PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120

Act 129 Energy Efficiency & Conservation Program Implementation Order	**Public Meeting: June 11, 2015 2424864 - LAW Docket No. M-2014-2424864**

STATEMENT OF
COMMISSIONER ROBERT F. POWELSON

Before the Commission today for consideration is the final Implementation Order for Phase III of Pennsylvania's Act 129 Energy Efficiency and Conservation (EE&C) Program. Since the first Act 129 programs went online in 2009, Pennsylvanians have saved approximately 7,000,000 Mwh of electricity. The adoption of today's Phase III Order ensures that the Commonwealth's energy consumers will continue to have options to control their energy usage. I would be remiss in not thanking the Commission's technical and legal staff that spent countless hours reviewing comments and drafting today's Order for their hard work.

Even though we are only in the midst of adopting Phase III requirements, stakeholders will soon be looking forward to the next iteration of the Act 129 programs and I want to highlight two areas for consideration.

The first is with on-bill financing. In the Phase II Implementation Order, the Commission directed that a working group be convened to investigate both best practices from other jurisdictions and working models of on-bill financing and on-bill repayment. The working group issued a report on October 31, 2013, which found that, while there are "still unresolved details," "on-bill programs may be effective in expanding the reach of existing energy efficiency programs, especially to specific niche or targeted groups of customers, such as multifamily housing or municipal entities that must work within a fixed budget."[1] It was further reported that utilities in 20 other states offer some form of on-bill financing to their customers. No Pennsylvania utilities, though, have thus far proposed any pilot programs.

Commenters argued against on-bill financing in Phase III for a multitude of reasons, including:

- Financial institutions are better equipped to provide lending services and it would be inappropriate for electric distribution companies (EDCs) to compete using ratepayer dollars;
- On-bill financing is complicated;
- On-bill financing may violate statutory and regulatory consumer protections.

While these are all valid concerns, none are unsurmountable. We need to only look to Pennsylvania's gas utilities, some of whom have implemented successful on-bill financing programs to finance line extensions. I continue to believe that EDCs should consider

---

[1] *On-Bill Financing Working Group Staff Report*, Docket No. M-2012-2289411 (October 31, 2013).

implementing pilot programs to further study potential benefits of on-bill financing and on-bill repayment.

I am not, however, naïve. I fully realize that gas utilities' willingness to engage in such programs may not be completely altruistic. These programs, after all, are helping to drive increased revenue, which makes overcoming the corresponding issues more palatable, while just the opposite is true for EDCs. Successful implementation of on-bill financing measures for energy efficiency in the electric sector would serve to reduce revenue, so overcoming any barriers is less appealing.

I do not say this to chastise EDCs; rather, it is simply recognition of the reality. It does, however, lead me to my second point – Pennsylvania should strongly consider giving utilities the ability to institute decoupling so as to remove any financial disincentive for utilities to partner with their customers in reducing the demand for electricity.

In drafting Act 129, the legislature had two options for ensuring utility compliance with the stated reduction goals: a stick approach (fines for non-attainment) or a carrot approach (incentive payments for reaching goals). The legislature chose the stick approach and as I highlighted above, it has been quite successful thus far. I therefore do not say this to criticize the Legislature for their choices in designing the Act, nor to call EDCs' efforts in implementing their EE&C plans into question; I am proud of both the construct in place in Pennsylvania and of the EDCs' performance to date.

I believe, however, that the day will come when the Commonwealth will need to look beyond the current framework of Act 129 to continue to achieve all available energy savings. Therefore, as stakeholders look beyond Phase III and start thinking about "what's next," and as the Legislature debates likely proposed changes to Act 129, I urge everyone to strongly consider including decoupling measures in the list of available options for moving Pennsylvania's energy future forward.

Robert F. Powelson

ROBERT F. POWELSON
COMMISSIONER

DATE: June 11, 2015