

PECO programs and other programs across the country. PECO notes that the selected CSPs will be responsible for implementation services detailed in the individual program descriptions in Section 3 of its Plan. Plan at 133.

In review of the record evidence, we find that the Company's Plan provisions set forth in Section 4.3 for the selection and the utilization of CSPs are consistent with the requirements of Act 129 and the *Phase V Implementation Order*. Additionally, we find the provisions of the Settlement related to the use of CSPs to be in the public interest. See Settlement ¶¶ 24, 31 at 7, 10.

D. Implementation and Evaluation Issues

1. Implementation Issues

a. Requirements

The Act requires the Commission to establish procedures to ensure compliance with the consumption and peak demand reduction requirements of the Act. 66 Pa.C.S. § 2806.1(a)(9). To facilitate compliance determination, each EDC subject to Act 129 must include, in its Program Year 22 (*i.e.*, PY 2030) Final Annual Report, information documenting their gross verified consumption and peak demand reductions acquired from June 1, 2026, through May 31, 2031. This filing must provide total portfolio savings as well as savings results for each category of interest called for in the EDC Annual Report Template prepared by the Phase V SWE. To comply with Act 129, an EDC must demonstrate that, during the period of Phase V (*i.e.*, from June 1, 2026, through May 31, 2031), its plan produced energy savings and PDRs equal to or greater than the targets established in the *Phase V Implementation Order*. Carryover of excess savings from Phase IV to Phase V shall also be considered in the determination of compliance with Phase V targets. *Phase V Implementation Order* at 214-15.

b. Disposition

The Company's Program Management and Implementation Strategies are contained in Section 4 of its Plan. This section states that generally, PECO will have overall administration and oversight of its Plan. Specific activities that the Company will oversee include: (1) the services provided by PECO, consultants, trade allies, and CSPs; (2) risk categories and risk mitigation strategies; (3) human resource and contractor resource constraint issues; (4) early warning systems to indicate progress towards goals and processes for adjustment; (5) an implementation schedule with milestones; and (6) stakeholder engagement. The Company will also utilize third party vendors, CSPs, data vendors, an independent evaluation contractor, trade allies, and market actors to perform various program implementation and support duties. These duties include assistance with plan design and implementation, marketing, application and rebate processing, and the portfolio's EM&V. PECO Plan at 123-30.

On the basis of our review of the Company's EE&C Plan, we shall approve the implementation and management strategies contained in Section 4 of the Plan, having found them to be reasonable and consistent with Act 129 and the *Phase V Implementation Order*.

2. Monitoring, Reporting, and Evaluation Issues

a. Requirements

The Act requires the Commission to establish an evaluation process that monitors and verifies data collection, quality assurance, and the results of each EDC EE&C plan and the EE&C Program as a whole. *See* 66 Pa.C.S. § 2806.1(a)(2). While Section 2806.1(b)(1)(i)(C) of the Code, 66 Pa.C.S. § 2806.1(b)(1)(i)(C), requires each plan to explain how to measure, verify, and evaluate quality assurance and performance,

it is apparent that Section 2806.1(a)(2) of the Code, 66 Pa.C.S. § 2806.1(a)(2), requires the Commission to monitor and verify this data. This evaluation process is to be conducted every year, as each EDC must submit an annual report documenting the effectiveness of its EE&C plan, energy savings measurement and verification, an evaluation of the cost-effectiveness of expenditures, and any other information the Commission requires. *See* 66 Pa.C.S. § 2806.1(i)(1); *Phase V Implementation Order* at 205-06.

For Phase V, the Commission directed EDCs to file semiannual reports on January 15 of each year, which are to provide information regarding the first 2 quarters of the program year. Additionally, EDCs are to submit a final annual report by September 30 of each year, or 122 days after the end of the PY, with reported savings for the PY, a cost-effectiveness evaluation (*i.e.*, the TRC Test), a process evaluation, as well as other items required by Act 129 and Commission Orders. In addition, the Commission recognized the range of stakeholders interested in the installation of comprehensive, longer-lived, deeper-savings measures through EDC programs. Therefore, we directed the Commission's Bureau of Technical Utility Services (TUS) to work with the Phase V SWE to develop reporting requirements for comprehensive program offerings and whole-home, comprehensive measures for the EDCs in Phase V. *Phase V Implementation Order* at 210-11, 213-14.

b. Disposition

PECO's monitoring and reporting strategies are contained in Sections 5 and 6 of its Plan. In Section 5, the Company describes the reporting, data management, and tracking systems it will use to implement programs, and which will be accessed by the Commission and PECO's evaluation contractor. The evaluation contractor will be responsible for interfacing with the SWE to determine the required data collection and reporting requirements and to confirm that all data collection and reporting requirements

are satisfied by the data vendor and CSPs. PECO notes that the evaluation contractor will support development of the Company's semiannual and annual reports to be submitted to the Commission, consistent with the *Phase V Implementation Order*. PECO also explains that its data management tracking system will track metrics that facilitate effective project tracking and regulatory reporting, both internally and for the Phase V SWE. The data tracking system will interact with PECO's existing systems and PECO will provide an initial population of customers, premises, and account data that will be used to qualify customers for programs. CSPs will have a secure log-in to access the tracking system to enter and submit projects for PECO's review, approval, or request for additional information or modifications. PECO notes that the information will be available for review by the Commission and the Phase V SWE. Plan at 136-40.

In Section 6, PECO explains its approach to EM&V and QA/QC, and how these processes align with SWE activities. To implement the programs and solutions in its Phase V EE&C Plan, PECO will leverage the experience of program implementation professionals by selecting CSPs with the following qualifications:

- Demonstrated experience implementing programs for the specific target market associated with the program.
- Demonstrated understanding of the measures and features of the program and solutions the CSP will implement.
- Existing relationships and experience establishing relationships with upstream equipment suppliers and contractors, as appropriate for the program.
- Experience in providing or coordinating training by other qualified providers about the program, solutions, and

measures to delivery channels (e.g., equipment suppliers, contractors, auditors) and the target participant market.

- Capabilities for processing incentives.

Plan at 141. According to PECO, the CSPs' QC and continuous improvement will include program tracking, responding to customers, and equipment installations inspections. *Id.* at 141-42.

Additionally, PECO will use an independent EM&V contractor that will conduct unbiased estimations of verified gross energy impacts on all programs. Estimations of verified gross energy impacts will be based on statistically significant verified savings measured, as described in the EM&V contractor's EM&V plan. The EM&V plan will contain a detailed evaluation methodology for each program, including a definition of the impact and process evaluation methods, and supporting data. PECO avers that it will consult with the SWE to establish that its data management system contains information needed for evaluation of the programs. The Company will also confirm the EM&V contractor uses the most appropriate methods for determining the impacts of the Plan's programs. Plan at 142-44.

On the basis of our review of the Company's Plan, we shall approve the monitoring and reporting strategies contained in Sections 5 and 6 of the Plan, having found them to be reasonable and consistent with Act 129 and the *Phase V Implementation Order*.

E. Other Issues

1. Coordination with Other State Conservation Programs

In the *Phase V Implementation Order*, we noted that while conservation programs funded by the Federal Inflation Reduction Act of 2022 (IRA) and coordinated by the Pennsylvania Department of Environmental Protection (DEP)⁴⁶ are a relatively new and noteworthy addition to the Commonwealth's energy conservation landscape, there are several other conservation programs with which Act 129 programs should coordinate. These include the following:

- Alternative Energy Portfolio Standards Act of 2004, 73 P.S. §§ 1648.1 – 1648.8 and 66 Pa.C.S. § 2814 (AEPS Act) credits administered by InClima with oversight by the Commission.
- LIURP and the Low Income Home Energy Assistance Program (LIHEAP).
- Home Energy Rebate (HER)⁴⁷ and Home Electrification and Appliances Rebate (HEAR) programs managed by the DEP Energy Programs Offices.
- DEP's Agricultural Energy Efficiency Rebate Program.
- DEP's Reducing Industrial Sector Emissions in Pennsylvania (RISE PA) Program.
- DEP's Solar For All Program.

Phase V Implementation Order at 157-58.

⁴⁶ See <https://www.dep.pa.gov/Citizens/Energy/Pages/Inflation-Reduction-Act.aspx>.

⁴⁷ When used in this specific section, Section V.E, of this Opinion and Order, HER shall refer to DEP's Home Energy Rebate program.

a. Braided Funding

(1) Requirements

In the *Phase V Implementation Order*, we noted that the availability of increased funding from outside of Act 129 should help accelerate conservation programming in the Commonwealth. We stressed the importance of Pennsylvania EDCs collaborating, rather than competing, with other program administrators. We proposed that EDCs 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, noting that EDCs should already track the external funding of the EE&C projects they incentivize, in order to produce accurate TRC Test results. We also proposed defining the leverage ratio as the amount of known external funding for Phase V EE&C projects, relative to the Act 129 incentives issued for those same projects. Further, we directed the EDCs to track any administrative costs incurred to support the braiding of funds. *Phase V Implementation Order* at 158-59, 166-68.

(2) Disposition

In its Plan, PECO states that it will collaborate with other state conservation initiatives to maximize impact. The Company affirms that it is exploring aligning its electric EE programs with its natural gas efficiency offerings, braiding funding with DEP, administration of IRA home energy rebate programs, and exploring collaboration with the City's housing programs, such as the Basic Systems Repair Program. PECO notes that low-income components may coordinate with its LIURP, PECO's CAP, LIHEAP, and the Weatherization Assistance Program. Further, PECO avers that it will implement strategies to accurately capture and report instances of dual participation across programs. The Company represents that it will identify braided funding opportunities and ensure compliance with reporting requirements. Specifically, PECO notes that it will use

enhanced data-sharing protocols, coordination with state agencies, and stakeholder engagement to support transparent calculation of the leverage ratio by program. Plan at 12-13, 133-35.

On review, we find that PECO's Plan, as modified by the Settlement, satisfies our requirement, set forth in the *Phase V Implementation Order*, regarding the tracking and reporting of participation and funding from other external conservation programs, by source, and the associated leverage ratios.

b. Heat Pumps and other Fuel Switching

(1) Requirements

In the *Phase V Implementation Order*, although we recognized the greenhouse gas reduction potential of such initiatives, we also explained that beneficial electrification programming that encourages customers to replace fossil fuel equipment with electric equipment runs counter to the objectives of the Act and its clear focus on reductions in electricity consumption and peak demand, and thus should not be included in Phase V EE&C plans. Nonetheless, we acknowledged that the expected expansion of other state and federal conservation programs in the Commonwealth creates an opportunity for the EDCs to support this type of initiative without violating the intent of Act 129. Specifically, the Commission noted, if another state program incentivizes a fuel switching upgrade, the EDCs can and should incentivize the home or business to install a high-efficiency electric unit. Therefore, the Commission proposed that each EDC include in its EE&C plan high-efficiency heat pump and heat pump water heater measures available to HEAR and other non-Act 129 program participants, along with a description of how program delivery will target these bundled, or interwoven, funding opportunities. *Phase V Implementation Order* at 168-69, 174-75.

(2) Disposition

In its Plan, PECO has included provisions regarding a Heat Pump Load Shifting Pilot and details how it will educate customers regarding heat pumps. Plan at 166-69. Additionally, in Paragraph 33 of the Settlement, PECO has agreed to continue collaboration opportunities with the Electric Association of Philadelphia to convene a training program for local contractors focusing on heat pumps and heat pump water heaters. PECO will reach out to the Energy Coordinating Agency and any other existing programs in PECO's service territory that provide heat pump training to provide an opportunity to include them in any discussions. *See* Settlement at 10, ¶ 30. However, PECO's Plan does not address the requirements in the *Phase V Implementation Order* to include in its Plan high-efficiency heat pump and heat pump water heater measures available to HEAR and other non-Act 129 program participants, along with a description of how program delivery will target these bundled, or interwoven, funding opportunities. Therefore, we shall modify the Plan by requiring the Company to revise its Plan to include the above required information outlined in the *Phase V Implementation Order*. *See Phase V Implementation Order* at 168-69, 174-75. PECO is directed to file this revision to its Phase V EE&C Plan within sixty (60) days of the entry date of this Opinion and Order. *See* 66 Pa.C.S. § 2806.1(e)(2)(i)-(ii).

c. Data Sharing Between EDCs and State Agencies

In our *Phase V Implementation Order*, the Commission agreed that increased data sharing between EDCs and state agencies is important for Phase V of the EE&C Program, given the expected increase in external (to Act 129) funding sources. However, we stressed that the objective of our *Phase V Implementation Order* was to establish compliance targets for Phase V of the EE&C Program and to provide the EDCs with the necessary guidance to develop their Phase V EE&C plans. We further noted that, while relevant to Act 129, data sharing is a much broader topic, which is best

addressed in a dedicated proceeding. Accordingly, we did not require the EDCs to include information regarding data sharing between EDCs and state agencies in their Phase V EE&C plans. Instead, we directed TUS, with the assistance of the Commission's Bureau of Consumer Services (BCS) and the Law Bureau, to convene a working group, within forty-five (45) days of the issuance of the *Phase V Implementation Order*, to work with stakeholders to explore certain topics regarding data sharing. We further directed the working group to provide recommendations to the Commission on potential solutions and next steps to foster secure data sharing between program administrators. *Phase V Implementation Order* at 175, 180-82.

d. Support with AEPS Act Registrations

(1) Requirements

In the *Phase V Implementation Order*, we noted that the AEPS Act promotes the development and use of alternative and renewable energy sources and seeks to reduce the Commonwealth's reliance on traditional fossil fuels. We stated that the AEPS Act requires EDCs to obtain a prescribed percentage of their retail electric sales from qualifying alternative energy resources. We also stated that Act 129 programs should contribute more Alternative Energy Credits (AEC) than current registration patterns indicate. We further noted that AEPS registration would provide an additional recurring revenue stream for program participants on top of the upfront EDC rebate, and that the additional supply of AECs could help drive down the cost of compliance for the EDCs. Therefore, we directed each EDC to include a process in its EE&C plan to help facilitate AEPS Act registration for C&I participants of Act 129 programs to register their EE projects and to take advantage of elevated AEC pricing. We posited that each EDC could design this support in a way that aligns with the needs of its customers and treat the cost of AEPS Act registration support as a recoverable administrative cost. *Phase V Implementation Order* at 182-83, 184.

(2) Disposition

In its Plan, PECO asserts that it is committed to establishing a clear and collaborative process to help C&I participants meet AEPS requirements within Act 129 programs. The Company plans to focus on alignment with regulatory objectives, streamlined participation, and enhanced customer support. PECO further plans to: (1) identify eligible projects and to inform customers of AEPS registration requirements and benefits, (2) provide guidance to facilitate AEPS registration, (3) coordinate with the Commission, as needed, to enable timely and accurate registration, and (4) track and report AEPS-related activities and costs to facilitate transparency and alignment with regulatory obligations. Plan at 134.

Based upon the above, we find that PECO's Plan meets the requirement set forth in our *Phase V Implementation Order* that it help facilitate AEPS Act registration for C&I participants of Act 129 programs to register their energy efficiency projects and to take advantage of elevated AEC pricing.

e. IRA-Required Audits

(1) Requirements

In our *Phase V Implementation Order*, we explained that other conservation programs will invariably have different rules, eligibility criteria, and administration processes than Act 129 EE&C programs administered by the EDCs. We highlighted that one such example is the HER program requirement to complete American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) Level 2 audits, which represent a significant upfront investment, but which may or may not result in the identification of savings opportunities. As such, we noted that there is no guarantee that a prospective program participant will move forward with some, or all, of the savings

opportunities identified due to limited access to capital or other considerations. Nonetheless, we highlighted that the need for this type of technical assistance will likely grow as conservation programs look to move beyond lighting measures and achieve deeper savings in homes and businesses. *Phase V Implementation Order* at 184-85.

Based on the foregoing, we found it reasonable for the EDCs to co-fund ASHRAE Level 2 audits or other technical scoping studies for sites they believe are likely to provide a return on the upfront investment. We noted that in exchange for sharing the cost of the upfront audit, the EDCs should be entitled to provide rebates or direct installation for all eligible electric measures and claim the full associated savings towards Phase V targets. Thus, we stated that EDCs shall have the flexibility to propose audit co-funding budgets and criteria in their Phase V EE&C plans. We further stated that co-funding an audit alone does not entitle an EDC to full electric savings. Instead, we explained, EDCs must also incentivize or directly install eligible electric measures to claim the full associated savings towards Phase V targets. Finally, we clarified that while EDCs shall be required to contribute financially to audit costs, they will not be required to secure the necessary personnel to perform the audits. Rather, we stated that IRA program administrators should secure the necessary vendors to complete the ASHRAE Level 2 audits. *Phase V Implementation Order* at 185, 187-88.

(2) Disposition

In its Plan, PECO states that, with respect to the building support and optimization, engineering support and audits component of the Company's Non-Residential Program, customers will be provided with direct access to expert engineering support which includes, *inter alia*, "ASHRAE Level 2 audits and leverages braided funding opportunities to minimize upfront costs and support customer participation." Plan at 92. Accordingly, we find PECO's EE&C Plan, as modified by the

Settlement, to be in compliance with our directive in our *Phase V Implementation Order* regarding IRA-required audits.

f. Coordinated Marketing Campaigns

(1) Requirements

In our *Phase V Implementation Order*, the Commission noted that because the Act 129 EE&C Program, and other conservation programs in the Commonwealth, are inherently focused on a common pool of electric account holders, EDCs and other program administrators should consider joint marketing campaigns that highlight the availability of multiple funding sources. We stated that our intent was not to prescribe jointly developed communications, but to encourage the EDCs to highlight the availability of multiple funding sources and provide prospective Act 129 participants with information as to where they can learn more about external funding opportunities. Although we declined to establish a common statewide platform, we stressed our position that EDCs should explore coordinated marketing efforts where such activities are likely to improve the leverage ratio of Phase V EE&C plans. *Phase V Implementation Order* at 188, 190.

(2) Disposition

In its Plan, PECO asserts that it will highlight the availability of multiple funding sources to help customers maximize participation and project impact. To facilitate awareness and accessibility, the Company plans to engage contractors through targeted outreach and to provide education. Additionally, PECO represents that these strategies are designed to reduce barriers, enhance affordability, and deliver greater value across its service territory. Plan at 134.

Further, the Settlement provides that PECO will designate a Coordination Lead and develop a written coordination framework governing data sharing, privacy, referrals, funding braiding, and dispute resolution with external housing and weatherization partners. Settlement at 7-8, ¶ 24.

Therefore, we find that PECO's Plan, as modified by the Settlement, satisfies our directives in our *Phase V Implementation Order* regarding coordinated marketing campaigns that highlight the availability of multiple funding sources.

2. Working Groups and Enhanced Transparency for Stakeholders

In our *Phase V Implementation Order*, the Commission considered several stakeholder recommendations to facilitate enhanced stakeholder engagement and to establish a variety of working groups. However, we found that stakeholder meeting mandates would add to the EDCs' administrative costs, without providing a clear benefit. Thus, we declined to establish additional working groups or stakeholder engagement mechanisms beyond the data sharing working group, discussed above. The Commission opined that the EDCs and participating stakeholders have developed a well-functioning system of stakeholder engagement that allows for mutual feedback to aid in the implementation of successful EE&C programs. *Phase V Implementation Order* at 250-53. Through this Opinion and Order, we reinforce our belief that directing the establishment of additional working groups would not be a prudent investment of limited resources.

3. Statewide Contractor Training and Workforce Development Programs

In the *Phase V Implementation Order*, the Commission considered certain recommendations to adopt statewide contractor training and workforce development programs. However, we declined to adopt these recommendations, finding the creation

of such training and development programs to be beyond the scope of our Phase V EE&C Program. *Phase V Implementation Order* at 253-54. We reinforce this finding in this Opinion and Order.

F. Overall Disposition of the Settlement

As noted in Section IV, *supra*, the Commission has articulated its general policy favoring settlements. *See* 52 Pa. Code § 5.231(a); *see also* 52 Pa. Code §§ 69.401, *et seq.* However, we must also determine whether the proposed terms and conditions, therein, are in the public interest. *See C.S. Water and Sewer, supra.*

Upon review of the Settlement, we find that PECO's EE&C Plan, as modified by the Settlement, is in the public interest because it includes and/or addresses all of the elements prescribed by Section 2806.1 of the Code, 66 Pa.C.S. § 2806.1, the applicable Commission Regulations, and the Commission's policies for its EE&C Program. The Settlement provides for certain modifications to PECO's Initial Plan and represents a compromise among the Joint Petitioners that resolves all of the issues that have been raised in this proceeding. Based on our review of the record, we conclude that the proposed Settlement is in the public interest and shall adopt the Settlement, as modified below.

We are in agreement with the Joint Petitioners that the proposed Settlement represents a reasonable compromise and resolution of the issues that the Joint Petitioners raised in this proceeding. In the instant proceeding, the Joint Petitioners unanimously assert that the proposed Settlement is in the best interests of PECO and its customers and reflects a carefully balanced compromise of the interests of all of the Joint Petitioners. The Joint Petitioners further assert, and we agree, that approval of the Settlement will avoid significant administrative burden and costs to litigate the issues raised by the Joint Petitioners. Settlement at 11.

As discussed in Sections V.A-E, above, we also find that PECO's Plan, as modified by the Settlement, and with the minor modifications specified herein, satisfies the directives set forth in our *Phase V Implementation Order*, and is therefore in the public interest. Moreover, in addition to the avoidance of litigation and associated costs, the beneficial aspects of the Settlement include: (1) PECO increasing the low-income comprehensive measure investment by \$2 million, to a total of \$17.7 million, and reducing the share of non-residential savings attributed to lighting measures from 44% to 40% and agreeing to reallocate funds related to that reduction to non-lighting strategies; (2) the Company enhancing its non-low income behavioral HER programming to emphasize comprehensive measures with longer lives, and to limit program spending to \$13,989,000; (3) PECO's agreement to not count savings generated by the Residential HER low-income subprogram towards PECO's Phase V low-income carve-out and its agreement to enhancements for the appliance recycling component of the Residential low-income subprogram; (4) the Company's agreement to strengthen CAP customer awareness of EE programming through CAP outreach events, CAP Maximum Credit Notification letters, and training with community-based organizations, as well as to track and report information about CAP customer audits and measures; (5) PECO's commitment to have its Act 129 auditors provide Rate RH information to potentially eligible residential or low-income customers, and the Company's agreement to track electric resistance heating customers from low-income subprogram audits and to provide those customers with information about heat pump load shifting; (6) PECO's agreement to refrain from imposing a standard per-household cap on health and safety spending for its Act 129 program in Phase V; (7) PECO's agreement to continue to actively participate in the Commission's Act 129 Data Sharing Working Group and to explain the Company's reasoning to interested Joint Petitioners if the Company does not adopt a particular final recommendation or proposal from the Working Group; (8) PECO's agreement to establish a coordination framework addressing a range of topics that include data sharing, customer privacy, communication, and follow-up protocols, coordination and sequencing of Act 129 and external program measure implementation, and

opportunities to braid funding sources; (9) PECO's commitment to designate a coordination lead for maintaining coordination and referrals with external home repair, weatherization, and EE programs operating in the Company's service territory, including the PEA and other agencies implementing The City's HOME plan; (10) PECO's agreement to track and report on several coordination metrics and to also reserve time during the biannual stakeholder meetings to discuss coordination efforts; (11) the Company's commitment to dedicate \$1 million to implement a pilot exploring EE opportunities for customers at 151-250% of the FPL, benefitting low-to-moderate income customers; (12) PECO's agreement to require CSPs to collect multi-family housing information while implementing Phase V programs to facilitate the targeting of multi-family properties and future Act 129 EE&C marketing strategies; (13) PECO's commitment to develop and maintain a formal process to ensure that all customers and prospective customers seeking interconnection with the Company are informed of available Act 129 programs, and PECO's agreement to report on this process at biannual stakeholder meetings; (14) PECO's agreement to collaborate with the Electric Association of Philadelphia to convene a training program for local contractors focusing on heat pumps and heat pump water heaters; and (15) PECO's agreement that its Annual Act 129 report to the Commission will include participation information for the Plan's C&I daily load shifting measure, and the Company's agreement to reserve time at a biannual stakeholder meeting to discuss potential residential and C&I daily load shifting opportunities, pilot program concepts and relevant market developments. Joint Settlement at 3-11, ¶¶ 9-37.

For the reasons stated herein, and as specified in the Joint Petitioners' Statements in Support, we find that the terms and conditions of the Settlement are in the public interest and should be approved. In addition, we find the vast majority of PECO's EE&C Plan, as modified by the Settlement, to be consistent with Act 129 and the *Phase V Implementation Order*.

Nonetheless, as noted in Section III.B, *supra*, Appendix A of the Joint Settlement sets forth the Company's EE&C Plan, as revised by the Settlement. As discussed above, we have modified the Plan by requiring the Company to file the following revisions: (1) that the Company include a table in its Plan to demonstrate that at least 50% of its total Phase V budget is allocated to incentives, and that less than 50% of this budget is allocated to non-incentive cost categories, pursuant to our requirements in the *Phase V Implementation Order* that the Company's Plan, as a whole, is in compliance with these directives. *See* Section V.B.1, *supra*; and (2) that the Company revise its Plan to address the requirements in the *Phase V Implementation Order* to include, in its Plan, high-efficiency heat pump and heat pump water heater measures available to HEAR and other non-Act 129 program participants, along with a description of how program delivery will target these bundled, or interwoven, funding opportunities. *See* Section V.E.1.b, *supra*. By extension, we shall modify the Settlement to reflect the above-prescribed Plan revisions, given that the Settlement includes the Company's Plan, as revised by the Settlement.

Additionally, PECO's Plan, as revised by the Settlement, incorporates, by reference, the Company's proposed Phase V EE&C charge tariff rider. *See* PECO Plan at 156 (citing PECO Exhs. MAM-1 and MAM-2). As discussed in Section V.B above, we have directed PECO to revise the *pro forma* tariff pages describing its Phase V EE&C charge tariff rider. Therefore, to the extent that the Joint Settlement adopts the Company's proposed Phase V EE&C charge tariff rider, as currently set forth in PECO Exhibits MAM-1 and MAM-2, we shall reject that portion of the Joint Settlement. Instead, we shall direct the Company to file a revised Phase V EE&C charge tariff rider, consistent with our disposition in Section V.B.4, *supra*.

In light of our above modifications to the Joint Settlement, we note that should any of the Joint Petitioners wish to withdraw from the Settlement, that Party or Parties shall provide written notice to the Secretary of the Commission, and all active

Parties to this proceeding, of its election to withdraw, within five (5) business days from the date that this Opinion and Order is entered. If such an election to withdraw is filed, the Settlement shall be disapproved, without further action by this Commission, and this matter shall be returned to the OALJ. *See* Joint Settlement at 12, ¶ 40. We further direct that, in the event that one or more Parties elect to withdraw from the Settlement, then the Company shall file with this Commission, and serve on all parties of record in this proceeding, a revised Phase V EE&C Plan, consistent with the directives set forth in this Opinion and Order, along with a revised cost recovery mechanism and appropriate tariffs, within sixty (60) days of the entry of this Opinion and Order. Interested parties will then have ten (10) days to file comments on the revised Phase V EE&C Plan, with reply comments due ten (10) days thereafter. The revised record shall then be certified to the Commission by the OALJ and the Commission will approve or reject the revised Phase V EE&C Plan at a public meeting within sixty (60) days of the date of the filing of the revised Plan. *See* 66 Pa.C.S. § 2806.1(e)(2)(i)-(ii).

On the other hand, if no Party exercises the right to withdraw from the Settlement, we shall adopt the Joint Settlement, as modified by this Opinion and Order, finding it to be in the public interest. Additionally, we shall grant PECO's Petition, in part, and approve the Plan, as modified by the Settlement, and as further modified by this Opinion and Order.

VI. Conclusion

For the reasons set forth, *supra*, and based on our review of the record and the applicable law, we find that the Joint Petition for Settlement is in the public interest, to the extent that it is consistent with Act 129 and in compliance with our *Phase V Implementation Order*, and related EE&C Program Phase V Orders. Consequently, we shall: (1) grant, in part, and deny, in part, the Petition of PECO Energy Company for approval of its Act 129 Phase V Energy Efficiency and Conservation Plan; (2) adopt the

Joint Petition for Settlement, as modified by this Opinion and Order; (3) approve the Act 129 Phase V Energy Efficiency and Conservation Plan filed by PECO Energy Company, as modified by the Joint Petition for Settlement, and as further modified by this Opinion and Order; and (4) deny the request of PECO Energy Company to approve its proposed tariff revisions to implement a Section 1307 surcharge to recover Phase V Energy Efficiency and Conservation Plan costs; all subject to the condition that no Party to the Joint Petition for Settlement exercises the right to withdraw therefrom, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Petition of PECO Energy Company for Approval of its Phase V Energy Efficiency and Conservation Plan, filed on December 1, 2025, and filed, as revised on February 24, 2026, is granted, in part, and denied, in part, consistent with this Opinion and Order.

2. That PECO Energy Company is permitted to implement its revised Phase V Energy Efficiency and Conservation Plan, as filed on February 24, 2026, and as further modified by this Commission's directives set forth in Ordering Paragraph Nos. 4 through 6, below, consistent with this Opinion and Order.

3. That the Joint Petition for Settlement, filed by PECO Energy Company, the Office of Consumer Advocate, the Office of Small Business Advocate, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Tenant Union Representative Network, the Philadelphia Area Industrial Energy Users Group, the City of Philadelphia and the Philadelphia Energy Authority, and the Keystone Energy Efficiency Alliance, on February 24, 2026, is approved, as modified, as set forth by this Commission's directives in Ordering Paragraph Nos. 4 through 6, below.

4. That within sixty (60) days of the entry date of this Opinion and Order, PECO Energy Company shall modify its revised Phase V Energy Efficiency and Conservation Plan, filed on February 24, 2026, to include a table to clarify that at least 50% of the total Phase V Energy Efficiency and Conservation Plan budget is allocated to incentives, and that less than 50% of this budget is allocated to non-incentive cost categories, as prescribed in this Commission's Implementation Order entered on June 18, 2025 at Docket No. M-2025-3052826.

5. That within sixty (60) days of the entry date of this Opinion and Order, PECO Energy Company shall modify its revised Phase V Energy Efficiency and Conservation Plan, filed on February 26, 2026, to include high-efficiency heat pump and heat pump water heater measures available to Home Electrification and Appliances Rebate and other non-Act 129 program participants, along with a description of how program delivery will target these bundled, or interwoven, funding opportunities.

6. That the proposed *pro forma* tariff pages and cost recovery mechanism set forth in the Phase V Energy Efficiency and Conservation charge tariff rider, as contained in PECO Energy Company's Petition for approval of its Act 129 Phase V Energy Efficiency and Conservation Plan, filed on December 1, 2025, as revised on February 24, 2026, are hereby rejected, and that PECO Energy Company is directed to consult with the Commission's Bureau of Audits within thirty (30) days of the entry date of this Opinion and Order, in order to develop a revised cost recovery mechanism that complies with the provisions set forth in the Commission's *Phase V Implementation Order*. PECO Energy Company shall submit a tariff supplement containing the revised cost recovery mechanism within sixty (60) days of the entry date of this Opinion and Order.

7. That, if any of the Parties wish to withdraw from the Joint Petition for Settlement based on the prescribed modifications set forth in Ordering Paragraph

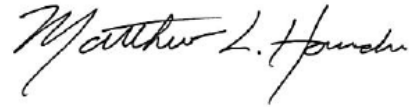
Nos. 4 through 6, above, that Party or Parties shall provide written notice to the Secretary of the Commission and all active Parties to this proceeding of its election to withdraw within five (5) business days from the date that this Opinion and Order is entered. If such an election to withdraw is filed, the Joint Petition for Unanimous Settlement shall be disapproved, without further action by this Commission, and this matter shall be returned to the Commission's Office of Administrative Law Judge for further action, as described in Ordering Paragraph No. 8, below.

8. That, in the event that one or more Parties elect to withdraw from the Joint Petition for Settlement, as provided for in Ordering Paragraph No. 7, above, then PECO Energy Company shall file with this Commission, and serve on all Parties of record in this proceeding, a revised Phase V Energy Efficiency and Conservation Plan, along with a revised cost recovery mechanism and appropriate tariffs, consistent with this Opinion and Order, within sixty (60) days of the entry of this Opinion and Order. Interested parties will then have ten (10) days to file comments on the revised Phase V EE&C Plan, with reply comments due ten (10) days thereafter. The revised record shall then be certified to the Commission by the Office of Administrative Law Judge and the Commission will approve or reject the revised Phase V EE&C Plan at a public meeting within sixty (60) days of the date of the filing of the revised plan.

9. That PECO Energy Company shall comply with all directives and conclusions contained in this Opinion and Order, including the terms and conditions of the Joint Petition for Settlement filed in this proceeding, as modified by this Opinion and Order, that are not the subject of individual ordering paragraphs, as if they were the subject of an individual ordering paragraph.

10. That a copy of this Opinion and Order shall be served on the Commission's Bureau of Technical Utility Services-Policy and Planning Division, the Commission's Bureau of Audits, and on all parties of record in this proceeding.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Matthew L. Homsher". The signature is written in a cursive style with a large initial "M".

Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: March 26, 2026

ORDER ENTERED: March 26, 2026