

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition to Approve)	
Act 129 Phase III Efficiency)	
And Conservation Program)	Docket Number. M-2015-2515642
for PPL Electric Utilities)	
)	

**COMMENTS OF JOINT COMMENTATORS: PENNFUTURE, NATURAL
RESOURCES DEFENSE COUNCIL, KEYSTONE ENERGY EFFICIENCY
ASSOCIATION, SIERRA CLUB, ENVIRONMENTAL DEFENSE FUND, AND CLEAN
AIR COUNCIL**

Introduction

Citizens for Pennsylvania’s Future (PennFuture), the Natural Resources Defense Council (NRDC), the Keystone Energy Efficiency Alliance (KEEA), the Sierra Club, the Environmental Defense Fund (EDF), and Clean Air Council (hereinafter “Joint Commentators”) appreciate the opportunity to submit these comments in response to the Act 129 Phase III Plan submission of PPL.

PennFuture is a membership based non-profit advocacy organization focused on energy and environmental issues that impact Pennsylvanians. We work to create a just future where nature, communities, and the economy thrive. We enforce environmental laws and advocate for the transformation of public policy, public opinion, and the marketplace to restore and protect the environment, safeguard public health, and reduce the consequences of climate change within Pennsylvania and beyond.

The Natural Resources Defense Council (NRDC) is a nonprofit environmental organization with more than 1.4 million members and online activists, including nearly 54,000 in Pennsylvania. Since our founding in 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, its public health, and the environment. NRDC's top institutional priority is curbing global warming emissions and building the clean energy future—a priority that can be advanced by ramping up investments in energy efficiency via strengthened programs such as those administered under Act 129.

The Keystone Energy Efficiency Alliance (KEEA) is a non-profit, tax-exempt 501(c)(6) corporation dedicated to promoting the energy efficiency and renewable energy industries in Pennsylvania. With over 50 member organizations and individuals and growing, KEEA is the premier advisory group representing a diverse group of Pennsylvania's energy efficiency and advanced energy companies, entrepreneurs, and workers.

Sierra Club is a non-profit environmental organization whose mission is to explore, enjoy, and protect the wild places of the Earth and to practice and promote the responsible use of the Earth's resources and ecosystems. The Sierra Club currently has 24,049 members in Pennsylvania, most of whom receive electricity service from one of the EDCs required to offer efficiency services under Act 129. These members have a strong interest in both the success of energy efficiency programs and in protecting wild places and their ambient environment from the effects of air, water, and other pollution from electrical generation.

Environmental Defense Fund's mission is to preserve the natural systems on which all life depends. Guided by science and economics, we find practical and lasting solutions to the most serious environmental problems. With more than 1,000,000 members, we work to solve the most critical environmental problems facing the planet. This has drawn us to areas that span the biosphere: climate & energy, oceans, ecosystems and health. Since these topics are intertwined, our solutions take a multidisciplinary approach.

Clean Air Council is a member-supported environmental organization serving the Mid-Atlantic Region. The Council is dedicated to protecting and defending everyone's right to breathe clean air. The Council works through a broad array of related sustainability and public health initiatives, using public education, community action, government oversight, and enforcement of environmental laws.

We continue to support Act 129 and believe that a well implemented program will protect public health and the environment while promoting economic growth and ensuring affordable electricity is available to our citizens. With that in mind, and pursuant to the notice published in the *Pennsylvania Bulletin* on Saturday, December 12, 2015¹, we submit the following comments.

¹ 45 Pa.B. 7078.

General Comments

The public process for approval of this plan is deficient and must be improved

The commission has failed to schedule a public hearing as required under Act 129 of 2008 which says:

“The commission **shall conduct a public hearing on each plan** and allow for the submission of recommendations by... members of the public as to how the electric distribution company could improve its plan or exceed the required reductions in consumption under subsections (c) and (d).”²

When the lack of public hearing was raised in response to the tentative order, the commission replied that “[t]he Joint Commentators have failed to present any facts demonstrating that interested parties have not been able to participate in prior hearings on EDC EE&C Plans under the established process.”³ We note once again that the Act contains a clear and unambiguous requirement to hold a public hearing. It does not grant the commission the authority to substitute its judgment for that of the Legislature as to what level of public participation is adequate. The interpretation of the commission is, therefore, contrary to the Commonwealth’s *Statutory Construction Act* which says “When the words of a statute are clear and free from all ambiguity, **the letter of it is not to be disregarded** under the pretext of pursuing its spirit.”⁴

² 66 PA.C.S. § 2806.1(2) *emphasis added*.

³ Final Order C.1.b at 91.

⁴ 1 Pa.C.S. § 1921(b).

Even if the commission were correct that the ability of the public to participate in prior phases was relevant, **the obstacles to effective public participation in this case are outrageous.** Here, a very short 20-day public comment period is being conducted on seven different detailed and lengthy technical documents during a period of time that encompasses two state holidays and other religious and cultural observances. The length of time provided by the commission is barely long enough to thoroughly review the hundreds of pages of one of the EDC's Phase III plans, and associated testimony, let alone all seven of the EDC's plans.

The commission must schedule at least one public hearing on this plan to comply with the minimum requirements of the applicable law. We further suggest that the commission consider additional methods to engage potential stakeholders, including an extension of the public comment period and enhanced outreach efforts while not delaying the start date of Phase III.

Residential Program

Removal of the in-home professional energy audit rebate

In a footnote to its plan, PPL stated that the in-home professional energy audit incentive will be discontinued after the first half of PY8 in Phase III.⁵ In its place will be an online energy audit for homeowners to fill out on their own. Based on the results of their responses to the online survey, the homeowners may or may not receive additional measures (insulation and duct sealing

⁵ PPL Electric Utilities Corporation, Energy Efficiency and Conservation Plan for Act 129 Phase III, Docket No. M-2015-2515642., 46, footnote 10, Nov. 30, 2015.

rebates)⁶ to improve the energy use of their home. They will also “learn about the benefits of other energy efficiency measures such as appliance recycling, lighting, HVAC, and water heating”⁷ as opposed to receiving those benefits.

Removing the in-home professional energy audit incentive is a poor choice for several reasons. The first being that the average homeowner does not have the necessary expertise to perform a thorough audit of their home. The Commission recently released a video showing homeowners how to conduct an energy audit of their home.⁸ Although some of the basic information depicted in the video is helpful for homeowners, the video also shows several tools that only an experienced audit professional would have. The CSPs that have conducted the in-home audits throughout the Act 129 program have the necessary level of expertise, experience, and tools to do so. They are certified by the Building Performance Institute⁹ and have to re-certify every three years by taking both a written and field test. The auditors are also subject to the quality assurance program where PPL double checks a percentage of the audits.

PPL has referred to the process as “a comprehensive diagnostic audit” that “includes an examination of how much air is leaking in and out of your home, and an assessment of the air quality.”¹⁰ The air quality assessment involved checking carbon monoxide and moisture levels.

As Energy Efficiency for All mentioned in their comments to the tentative order,

⁶ *Id.*

⁷ *Id.*

⁸ PUC, Home Energy Audit, <https://www.youtube.com/watch?v=R07JeML1a8E&feature=youtu.be>.

⁹ PPL website, Home Energy Audit and Survey, <https://www.pplelectric.com/save-energy-and-money/all-rebates-and-discounts/residential/home-energy-audit-and-survey.aspx>.

¹⁰ *Id.*

“Comprehensive energy efficiency upgrades routinely identify and resolve health and safety concerns such as those related to inadequate ventilation, mold/mildew, and poorly drafting combustion appliances that could pose carbon monoxide threats.” The auditors were also able to collect data that can be used for other energy saving initiatives. The online survey will not be able to collect the same level of data.

Customers have raved about the in-home energy audits and PPL has posted many positive reviews on its website. The customers were happy with the service the auditors provided and that they received a \$250 rebate if they have electric heat and central air conditioning, or a \$125 rebate for either central air or electric heat.¹¹

Secondly, removing the professional audit erodes the comprehensiveness of PPL’s residential program. The Commission’s order requires that each EDC plan include two comprehensive programs, at least one for residential customers and at least one non-residential customers.

Adding “at least” to the order suggests that the Commission expects the EDCs to go beyond the requirement. The Commission noted that “the EE&C Programs have matured enough so that EDCs can increase their focus on more comprehensive measures which tend to require greater implementation timeframes.”¹² In their comments, PPL agreed that “such a timeframe provides flexibility and the ability to offer more comprehensive measures.”¹³ The Commission also stated that it would be “beneficial for the EDCs to utilize the knowledge gained from their

¹¹ <http://www.eepgrams.net/ppl/audit-survey/>

¹² PUC, Act 129 Phase III Final Implementation Order, Docket No. M-2014-2424864, 61, Jun. 11, 2015, [emphasis added].

¹³ PPL Comments, at 15-16.

implementation of a comprehensive measure in Phase II, as well as that provided by interested stakeholders, to determine what measures should be incorporated into Phase III comprehensive programs.”¹⁴ The Commission did not provide a definition of comprehensive because the differences between the EDC’s service territories would likely result in the need for different programs. The Commission did however agree with examples given by stakeholders, including CHP, building energy code training, *whole-house programs*, etc.”¹⁵

We stand by our comments to the Commission’s Tentative Implementation Order that it is best to have a more prescriptive program including a balanced portfolio of comprehensive measures. In our comments, we stated that “comprehensiveness comes from the design of the portfolio as a whole, and is determined by how well each program integrates and complements each other, and not by simply having a set number of “comprehensive” programs.”¹⁶ That being said, we acknowledge that PPL is only required to have two comprehensive programs.

We and many other stakeholders have stated several times that the EDCs should be encouraged to have as many non-lighting measures as possible. PPL agreed and at their stakeholder meeting on November 14, 2014, PPL presented on high-level considerations for comprehensive programs/portfolio in Phase III. On slide 29, PPL said there should be “more focus on energy assessments, multiple measures and “whole-building” approach....less emphasis on “ad hoc” individual measures, such as lighting only.”

¹⁴ PUC Final Order, at 59-60.

¹⁵ *Id.*

¹⁶ Comments - Citizens for PA's Future et al, Re: PUC Docket No. M-2014-2424864, 10-11, <http://www.puc.pa.gov/pcdocs/1356557.pdf>.

In addition to our comments to the PUC's tentative implementation order, we provided a model portfolio¹⁷ as a guide for how the Act 129 program can evolve moving forward.

The paper looked at First Energy and PECO's program but can easily be applied to PPL's program. The paper described a Home Energy Services Program that included home audits that would provide homeowners with general knowledge about efficiency, identify energy savings opportunities, and directly install energy saving measures like LEDs and programmable thermostats. The savings from the direct install measures should offset the cost of the visit. The auditor would schedule follow up visits for air sealing, insulation, HVAC, maintenance/replacement, or other needed efficiency measures, or potentially offer air and duct sealing during the initial visit. Even though the cost of the program would be higher than other measures, the program could be designed so that the higher costs of acquisition could be offset by greater lifetime savings resulting in a net benefit to consumers. Additionally, the Commission stated in the Final Implementation Order that "while cost-effectiveness is always a priority, an individual program does not have to be cost-effective in order to be implemented."¹⁸

In Section 3.1.4, PPL describes the comprehensive measures to be offered in its plan. The Low-Income WRAP program continued from Phase II is listed as one of the comprehensive programs available for residential customers.¹⁹ PPL says the Energy Efficient Home Program is the comprehensive option available for non-low income residential customers.²⁰ The in-home

¹⁷ Optimal Energy Integrated Energy Resources, A Model Portfolio for Pennsylvania Energy Efficiency Programs under Act 129 Phase III, Apr. 3, 2015.

¹⁸ PUC, Act 129 Phase III Final Implementation Order, Docket No. M-2014-2424864, 59-60, Jun. 11, 2015.

¹⁹ PPL Plan, at 34.

²⁰ *Id.*

audits are listed as a part of the Energy Efficient Home Program. The only difference between the WRAP program and the Energy Efficient Home Program is that after the first half of the first year, the Energy Efficient Home Program will no longer include an in-home audit.

PPL states that the Energy Efficient Home Program “provides comprehensive energy efficiency options for new and existing homes.”²¹ However, once the in-home audit is removed, the program is no longer comprehensive. Homeowners are left with a new homes component, an online audit and weatherization component, and an energy efficiency equipment component.²²

PPL still seems to be meeting its two comprehensive programs requirement, but non-low income residents are paying the price. Without program support, non-low income residents will not take advantage of more comprehensive and complicated measures that will result in real energy savings and may be discouraged from participating in the Act 129 program altogether. The \$125-\$250 rebates were significant incentives to encourage non-low income homeowners to have a professional audit of their entire home. PPL did not state in their plan any reasons for ending the rebate or provide information supporting the removal. There is no indication that it was too costly. During all of their stakeholder presentations, PPL showed that their programs were on track or even ahead of schedule for meeting compliance targets for Phase II. If PPL’s plan is not revised, the majority of PPL’s customers will be left without an incentive to properly assess the energy efficiency level of their home. Therefore, we recommend that PPL revise its Phase III Plan to continue the in-home energy audit incentive throughout the entire phase.

²¹ *Id.* at 46.

²² *Id.*

Lighting, Appliances, and Education

We applaud PPL for focusing its Efficient Lighting Program on the purchase and installation of LED bulbs. Unlike the other EDCs, PPL is not including CFLs in Phase III. We also applaud PPL for reserving approximately \$3 million in funding for residential pilots and new technologies.²³

On October 1, 2015, the EPA released its market penetration report for the Energy Star program. According to the Energy Star Unit Shipment and Market Penetration Report for 2014²⁴, it is estimated that 89% of dehumidifiers in 2014 were ENERGY STAR rated. PPL is including a rebate for dehumidifiers in its plan, but the report shows that a rebate is no longer needed to move the market. Where market transformation has already occurred, programs that further incentivize purchases of appliances will suffer from high free ridership and achieve little additional savings. Thus, we recommend revising the proposed plan to remove support for dehumidifiers.

We have some concerns about the Home Energy Education Program. The program targets residential customers with high energy consumption but allows for the removal of low propensity participants, those who do not engage in any energy savings actions. Once removed, the customers would need to opt back into the program. Instead of removing customers who could save a lot of energy and money by participating, PPL should provide incentives to

²³ *Id.* at 35.

²⁴ U.S. EPA, ENERGY STAR® Unit Shipment and Market Penetration Report Calendar Year 2014 Summary, http://www.energystar.gov/ia/partners/downloads/unit_shipment_data/2014_USD_Summary_Report.pdf?caba-3e5e.

encourage them to participate in the Act 129 program. The program also has a high TRC ratio of 5.52, but that seems to be based on the assumption that customers will change their bad behaviors.

Low Income and Multi-family

We are glad to see that PPL is spending 85% of its low income budget on low-income WRAP and expects the program to reach approximately twice the number of homes per year than in Phase II.

We support EEFA's comments concerning the need to address individually metered multifamily housing in the low income WRAP program and ensuring that the incentives for common area improvements which fall under the C&I program are adequate to support the needs of multifamily buildings. We also echo their suggestion that PPL develop a sufficient outreach strategy to encourage multifamily tenants and building owners to participate in the program.

Commercial Program

PPL is using the custom program for small C&I, large C&I, and GNE customers to fulfill the comprehensive requirement for nonresidential customers.²⁵ We applaud PPL for providing "financial incentives to customers who install any cost-effective project that includes measures that are not in PPL's other programs.

²⁵ *Id.* at 34.

We also applaud PPL for having separate programs for the government/nonprofit/educational sector and for working with stakeholders, trade allies, and various agencies to create partnerships to leverage additional incentives.