



July 6, 2017

Via E-Filing

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of PPL Electric Utilities Corporation for Approval of its Act
129 Phase III Energy Efficiency and Conservation Plan
Docket No. M-2015-2515642**

Dear Secretary Chiavetta:

Enclosed please find the Comments of the Pennsylvania Energy Efficiency for All
Coalition (PA-EEFA) in the above-referenced proceeding.

Copies are being distributed as per the attached Certificate of Service.

Respectfully submitted,

Joline Price

Joline Price, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :
for Approval of an Energy Efficiency and : Docket No.: M-2015-2515642
Conservation Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of the Comments of PA-EEFA as set forth below.

VIA EMAIL ONLY

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Dated: July 6, 2017

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities
Corporation for Approval of its Act 129
Phase III Energy Efficiency and
Conservation Plan**

Docket No. M-2015-2515642

**JOINT COMMENTS OF
THE PENNSYLVANIA UTILITY LAW PROJECT
THE NATURAL RESOURCES DEFENSE COUNCIL
THE NATIONAL HOUSING TRUST
THE KEYSTONE ENERGY EFFICIENCY ALLIANCE
ACTION HOUSING, INC.
REGIONAL HOUSING LEGAL SERVICES**

(Collectively PA ENERGY EFFICIENCY FOR ALL COALITION or “PA-EEFA”)

July 6, 2017

Introduction

On November 30, 2015, PPL Electric Utilities Corporation (“PPL” or the “Company”) filed a Petition for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan (“Phase III Plan” or “Plan”) with the Pennsylvania Public Utility Commission (“Commission” or “PUC”) in compliance with 66 Pa. C.S. § 2806.1(b) (relating to energy efficiency and conservation programs) and in accordance with the Commission’s Energy Efficiency and Conservation Program Implementation Order, entered on June 19, 2015, at Docket No. M-2014-2424864 (“Phase III Implementation Order”). After litigation and hearings, the Commission approved PPL’s Phase III Plan. *See Petition of PPL Electric Utilities Corp. for Approval of its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (Order Entered Mar. 17, 2016); Secretarial Letter, Docket No. M-2015-2515642 (June 27, 2016).

On June 6, 2017, pursuant to the Commission’s established review process of approving plan changes by electric distribution companies, PPL filed an omnibus Petition and requested Commission approval of 13 modifications, both major and minor, to its Phase III Plan. *See Petition of PPL Electric Utilities Corp. for Approval of Changes to its Act 129 Phase III Energy Efficiency and Conservation Plan*, Docket No. M-2015-2515642 (“June 2017 Petition”). PPL chose to submit a single petition seeking approval for all 13 changes and requesting review of the petition in omnibus fashion pursuant to the Commission’s major change procedures that were reaffirmed in the Commission’s Phase III Implementation Order. *See Energy Efficiency and Conservation Program*, Docket No. M-2014-2424864, Order Entered June 19, 2015 at 115-18 (adopting the minor and major change process of previous phases for Phase III). According to the Commission’s major change procedures, comments and/or answers from interested parties are due 30 days from service of the June 2017 Petition, and replies to any comments and answers are due 20 days thereafter.

These comments are submitted in response to PPL's June 2017 Petition by the Pennsylvania Utility Law Project, ACTION-Housing, Inc., the Keystone Energy Efficiency Alliance, The National Housing Trust, The Natural Resource Defense Council, and Regional Housing Legal Services, collectively the Pennsylvania Energy Efficiency for All Coalition ("PA-EEFA"). PA-EEFA is a partnership of Pennsylvania and national organizations that share a common goal of ensuring that low-income individuals have access to energy efficiency services to reduce their energy consumption. While PA-EEFA, as a collective, has historically been principally concerned with expanding access to energy efficiency and weatherization in multi-family housing for economically vulnerable households, the organizations that comprise PA-EEFA recognize the significant overlap between those interests and a robust and effective energy efficiency program portfolio for low-income tenants of single family and multifamily properties, as well as low-income homeowners.

Improving the energy efficiency of low-income households not only provides direct economic benefits to these vulnerable households, it also has the potential to materially improve participants' quality of life by addressing health and safety issues that may be present. Comprehensive energy efficiency upgrades reduce customer assistance program (CAP) costs, save energy for economically vulnerable households, increase comfort, and routinely identify and resolve health and safety concerns. Lower income populations are also commonly more vulnerable to both the short term pollutants that result from electric generation and to the potential consequences of climate change, both of which are lessened by improved energy efficiency programming.

Comments

PPL has proposed 13 changes to its EE&C Plan some of which are major and some of which are minor. *See* June 2017 Petition ¶¶ 6a – m. PA-EEFA has comments about 10 of the proposed changes, as outlined more fully below.

A. Proposed Changes # 1 and 2: Residential Demand Response Programs

PPL proposes to change its Demand Response (DR) Program to enable the Company to implement two *potential* residential demand response initiatives (1) a residential load curtailment measure (air conditioner cycling), if needed, to meet its peak demand reduction requirements; and, (2) a residential behavioral demand response measured within its home energy education program. *See* June 2017 Petition at ¶¶ 13-21. PPL asserts that it is making these program proposals in the event that it needs to utilize them to meet its DR requirements throughout the life of Phase III, but that it is not seeking to implement these changes at this time. *Id.* ¶¶ 17, 21.

1. Residential Load Curtailment

As to the potential for a residential demand response measure, PPL proposes to contract with a conservation service provider for up to \$2.5 million of the program’s existing budget for a potential of up to 15 MW of peak reduction DR savings from residential customers who have the necessary load curtailment devices already installed on their home air conditioning units. June 2017 Petition ¶ 13. The \$2.5 million would come from the existing DR program budget and would not reduce the energy efficiency budget. *See* June 2017 Petition, Appendix A, Black-Line EE&C Plan at § 3.2 (“Proposed Plan”). This program would only be available to “existing participants of the PA Peak Saver Program (not administered by PPL).” *Id.* PPL asserts that it needs the additional flexibility that this change would permit and that it would provide a 30-day notice to interested parties and stakeholders of its intent to implement this measure.

PA-EEFA supports this proposed change with the following caveats. First, neither the June 2017 Petition nor the Proposed Plan attached thereto clearly states how PPL or its CSP will ensure that participants in previous residential DR programs would agree to continue to participate in this phase of its DR program. While PPL states that no new customers will be solicited, it is essential that customers who had previously participated in the program be informed that they may be called upon again for load curtailment. PPL's proposed solution of providing 30-days' notice prior to any future intent to implement the program may be sufficient for purposes of alerting households who have already agreed to continue to participate in the program. However, it is insufficient for purposes of informing potential targets of the direct load control that they are still being counted on to provide DR peak demand reduction. Prior to approval of this change, PPL should be required to outline the steps it will take to notify participants with installed devices that they may be asked to participate at some point in the future. This communication should also clearly and plainly inform customers of their ability to exit this program, and how they may opt out if they no longer wish to participate.

2. Behavioral Demand Response

In addition to proposing a potential residential load curtailment proposal as outlined above, PPL proposes to change its Home Energy Education Program to permit it “to implement a residential behavioral demand response measure if potentially needed to meet [its] peak demand reduction requirements.” June 2017 Petition ¶ 19. Specifically, PPL proposes to include an option to provide additional messaging in its Home Energy Reports (HERs) that would provide “messaging and tips” to “help reduce peak demand.” *Id.* This program would cost “up to \$400,000” and is included in the \$10.2 million cost for the Home Energy Education Program costs.

PA-EEFA does not endorse the proposed change, and would rather that these dollars allocated to achieving energy savings that result in meaningful bill reductions for participating households; that is, in the direct installation of energy efficiency measures, as opposed to short-term savings such as those produced by home energy reports.¹ While home energy reports provide verifiable savings in the aggregate, they provide relatively small savings at the household level. Because the changes for any given household are relatively small, they likely don't stand out from the month to month variation that tends to occur naturally. Indeed, as evidenced by PPL's proposed change to increase the number of households participating in the HER program, these programs provide a promise of savings that may or may not materialize. See June 2017 Petition at ¶ 32. Rather than simply increase messaging to include DR related messaging, PA-EEFA believes that PPL – and its customers – would be better off focusing on whole-house and/or weatherization (insulation, air sealing) measures that typically have higher realization rates, are verifiable and represent a better investment of program dollars. To that end, PA-EEFA recommends that the funds allocated to this proposed change – up to \$400,000 – be instead added to the New Construction measure proposed below (Proposed Change #4). This would allow for additional dollars for energy efficiency that has the likelihood of producing more tangible benefits for low-income households.

¹ A recent study of home energy report programs revealed that personalized educational reports achieve savings between 1.5% and 2.5% annually, provided the programs are ongoing. After the program stops, and customers no longer receive reports, the marginal savings achieved will erode quickly and continuously over time. Indeed, the true value in providing targeted home energy education is to encourage households to adopt comprehensive, long-term savings measures, which low income households are most often unable to afford. CADMUS, Long-Run Savings and Cost-Effectiveness of Home Energy Report Programs, at 3 (Winter 2014/2015), *available at* <http://www.cadmusgroup.com/papers-reports/long-run-savings-cost-effectiveness-home-energy-report-programs/>.

B. Proposed Change # 3: Combine budgets and savings from Customer and Efficient Equipment Programs

PPL proposes to combine the budgets and savings for its Customer and Efficiency Equipment Programs into a single program called the “Nonresidential Energy Efficiency Program.” June 2017 Petition ¶ 22. PPL asserts that these changes will better allow it to respond to the changing priorities and preference of customers by allowing it the needed flexibility to shift budgets between “custom” and “standard” measures as needed within the context of each of the programs. PA-EEFA supports this change. Included in the panoply of programs under this section is the low-income master-metered multifamily program. PA-EEFA agrees with PPL that it is prudent for the Company to have the flexibility necessary within the context of the already existing program budgets to ensure that projects can be approved regardless of whether the measures chosen are “custom” or “standard.” PA-EEFA urges the Commission to approve this proposed plan change.

C. Proposed Change # 4: Add New Construction Measure to Low-Income WRAP

PPL proposes to add a new construction measure to its low-income WRAP program offered as an incentive to builders of new construction for low-income customers. Specifically, LED light bulbs will be provided for the living units of the buildings at no cost to the builder, and the builder/owner will receive an additional incentive of up to \$0.50/annual kWh saved for other energy efficiency improvements/upgrades which are bought and installed by the builder. Last, provided its proposed change #3 is approved, the incentives for the common areas of new construction multifamily buildings will be covered by the newly merged Nonresidential Energy Efficiency Program. June 2017 Petition ¶ 26. This change is being proposed by PPL because “several builders and developers have asked about energy efficiency incentives for income-qualified new construction.” Id. ¶ 27.

PA-EEFA supports this change. It is critically important that energy efficiency programming work with new multi-family, affordable housing construction projects. Although not exclusively, these projects are principally being funded through the Low-Income Housing Tax Credit program administered by the Pennsylvania Housing Finance Agency (PHFA). In the course of the development of its EE&C Plan, PPL committed to work with PHFA and the affordable housing community to design its program to ensure access to this critically underserved community. Over the past year, PPL has hosted many stakeholder meetings, conference calls, and individual meetings with affordable housing representatives. These meetings have resulted in significant success by PPL in reaching the existing affordable housing stock in the period from June 2016 – May 2017. The fact that PPL is now seeking to amend its plan to include new construction projects for this community demonstrates that it is committed to listening to the needs of its customers and changing course as necessary to meet those needs.

PA-EEFA also supports the approach taken by PPL in designing this measure. By providing free LEDs to be installed in the sockets of the individually-metered, income-eligible units, PPL is seeking to ensure that – from the start – low-income housing is built in a manner that maximizes energy affordability for low income households. Furthermore, by providing an incentive up to \$0.50/annual kWh saved, PPL is providing the flexibility needed to developers and builders to tailor their energy efficiency designs to their budgets and buildings. This flexibility is essential. PA-EEFA urges the Commission to approve this proposed plan change.

D. Proposed Changes #s: 5-8: Changes to the Energy Efficient Home Program

PPL has proposed several changes and clarifications to its Energy Efficient Home Program as outlined below, all of which PA-EEFA supports.

1. Addition of non-electric water heater measure, a dehumidifier measure, and a custom measure

PPL has proposed to add new measures to its Energy Efficient Homes Program, specifically a non-electric water heater measure, a dehumidifier measure, and a customer measure. June 2017 Petition ¶ 28. PA-EEFA supports the inclusion of each of these measures. In particular, PA-EEFA is encouraged to see that PPL is seeking to reintroduce a non-electric water heating measure that had been included in previous phases of PPL's Act 129 plan.

2. Clarification that the New Construction Component of the Energy Efficiency Home Program Includes Multifamily Housing

PPL has proposed to clarify in its plan that buildings of three stories or more are included in the new construction component of its program. June 2017 Petition ¶ 29. Without this clarification, applicable building codes and savings baselines do not properly align because they vary depending on whether or not the building has greater than four stories. PA-EEFA supports this requested change. It was the intention of PPL and the parties to its Plan proceeding that all affordable multifamily housing buildings, regardless of size, be included in its portfolio of programs.

3. Change incentive range for refrigerators

PPL proposes to adjust the incentive range for refrigerators under its Energy Efficiency Home Program to provide it with more flexibility in offering incentives to customers and responding to changes in the market and customer preferences. June 2017 Petition ¶ 30. Specifically, PPL wishes to have a range of \$10 to \$100. PA-EEFA supports this change.

4. *Modify the insulation measure to include crawlspace and basement ceiling insulation*

PPL proposes to expand its insulation measure to include attic crawlspace and basement ceiling insulation. June 2017 Petition ¶ 31. Specifically, PPL seeks to clarify that for electric main source heat and central air conditioning, the incentive level can be up to 75% of installed cost, not to exceed \$750 for each insulation type. *Id.* Further, PPL will seek to offer incentives for non-electric heating and central air conditioning of up to 75% of the installation costs, not to exceed \$125 for each insulation type. *Id.* PA-EEFA support this change, including the proposed expansion to encompass an incentive for non-electric heat. This expansion recognizes that shell measures that target air conditioning load – including insulation – can produce significant savings, and also have the ancillary non-electric benefit of reducing other home energy usage by the households. PA-EEFA encourages PPL to continue to coordinate its work in this area – not only within its LIURP program, but also in coordination with the newly developed energy efficiency programs in the UGI Gas and UGI PNG service territories.²

E. Proposed Change # 9: Adjust the number of projected participants for the Home Energy Education Program

PPL proposes to change the maximum number of projected participants for its Home Energy Education program from 123,000 to 183,000. PPL asserts that this increase of 60,000 participants is “necessary to achieve the savings target for this program” and will have no effect on the projected savings or costs of the program. PA-EEFA neither supports nor opposes this proposed change, but notes that its non-opposition is only because it will not increase the costs of the program. Rather than doubling down on a program that does not appear to be producing

² See Pa. PUC et al. v. UGI Gas, Docket No. 2015-2518438 (Opinion and Order dated Sept. 1, 2016) (approving Joint Settlement, which included approval for implementation of UGI Gas’s voluntary Energy Efficiency and Conservation Plan); see also Pa. PUC et al. v. UGI Penn Natural Gas, Inc., Docket No. R-2016-2580030 (Petition for Joint Settlement, which includes modified approval for a implementation of UGI PNG’s voluntary Energy Efficiency and Conservation Plan, is currently pending before Administrative Law Judge Mary D. Long).

sufficient savings, PA-EEFA believes that PPL – and its customers – would be better off focusing on whole-house and/or weatherization (insulation, air sealing) measures that typically have higher realization rates, are verifiable, and represent a better investment of program dollars because they assist households with saving energy and saving dollars on their utility bills over the long term. The dichotomy between behavioral programs – which produce limited and short-lived savings – and the direct installation of deep savings measures was discussed at greater length above.

Conclusion

PA-EEFA thanks the Commission for the opportunity to provide these comments.

Respectfully submitted,

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