

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

**Act 129 Energy Efficiency
and Conservation Program –
Tentative Implementation
Order**

**Public Meeting held March 12, 2020
3015228-TUS
Docket No. M-2020-3015228**

STATEMENT OF CHAIRMAN GLADYS BROWN DUTRIEUILLE

Today the Commission votes on the Tentative Implementation Order for Phase IV of Act 129. This Tentative Order marks a significant milestone in the Phase IV design process as it commences the process of establishing energy efficiency targets, establishing peak demand reduction targets, and setting program design. I wish to thank the dedicated Commission Staff and Statewide Evaluator Team (Staff) who have guided us to this point. Staff has already completed a significant amount of work to get us here. This work includes updating the Technical Reference Manual, updating the Total Resource Cost Test (TRC), and conducting potential studies.

The Commission's potential studies show continued opportunities for cost-effective electricity savings. Utilizing the permissible budget of Act 129, the Tentative Order depicts an achievable sum of incremental annual savings of 3.1% over the proposed five-year period starting June 1st, 2021, or 0.62% annually. Further, the projected total costs of \$1.89 billion and benefits of \$3.07 billion for Phase IV results in a TRC calculation of 1.62, or \$1.62 in savings for every \$1.00 invested.

The Tentative Order proposes that utilities design plans which provide more focus on comprehensive energy efficiency measures. This concept is a natural evolution from simple measures such as lighting to all-encompassing measures such as updating HVAC, weatherization, and water heating for a building.

The Tentative Order maintains a carveout for low-income customer programs, proposing that a minimum of 5.8% of total savings come from this sector. Conversely, the Tentative Order eliminates any carveout for the government, nonprofit, and institutional (GNI) entities. This sector has exhibited robust participation in previous phases, so the proposal here eliminates what appears to be an unnecessary administrative component but in no way eliminates the opportunity for GNI sector participation.

The most significant change from Phase III is the proposal to achieve reductions in peak demand. I note that Act 129 does not mandate demand response exclusively, but rather, mandates reductions in peak demand if cost-effective.¹ Phase III utilized conventional dispatchable demand response to reduce peak demand. Here, the proposal is to utilize energy efficiency (EE) measures to reduce peak demand by 3.3% statewide. In support, the Tentative Order posits that EE measures typically have multiple years of useful life so their incremental demand reductions will continue beyond the Phase IV program. The Tentative Order also contends that EE is available every day of the year whereas the dispatchable demand response is often limited to a number of events. Also, like demand response, demand reductions from EE can be recognized in PJM's capacity market. The Tentative Order shows that utilization of EE could potentially achieve \$35 million more in net benefits in Phase IV when compared with utilizing dispatchable demand response. Nonetheless, I am cognizant that this modification may eliminate the benefits certain individual large customers received under the Phase III design. To that end, I encourage stakeholders to file detailed comments to the Tentative Order regarding this change.

In conclusion, I am pleased to be taking this important step toward Phase IV of Act 129. The adage that the cheapest kilowatt is no kilowatt still holds true, as shown from the information provided in this Tentative Order. I look forward to reviewing the comments that will be filed.

March 12, 2020
Date


Gladys Brown Dutrieuille, Chairman

¹ 66 Pa. C.S. § 2806.1(d)