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PENNSYLVANIA
UTILITY LAW PROJECT

April 27, 2020

VIA E-File

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, Filing Room
Harrisburg, PA 17120

RE: Act 129 Energy Efficiency and Conservation Program Phase IV,
Docket No. M-2020-3015228

Dear Secretary Chiavetta,

Please find the Comments of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA), which are respectfully submitted for filing in the above referenced docket. An electronic copy will be provided to Commission Staff, as indicated below.

Please do not hesitate to contact me with any questions or concerns.

Respectfully submitted,

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Act 129 Energy Efficiency and Conservation Program Phase IV	**Docket No. M-2020-3015228**

COMMENTS
OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

Submitted to the Phase IV Tentative Implementation Order Entered
March 12, 2020

PENNSYLVANIA UTILITY LAW PROJECT
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April 27, 2020

I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) submits the following comments and recommendations in Response to the Pennsylvania Public Utility Commission's (Commission or PUC) Tentative Implementation Order (Tentative Order" or "TO), entered on March 12, 2020 at Docket No. M-2020-3015228, regarding the implementation of Act 129 Energy Efficiency and Conservation Program Phase IV.

CAUSE-PA is a statewide unincorporated association of low-income individuals which advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunication services. CAUSE-PA membership is open to individuals residing in the Commonwealth of Pennsylvania who are committed to the goal of helping economically vulnerable individuals and families access and maintain affordable utility services and achieve economic independence and family well-being.

CAUSE-PA supports the creation, development, and implementation of robust effective energy efficiency and conservation programs, targeted to assist low-income Pennsylvanians. These programs are an essential component for obtaining and maintaining long term electricity affordability as well as support the health and welfare of individuals, families, and the community as a whole. To that end, CAUSE-PA, through its counsel at the Pennsylvania Utility Law Project, has been an active participant in the planning, litigation, implementation, and review of Act 129 programming for many years. CAUSE-PA was an active party in the Phase II and Phase III implementation and plan review proceedings, and is an engaged participant in Act 129 stakeholder processes. Through that time, CAUSE-PA has gained significant experience with the design and operation of these programs across the Commonwealth.

CAUSE-PA thanks the Commission for this opportunity to comment on its proposals for Phase IV, and will address matters which affect the ability of low-income households to achieve verified, long-term energy savings and improved health and welfare.

II. BACKGROUND

When Act 129 became effective on November 14, 2008, it created an Energy Efficiency and Conservation (EE&C) Program, codified in the Pennsylvania Public Utility Code, which required all EDCs with at least 100,000 customers to adopt EE&C Plans to reduce electric consumption, subject to the review, approval, and oversight of the Commission. The Act requires the Commission to assess the cost-effectiveness of the EE&C Program every five years, and to set additional incremental reductions in electric consumption so long as the benefits of the programming continued to exceed the costs. We are now nearing the end of the third five-year "phase" and, on March 12, 2020, the Commission issued its Tentative Implementation Order (TO) setting forth its proposed parameters for Phase IV of the EE&C Program.

Importantly, and undeniably, we are in a much different place now than we were when the Commission's TO was issued on March 12, 2020. On March 6, 2020, Governor Tom Wolf issued a Proclamation of Disaster Emergency in Pennsylvania as the novel coronavirus, known as COVID-19, began to spread across the Commonwealth. On March 13, 2020, in an attempt to help lessen the impact of the pandemic response, the Commission issued an Emergency Order halting all residential utility terminations and encouraging utilities to reconnect services to households that were previously terminated.[1] And in the days that followed, stay-at-home orders were rolled out across the Commonwealth. The full, long-term economic impact of these actions is not yet known or understood, though the immediate economic impact is painfully clear. Unemployment numbers

[1] See Public Utility Service Termination Moratorium Proclamation of Disaster Emergency- COVID-19, Docket No. M-2020-3019244, Emergency Order Issued: March 13, 2020.

have soared, and well over 1 million workers in Pennsylvania are currently unemployed. Basic living expenses – including electricity costs – have increased for families as they shelter in place at home, and Pennsylvania's economically vulnerable households are experiencing food insecurity on a level not seen or experienced in our lifetime. While utility terminations and evictions are temporarily on hold across the state, growing rent and utility arrears loom as we cautiously move toward a phased re-opening of our economy.

As a result of the deep economic impact of the pandemic response, energy usage patterns in the short term have changed and may continue to change. We do not yet know the extent of the impact on usage - or what the economy may look like over the longer term. But we do know that energy efficiency programming is critically important for low-income families who are most profoundly impacted by the economic impact of the pandemic. We also know that energy efficiency is a tremendous economic driver – investing millions of dollars into the economy and creating thousands of good paying jobs across the state.[2] Indeed, Act 129 energy efficiency programming could very well play an important role in helping to reduce residential usage, restart our economy, and get Pennsylvanians back to work.

On April 22, 2020, the Industrial Energy Consumers of Pennsylvania (IECPA) filed a Petition at this docket to suspend Act 129 implementation in the face of pandemic emergency, and to make other adjustments to Phase III. CAUSE-PA reserves its right to file an Answer to that Petition pursuant to 52 Pa. Code § 5.61, and will not directly respond to the issues raised in IECPA's Petition in the context of these comments. Nevertheless, CAUSE-PA generally notes it disagrees with calls to suspend the Phase IV planning process. Struggling families need assistance

[2] Energy efficiency in Pennsylvania accounts for over 71,000 jobs – or roughly 2% of statewide employment. ACEEE, US Energy and Employment Report (2020), https://static1.squarespace.com/static/5a98cf80ec4eb7c5cd928c61/t/5e78184eb0412f11a92684bb/1584928847275/Pennsylvania-2020.pdf

now, more than ever, to adopt energy efficiency measures to offset the increased burden created by the stay-at-home orders. CAUSE-PA asserts that, rather than delay planning for future programming, now is the time to get to work planning robust energy efficiency programs capable of producing appreciable bill savings and reducing unnecessary energy usage over the long term. This need is especially great for low-income households that cannot otherwise afford to invest in energy saving measures, and rely on Act 129 programming to help create a level playing field to access critical bill savings.

CAUSE-PA would like to thank the Commission for the opportunity to offer the following recommendations and comments in response to the Commission's proposals, and looks forward to a successful Phase IV.

III. COMMENTS

CAUSE-PA commends the Commission and its staff for the significant detail, consideration, and analysis of the issues within the TO. For ease of review, our Comments generally follow the outline of the Commission's TO. As described below, CAUSE-PA supports a number of the Commission's proposals and respectfully requests that the Commission include several adjustments and requirements in its Final Phase IV Implementation Order to ensure adoption of robust and equitable program designs.

A. Proposed Reductions in Electric Consumption

1. 15 percent per year is an appropriate annual reduction target to ensure programming continues for the life of the Plan.

For Phase IV, the Commission proposes that EDCs design their EE&C Plans to achieve at least 15 percent of their consumption reduction target in each program year.[3] CAUSE-PA supports

[3] TO at 14.

this proposal and we agree that 15 percent is a reasonable target. The Commission's proposal strikes an appropriate balance between motivating EDCs to achieve savings in each program year – ensuring that the programs remain accessible to consumers through the life of the Plan. Thus, CAUSE-PA supports the Commission's proposal to require 15 percent of consumption reduction targets in each program year, as it will help ensure that programs will continue to run throughout the entire 5-year Phase IV period.

2. The Commission should require EDCs to propose comprehensive energy efficiency programs that provide appreciable bill savings for customers.

The Commission proposes to require EDCs to include at least one comprehensive program for the residential and non-residential classes, and encourages EDCs to consider implementing a comprehensive mix of measures.[4] In developing these comprehensive programs, the Commission directs EDCs to work with stakeholders to determine what these comprehensive programs should include. CAUSE-PA supports the Commission's emphasis on comprehensive programing, and we share the Commission's belief that "comprehensive programs are beneficial to electric customers."[5] Comprehensive programs that offer customers deep energy efficiency measures can provide appreciable, long term bill savings for residential customers, which is particularly vital for low-income programs. While these measures may require a higher acquisition cost, the Commission importantly points out that "an individual program does not have to be cost-effective in order to be implemented, provided the EE&C Plan as a whole is cost effective."[6]

CAUSE-PA believes the long term benefits of comprehensive programing support the additional cost of comprehensive deep measures. These benefits are especially important for low-

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[4] TO at 15.
[5] Id.
[6] Id.

income households who pay a larger percentage of their income toward their energy bills, often as a result of energy inefficient housing, and who struggle to make ends meet even during relatively good economic times.[7] Providing opportunities for comprehensive energy efficiency programming to all ratepayers – particularly low-income households – will help substantially reduce energy bills over the long term. Thus, we support the Commission's recommendation that EE&C plans present comprehensive programs with a mix of measures capable of producing appreciable bill savings, and we recommend that all EE&C Plans be required to include at least one comprehensive program that includes deep, long-term energy efficiency measures for low-income households.

That said, we are concerned that the Commission's encouragement and preference for inclusion of comprehensive programming may be insufficient to drive actual adoption by the EDCs. The Statewide Evaluator (SWE) based its potential study and associated savings potentials in large part on the assumption that EDCs would have increased acquisition costs for deeper measures.[8] Thus, to ensure that Phase IV includes appropriately comprehensive programming, we encourage the Commission to provide more explicit directives for the types of measures that can and should be considered in a comprehensive program. Specifically, we recommend that the Commission require EDCs to meet a specific target for comprehensive programming and long-term measures as a percentage of the residential sector budget. This would ensure investments are made in deep, comprehensive measures such as efficient appliances, HVAC, and shell measures – as opposed to marginal, short term savings such as lightbulbs and home energy reports.

[7] See Fisher, Sheehan & Colton, The Home Energy Affordability Gap: Pennsylvania (April 2019), http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html.
[8] Potential Study at 8.

3. The Commission should improve low-income savings requirements to ensure robust programming is available to serve vulnerable Pennsylvanians.

CAUSE-PA commends the Commission for continuing to require utilities to achieve a specific percentage of savings from the low-income sector and for modestly increasing the savings requirement. The continued incorporation of a proportional low-income carve-out is critical to fulfilling the explicit direction of the General Assembly in passing Act 129, and further builds on the achievements gained in previous phases.[9] Notwithstanding this strong support, for the reasons set forth below, we recommend that the Commission increase the low-income savings target to 6.5 percent and establish additional requirements for direct installation measures and multifamily programming to help fully capture the potential savings and provide appreciable bill savings for low-income households.

a. Increase the low-income carve-out to 6.5 percent.

In the TO, the Commission proposes to require each EDC to obtain a minimum of 5.8 percent of its total consumption reduction target from the low-income sector from programs solely directed at low-income customers or low-income-verified participants in multifamily housing programs.[10] This target represents a modest increase of .3% in the low-income savings target from the 5.5% low-income savings target established in Phase III. While CAUSE-PA strongly supports increasing the overall savings carve-out for low-income customers, we do not believe that the target reflects the full achievable potential for low-income MWh savings. The SWE determined that low-income customers with income at or below 150 percent of the federal poverty level could achieve approximately 6.5 percent of statewide portfolio savings when historical levels of energy

[9] 66 Pa. C.S. § 2806.1(b)(1)(i)(G) ("The plan shall include specific energy efficiency measures for households at or below 150 percent of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory.").
[10] TO at 17.

efficiency and peak demand reduction (EEPDR) budgets are allocated to specific low-income programs.[11] At current spending levels, the low-income savings potential varies by EDC, from a low of 5.8 percent to a high of 9.4 percent.[12] The Commission unfortunately chose to adopt the lowest of the EDCs reported potential to establish the 5.8 percent target.

While the Commission's proposal will help ensure that EDCs can meet the target, it does not account for the fact that it is proposing an overall reduction in Phase IV required energy savings. Thus, while the Commission has modestly increased the percentage of savings that must be obtained through low-income programing from 5.5 to 5.8 percent, the reduction in overall portfolio savings will actually reduce the amount of MWh savings achieved for low-income households.[13] In fact, the low-income savings carve-out in absolute terms will fall by an average of 22 percent compared with Phase III.[14] This will likely result in substantially fewer measures directed to low-income households than were offered in previous phases, leaving this segment of vulnerable customers underserved.

The potential for low-income households to remain underserved in Phase IV is compounded by the fact that EDCs will be allowed to carry forward low-income savings achieved in excess of Phase III low-income savings targets.[15] As explained more fully below, CAUSE-PA supports the Commission's decision to allow low-income savings to carry forward from Phase III to Phase IV so as to not allow programs to "go dark." However, if the Commission takes this approach, CAUSE-PA asserts that the Commission must also adjust the Phase IV low-income

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[11] Id. at 16; see also *Pennsylvania Act 129 - Phase IV EEPDR Study Report, submitted by Optimal Energy, Inc., et. al*., February 28, 2020.
[12] Id. at 16.
[13] TO at 14.
[14] Ranging from a decrease of 9 percent for West Penn Power to a 30 percent reduction for PECO See *Joint Comments of PA Energy Efficiency for All Coalition to the Phase IV Tentative Order* at 7, Figure 2.
[15] TO at 23.

savings targets to account for the savings carried forward. Considering the above mentioned reduction in overall portfolio savings in Phase IV, there is a very real chance that EDCs will have already achieved a significant portion of their Phase IV savings targets before the Phase has even started. For reference, EDCs who carried low-income savings forward from Phase II into Phase III were able to achieve between 11.3 percent to 25.3 percent of their Phase III low-income savings target using just the Phase II carryover.[16] Allowing such a significant head start on Phase IV low-income savings targets without making corresponding adjustments to EDCs' low-income savings targets could negatively impact the focus on low-income programs in Phase IV.

Importantly, while the long term economic impact of the COVID-19 crisis is not yet fully understood, the number of households in the low-income sector is likely to increase dramatically. This could potentially make the pool of applicants even higher – allowing EDCs to easily achieve savings in the low-income sector, and potentially causing the premature termination of low-income programs. As the Commission is aware, all customers pay into EE&C programs – yet, without an expansion to the low-income savings target – more low-income customers will be denied access benefits through the programs. Increasing the low-income savings target to reflect the actual statewide savings potential will help to improve program accessibility and reduce energy usage in this uniquely vulnerable customer segment.

For these reasons, CAUSE-PA asserts that the 5.8% savings target should be increased to 6.5% to reflect the true statewide savings potential established by the SWE.

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[16] See *First Energy Final Annual Report for Act 129 Ph. III, Program Year 10*, Nov. 15, 2019, at 30, Figure 5; *Duquesne Light Final Annual Report for Act 129 Ph. III, Program Year 10*, Dec. 3, 2019, at 5, Figure 4.

b. Require that a minimum percentage of low-income residential savings be achieved through direct installation measures.

The Commission should require a minimum percentage of low-income residential savings be derived from direct installation measures that will help create lasting energy savings for low-income customers and, in turn, reduce energy bills for all ratepayers through reduced uncollectible expenses and universal service costs. Indeed, the Commission considered such a directive in Phase III, but ultimately decided against imposing a specific directive and instead encouraged utilities to increase direct installation programming for low-income consumers in their respective Phase III plans.[17] In doing so, the Commission was clear that it did not want upstream lighting programs to be the primary contributor in meeting the low-income carve-out.[18] However, in the absence of a minimum direct-install requirement, EDCs have continued to derive substantial portions of their low-income savings from upstream lighting, home energy reports, and other baseline measure programs that allow the utility to easily meet their savings targets, but do not provide appreciable, long-lasting bill savings to low-income program participants.

In the Phase III Tentative Implementation Order (Ph. III TO), the Commission proposed that EDCs obtain no less than 2 percent of their overall consumption reduction target exclusively from direct-installed low-income measures.[19] The Commission indicated that it wanted to, "shift the focus for the low-income sector from indirect measures, to those directly-installed measures that will provide more of a whole-house and/or weatherization (insulation, air sealing) type of program emphasis."[20] The Commission explained that measures which are directly installed in a participants' home typically have higher realization rates, are verifiable and represent a better

[17] Ph III TO at 56.
[18] Ph III FIO at 70.
[19] Ph. III TO at 56.
[20] Id.

investment of the low-income program dollars.[21] CAUSE-PA strongly supported this proposal and recommended that the requirement be increased to 3 percent. Nonetheless, in the Phase III Final Implementation Order, the Commission eliminated the direct installation requirement citing insufficient information in the SWE.[22] However, the Commission explained: "While the SWE's EE Potential Study data was insufficient to justify establishing a direct-install requirement, we nonetheless feel that the intent of our proposal was accurate."[23] The Commission stated it was concerned with the heavy reliance on the low-income savings generated from the upstream lighting programs and did not want to see the same disproportionate reliance in Phase III.[24] The Commission specifically directed the EDCs to "work with the SWE to determine exactly what data is necessary from the reporting of low-income direct installation measures and savings to capture this information at the service territory level, so analysis can be performed in the future."[25] Unfortunately, upon review of the Phase IV SWE, it appears that there is, once again, insufficient information and analysis of direct installation measures in the SWE.

As a result of the elimination of the direct-install requirement in the Phase III Final Implementation Order, there was only minimal shift to direct-installed measures in Phase III. EDCs continued to derive a substantial portion of their low-income savings targets from upstream lighting and other shallow measures. CAUSE-PA remains concerned with the lack of direct-installed measures for low-income households in previous phases and we recommend that the Commission establish a minimum direct-install requirement for residential low-income savings in Phase IV. Programs utilizing measures such as home energy reports, efficiency kits, giveaways,

[21] Id.
[22] Ph. III FIO at 70.
[23] Id.
[24] Id.
[25] Id. at 69.

upstream lighting, rebates, and other shallow, short-term measures should not count toward meeting this target. These measures are low hanging fruit that make it easier for EDCs to meet their low-income savings targets but are an inferior investment of the low-income program dollars because they do not provide the same level of verified savings and realization rates and provide less of a benefit to low-income households.

4. The Commission should establish a specific savings target for affordable multifamily units within the low-income sector.

CAUSE-PA urges the Commission to include a specific multifamily savings target within the low-income sector to ensure that this segment is more equitably served. We suggest that an appropriate target would be 20%, consistent with the percentage of usage associated with this unique housing type.

It is critical to have specific and targeted programming for low-income multifamily units in both single and master metered buildings. As the Commission notes, a carve-out is necessary when a sector "would likely be underserved without a carve-out."[26] Affordable multifamily buildings are difficult to serve, and their operational budgets – especially in supportive nonprofit housing for seniors, veterans, and individuals with a disability – do not have room for building upgrades and improvements, such as energy efficiency projects. Without enhanced programming and reduced customer contributions, affordable multifamily owners and occupants are most often unable to access energy efficiency programming. Thus, this unique customer segment falls squarely within the type of classification that would require a carve-out to ensure the sector is adequately served.

[26] TO at 20.

The Residential Market Potential Multifamily buildings account for approximately 20 percent of all residential electricity consumption statewide,[27] yet this building type is not adequately served under the current paradigm. Strong investments in multifamily energy efficiency programming that delivers appreciable bill savings serves many important public policy purposes, helping to improve energy affordability, reduce energy usage, and preserve quality affordable housing over the long term. Indeed, much of Pennsylvania's public and subsidized housing is multifamily and thus almost exclusively occupied by low-income tenants. And at the same time, Pennsylvania has severe shortages of affordable housing across the state.[28] We likewise have some of the oldest and least efficient housing stock in the country.[29] Investment in energy efficiency in this unique sector will help preserve our dwindling supply of decent and affordable housing for low-income consumers, and is worthy of specific, targeted programming through Act 129 to remedy years of underinvestment.

For these reasons, CAUSE-PA recommends that the Commission establish a 20 percent multifamily savings target within the low-income sector. To help EDCs meet this target, the Commission should also require EDCs and conservation service providers (CSPs) to coordinate with the Pennsylvania Housing Finance Agency to identify buildings for remediation and explore the possibility of leveraging additional funding for the programs. These steps will help ensure that low-income multifamily buildings are adequately and appropriately served in Phase IV.

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[27] Residential baseline study at 15, Table 7.

[28] Pennsylvania has a shortage of 276,250 rental homes affordable and available for extremely low-income renters. See National Low Income Housing Coalition, State Data Overview, Pennsylvania, available at: https://nlihc.org/housing-needs-by-state/pennsylvania .

[29] See Housing Alliance of Pennsylvania, The State of Housing in Pennsylvania: A Comparative Analysis of Needs, Policy and Programs, https://housingalliancepa.org/wp-content/uploads/2011/05/State-of-PA-Housing-04.pdf

5. Require EDCs to coordinate Act 129 and Low Income Usage Reduction Programs while maintaining the integrity of each distinct program.

In its TO, the Commission invited stakeholders to propose approaches to harmonize Act 129 programs with LIURP programs.[30] CAUSE-PA is supportive of strong coordination between Act 129 programming and LIURP to take advantage of programmatic efficiencies that will allow EDCs to address the needs of low-income communities more comprehensively. We encourage the Commission to require EDCs to make a greater and more explicit effort to coordinate Act 129 low-income programming with other sources of low-income energy efficiency assistance, including but not limited to LIURP. This is not only good policy, it is explicitly required in the statute that Act 129 low-income programs must be coordinated with other programs administered by the commission or another Federal or State agency.[31] This includes LIURP, the Weatherization Assistance Program (WAP), the LIHEAP Crisis Interface Program, and other gas and water utility programs that serve customers within the EDC's service territory.

However, the Commission must be careful that coordination between Act 129 and LIURP programs does not compromise the integrity of the distinct program budgets. The Act 129 statute requires that EDC's respective Act 129 low-income expenditures *"shall be in addition to"* LIURP expenditures.[32] It is thus critical that the integrity of each program be maintained – even as we move to harmonize the two programs to streamline services and delivery to low-income consumers. While there are substantial similarities between Act 129 and LIURP, the two programs each provide distinct and important benefits to low-income households. Specifically, Act 129 programs allow any low-income household to access energy efficiency measures without being subject to the LIURP minimum usage thresholds. This benefit is particularly important for low-

[30] TO at 18.
[31] 66 Pa. C.S. § 2806.1(b)(i)(G).
[32] 66 Pa. C.S. § 2806.1(b)(i)(G).

income residents in multifamily buildings and small single family homes, who may have relatively high usage but may not meet the usage threshold to qualify for LIURP.[33] LIURP, on the other hand, is specifically designed to target the very highest users to help reduce collections and universal service costs.[34] Thus, while coordination must play an important role to leverage resources and improve program reach, the Commission should encourage EDCs to coordinate their Act 129 and LIURP in ways that continue to protect the integrity of these distinct programs.

There are a number of ways that the EDCs could harmonize the two programs, without undermining the integrity of either program. First, the Commission should encourage EDCs to utilize community based organizations who are contracted to perform LIURP work to also perform Act 129 work. Coordinating providers across programs can help limit deferrals, reduce contractor visits (and time off work for the recipient), leverage limited health and safety budgets to help with incidental repairs, and maximize the savings and comfort ultimately achieved for the participant.

EDCs should also standardize application and enrollment forms across their energy efficiency and universal service programs to best match low-income customers to the most comprehensive programming available to suit their circumstances and their need. Standardized applications will more easily facilitate program referrals and limit unnecessary deferrals or rejections. The Commission should, in turn, require EDCs to work with the natural gas utilities in their service territory to standardize application and enrollment forms for Act 129 and LIURP across utilities. Act 129 provides an important compliment to natural gas LIURP programming, ensuring that baseload electric and natural gas systems are treated holistically to reduce overall energy usage in the home on a single visit and creating economies of scale for the utilities,

[33] EDCs generally require LIURP participants to have an annual usage of 6,000 kWh. Pa. PUC, BCS, 2018 Report on Universal Service and Collections Performance, at 46 (Dec. 2019).
[34] See id.; see also 52 Pa. Code § 58.1.

participants, and other ratepayers. The standardized forms should request sufficient information and permissions to allow the EDC to provide a referral to programs administered by other utilities or agencies. Treating low-income households holistically can help leverage additional bill savings achieved through energy efficiency, and will improve program outcomes across the board – leading to improved payment rates, reduced uncollectible expenses, and reduced universal service costs over the long term.[35]

These important steps toward better inter- and intra-program coordination will help leverage scare program dollars and will help route low-income households in need of energy efficiency assistance to the appropriate program or combination of programs to address their needs.

6. CAUSE-PA supports the Commission's proposal to limit the low-income savings carryover into Phase IV to savings earned in excess of the Phase III target.

In the Commission's TO, it proposes to limit savings carry-over to only those savings attained in Phase III in excess of the EDC's targets – excluding any savings previously carried over from Phase II.[36] Moreover, the Commission proposes to only allow EDCs to carry over low-income savings if they have carryover savings for the entire portfolio of programs in Phase III *and* have Phase III low-income carve-out savings in excess of their Phase III low-income carve-out targets.[37] CAUSE-PA supports the Commission proposal, which appears to strike an appropriate balance – both incentivizing continued programming for the remainder of Phase III and ensuring that savings will remain to be achieved in Phase IV. However, as explained in more detail below, we believe that if EDCs are allowed to carry savings forward from Phase III into Phase IV to meet

[35] In its Final Order in the 2021 Total Resource Cost Test proceeding, the Commission determined that there is merit to the contention that low-income energy efficiency programming produces measurable benefits in terms of reduced arrearages, uncollectible debt reduction, and reduced universal service costs, and committed to revisiting the issue in future TRC Test Orders. See 2021 Total Resource Cost (TRC) Test, Final Order, Docket No. M-2019-3006868, at 73 (Dec. 19, 2019).
[36] TO at 23.
[37] Id.

their Phase IV savings targets: (1) the targets **must** be adjusted to account for the carryover; and (2) EDCs must be required to use their unspent budget to support additional programming in Phase IV. As explained later in these Comments, we recommend that the excess Phase III funds be used to remediate health and safety measures that impede comprehensive direct install measures for low-income households.

7. CAUSE-PA supports the Commission's proposed process to challenge reduction requirements.

In its TO, the Commission proposed the same petition process for EDCs seeking to challenge the consumption and peak demand reduction requirements as was implemented in previous phases.[38] CAUSE-PA has no objections to keeping the same challenge process as previous phases and supports the Commission's proposal that any other party may intervene in the EDC-requested hearing and present evidence.[39] However, as this is a fast process, we recommend that EDCs be required to serve its Plan and Petition on all parties to this proceeding, as well as any other stakeholders that have previously participated in Act 129 proceedings. This will allow for all interested stakeholders to have sufficient notice to allow them to intervene in a timely manner.

B. Proposed Reductions in Peak Demand

1. The Commission should continue to encourage EDCs to meet demand reduction goals through energy efficiency measures.

CAUSE-PA supports the Commission's proposal to allow demand reduction goals to be met through lasting EE measures, rather than short-term demand response savings. We share the Commission's preference for lasting peak demand reductions achieved by energy EE measures, which typically have multiple years of useful life and continue to provide value beyond the year

[38] Id. at 23-24.
[39] TO at 24.

in which the savings are claimed.[40] These measures last longer than DDR programming and are available every day rather than just a small number of event days.

C. Plan Effectiveness Evaluation Process

1. CAUSE-PA supports the Commission's proposal to improve reporting, and recommends establishing a work group to further standardize reported data.

The ability of stakeholders to access timely, accurate, and robust information throughout the Plan cycle is vital to the continued ability to evaluate programmatic achievements. For Phase IV, the Commission has proposed to adjust the reporting schedule in the interest of providing reports to the public in a timelier fashion. The Commission has proposed to require EDCs to submit their final annual reports closer to the end of each program year and to submit their semi-annual reports by January 15 of each year. CAUSE-PA supports this adjustment, which will allow stakeholders to be better informed and conduct more meaningful analysis of program budgets and progress toward savings targets with more up to date information.

In addition to improving the timeliness of the reporting requirements, CAUSE-PA urges the Commission to improve low-income program data collection and standardize annual reporting across utilities. Specifically, we believe that improvements must be made to ensure that data for each sector is easy to delineate and track – both on an individual utility basis and comparatively across utilities. As it stands, it is very difficult to delineate between housing types (e.g. single family, multifamily single meter, multifamily master meter) within the low-income sector to better track investments and participation. Comments submitted in this proceeding by the Housing Alliance of Pennsylvania address the inadequacies of multifamily data in further depth. For the sake of brevity, CAUSE-PA will not reiterate those recommendations here, though

[40] Id. at 34.

we believe those comments raise important points about the critical importance of improving multifamily data and support the Housing Alliance's recommendations to improve data collection and reporting.

In addition to better multifamily data, geographic information about services provided within a utility's service territory is also important to ensure that services are being equitably provided across a utility service territory – and not simply in areas with the highest density, to those in close proximity to a utility or contractor headquarters, or other factors which may result in uneven investment of resources.

CAUSE-PA recognizes that there are sometimes limitations in utility reporting capabilities that may prevent full standardization of reporting across utilities; however, that does not mean that an earnest effort should not be made to improve the usefulness of these reports. We recommend that the Commission establish a working group to standardize reporting requirements. In its Final Implementation Order, the Commission should establish a timeline for the work group to meet and develop standardized reporting requirements for consideration and adoption by the Commission. Importantly, this work group should be required to complete its work before the EDCs file their EE&C Plans to ensure that any changes are in place before Phase IV begins.

E. Benefit – Cost Analysis approval Process

1. *The Commission should examine the impact of Act 129 low-income programs on universal service and collections costs.*

Properly implemented Act 129 low-income programs help reduce energy consumption among low-income households, which should result in lower monthly bills and, in turn, reduced universal service and collection costs for EDCs. In its Comments on the TRC Tentative Order, the Pennsylvania Energy Efficiency for All Coalition (PA-EEFA) urged the Commission to include reduced universal service and uncollectible expenses in its TRC calculation, stating that these benefits are both quantifiable and clearly associated with the monetary cost of supplying service.[41] In the TRC Final Order, the Commission declined to include these benefits in the TRC calculation for Phase IV; however, it determined that PA-EEFA's comments regarding reduced arrearages and uncollected debt in the low-income sector merited further investigation.[42] The Commission stated that it would direct the Phase IV SWE to study the impacts of EDC low-income programs on collections, and make recommendations regarding the appropriateness and magnitude of such a benefit for consideration in future TRC Test Orders.[43] However, the Market Potential Study does not contain any mention of the impacts of Act 129 low-income programs on collections or universal service costs. CAUSE-PA respectfully requests that the Commission clarify whether it has and/or when it intends to require the SWE to investigate the potential for Act 129 to reduce uncollectible and universal service expenses. To the extent the SWE has already investigated this savings potential, we urge the Commission to provide the relevant data to stakeholders and to more clearly explain when it intends to make recommendations about the inclusion of these benefits in future TRC Test Orders. On the other hand, if the Commission did not intend for this investigation to occur until the end of Phase IV, in assessing the potential for a future Phase V, we urge the Commission to lay the groundwork for that analysis now by identifying any data points necessary to perform this analysis. This data could potentially be identified in the context of the data work group recommended above.

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[41] See Phase IV TRC Final Order at 71; See also Phase IV TRC Tentative Order, PA-EEFA Comments at 6-9.
[42] TRC Final Order at 70, 73.
[43] Id. at 73.

F. Procedures to Require Competitive Bidding and Approval of Contracts with CSPs

1. The Commission should clarify the criteria that would disqualify employees and contractors from having contact with customers or entering their homes.

In Phase IV, the Commission proposes to require that "CSPs agree that employees and contractors who will enter a customer's home or have personal contact with a customer will undergo criminal and other pertinent background checks."[44] Customer safety is of paramount concern, and we support requiring background checks for CSPs and their contractors before allowing an employee to go to or enter a consumer's home. However, we believe that it is important to provide guidance about what should disqualify an employee or contractor from having personal contact with customers or entering their homes. As drafted, CAUSE-PA is concerned about that the lack of specificity in the Commission's guidance. The energy efficiency industry is a growing field, and the Commission should take steps to ensure that opportunities for low-level, non-violent offenders are not unduly restricted. The existence of a criminal record alone – without any context or parameters for consideration of the circumstances – should not end a person's ability to join a skilled labor force such as energy efficiency. Importantly, policies that enact a complete bar on employment based on the existence of past charges or minor convictions disproportionately impacts minority and low-income communities – interfering with the ability to develop a diverse energy efficiency workforce in Pennsylvania.[45] To that end, we recommend that the Commission provide specific guidance about the types of offenses that should disqualify an employee or

[44] TO at 61.

[45] "The stigma of a criminal record in the labor market is more pronounced for people of color, who already face massive disparities compared with whites in employment and wages. Racial disparities in policing exacerbate any racism job applicants of color face, forcing more and more people to cope with the stigma associated with a criminal record and discrimination based on skin color." Urban Institute, Ban the Box and Racial Discrimination: A Review of the Evidence and Policy Recommendations (Feb. 2017), https://www.urban.org/sites/default/files/publication/88366/ban_the_box_and_racial_discrimination.pdf

contractor from participating in certain EE activities, and ensure that low-level, non-violent offenses do not bar individuals from employment opportunities created by EE&C programs.

G. EDC Cost Recovery

1. The Commission should require EDCs to report non-incentive delivery and installation costs separately from program support and back-office administrative costs.

In its TO, the Commission proposes to classify all EE&C program costs as either incentive or administrative.[46] CAUSE-PA recommends that the Commission require utilities to further delineate "administrative costs" to allow for improved comparative analysis in determining whether costs are just and reasonable. Costs associated with delivery and installation of available measures should be tracked separately from costs associated with back-office administrative and program support tasks. Delivery and installation related costs are very different from back-office administrative support, application processing, and promotional costs. These two distinct forms of administrative costs should be proposed, tracked, and reported separately to allow for improved Commission oversight and stakeholder input.

2. The Commission is right not to address alternative rate structures, which require comprehensive evaluation in a rate case proceeding.

In the TO, the Commission indicated that it will not address or consider alternative rates or rate mechanisms permitted in Section 1330 of the Code, such as decoupling mechanisms or performance-based rates, in this proceeding.[47] CAUSE-PA supports this decision, as these types of rate structures are novel and complicated and require detailed evaluations beyond what is possible in the context of this proceeding. Section 1330 requires that any such rate structure be proposed within the context of a rate case where it can be evaluated by various stakeholders

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[46] TO at 65.
[47] Id. at 68.

including experts at the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate.[48] Thus, it is clear from a plain reading of the statute that the consideration of alternative ratemaking processes is not appropriate in this proceeding.

3. *EDCs should carry over excess budget to Phase IV to be used to offset the cost of health and safety measures to facilitate comprehensive energy efficiency installation.*

In its TO, the Commission proposes to not allow EDCs to carry over excess Phase III budgets into Phase IV, stating it believes it is not sound policy to continue spending Phase III budgets in Phase IV on Phase IV plan implementation when those monies could be refunded back to the appropriate rate classes.[49] CAUSE-PA opposes the Commission's decision to not carry over Phase IV budget – especially given the Commission's decision to allow utilities to carry over savings from Phase III. We urge the Commission to reconsider its decision in light of the consistent ability of the utilities to achieve savings targets without fully expending their available budgets. In our view, this means that the savings targets are too low – not that cost effective energy efficiency opportunities should be lost.

Thus far, EDCs have been able to achieve their savings targets and remain under budget. This is due in part to the ability to achieve savings through indirect measures, such as upstream lighting programs, which allow big savings at a small cost, but do not provide the same level of consumer benefits and long term savings as direct measures. As discussed above, direct installation of comprehensive energy efficiency measures is critical to ensure that Act 129 drives meaningful bill and energy savings to participants over the long term. Given EDCs consistently

[48] See 66 Pa.C.S. §1330(b)(1).
[49] TO at 69.

underspend their Act 129 budgets between each phase, the Commission should take steps to ensure that EDCs are appropriately focused on comprehensive and direct install measures. Specifically, the Commission should set much higher targets for Phase IV consistent with the achievable savings targets identified by the SWE, and should establish specific requirements for residential and low-income direct-install measures consistent with our recommendations above. The benefit of additional usage reduction furthers the goals of the Act and far outweighs the fractional savings that would otherwise be returned to individual consumers through their bill.

Regarding the use of excess Phase III budgets, we recommend that the unspent Phase III dollars be rolled over to Phase IV, and used to offset the cost of health and safety measures that are often critical to enabling a comprehensive energy efficiency installation – with deep savings potential – to be completed. While health and safety measures often do not directly save energy, they contribute to overall savings by removing impediments to comprehensive measures that will allow deep and lasting savings.

Health and safety issues are a major impediment to providing comprehensive energy efficiency measures. Allowing carryover funds to remediate these issues will lead to more comprehensive and long lasting energy savings overall. While some of these issues may be remediated through an EDC's LIURP, many necessary measures are cost prohibitive and cannot be performed due to health and safety spending caps within the individual programs.[50] If contractors are unable to identify alternative funding sources to remediate the health and safety issues, comprehensive measures never happen and customers are left in dangerous conditions. At

[50] See *PPL Electric Utilities Universal Service Programs, Final Evaluation Report, October 2014* at 55; See also *FirstEnergy Universal Service Programs Final Evaluation Report, January 2017,* at 42-43.

the same time, significant resources have often already been invested before a health and safety impediment is discovered – causing work to stop and program dollars to go to waste.

Even in the absence of energy savings, health and safety measures provide value and further the goals of the Act. For example, PPL has indicated that health and safety measures are an important component of its WRAP program and while some measures did not save energy they actually *saved lives*.[51] Of course, some health and safety measures, such as the repair or replacement of unsafe or inoperable heating systems, do provide substantial energy savings. For instance, Columbia Gas reported in its last LIURP evaluation that it achieved significant energy savings by upgrading or replacing inefficient or unsafe heating systems.[52] By allowing excess Phase III funds to be used for health and safety measures, the Commission will help EDCs achieve additional savings that would not otherwise be possible, while at the same time protecting their customers from existing health and safety hazards. Reinvestment of Act 129 budgets back into the program will serve a greater public purpose and result in more impactful results.

4. ***CAP Customers and confirmed low-income customers should be excluded from EE&C Riders***.

In its TO, the Commission acknowledges its concern for the difficulty that low-income customers experience paying their bills, but proposes that they be required to pay EE&C costs. The Commission explains that it would be too difficult to determine a way to exclude customers from the allocation of EE&C costs within their customer class.[53] We respectfully request that the Commission reconsider this decision with respect to the applicability of the EE&C rider to CAP

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[51] See *PPL Electric Utilities Universal Service Programs, Final Evaluation Report, October 2014* at 200-201.
[52] Columbia Gas reports homes that had a furnace replaced saw an average of 26 percent savings, while homes whose system was upgraded experienced an average of 19 percent savings. See *Columbia Gas of Pennsylvania, Inc.'s 2017 Impact Evaluation of its Universal Service and Energy Conservation Programs Submitted in Compliance with 52 Pa. Code§ 62.4* at 62.
[53] TO at 72-73.

customers. By requiring CAP customers to pay an EE&C rider, residential customers that pay for CAP bear a disproportionate level of costs for EE&C programming. While many low-income customers are not enrolled in CAP, and would continue to pay the rider charges, it would help avoid added costs for both CAP customers and the ratepayers that pay for CAP.

Notably, it should not be difficult to exclude CAP customers from the EE&C rider. Several utilities already exclude CAP customers from the universal service rider for this same reason: to reduce the costs on CAP customers and other residential customers who pay for the program. Duquesne Light, Columbia Gas, Peoples Gas, Philadelphia Gas Works, National Fuel Gas, and UGI Utilities all recover CAP costs exclusively from *non*-CAP residential customers through their respective universal service rider.[54] Other EDCs should be able to develop a similar process to exclude CAP customers from EE&C rider charges.

IV. CONCLUSION

CAUSE-PA urges the Commission to take steps to ensure that low-income households are appropriately served by Phase IV EE&C programs in ways that provide high levels of customer benefits and appreciable bill savings. We respectfully request that the Commission issue a Final Order reflecting our recommendations, including:

- Require EE&C plans to present comprehensive programs with a mix of measures capable of producing appreciable bill savings with *at least one comprehensive program that includes deep measures for low-income households*.
- Require EDCs to meet a specific target for comprehensive programming and long-term measures as a percentage of the residential sector budget.

[54] Columbia, NFG, Peoples, PGW and UGI also recover CAP costs exclusively from Non-CAP customers. See 2018 Universal Service Report, Append. 6.

- Increase the low-income savings carveout to 6.5 percent.

- Establish a minimum direct-install requirement for residential low-income savings that excludes savings from home energy reports, efficiency kits, giveaways, upstream lighting, rebates, and other shallow measures.

- Establish a 20 percent savings target for affordable multifamily units within the low-income sector.

- Require EDCs and conservation service providers to coordinate with the Pennsylvania Housing Finance Agency to identify buildings for remediation and explore the possibility of leveraging additional funding for the programs.

- Encourage EDCs to utilize community based organizations who are contracted to perform LIURP work to also perform Act 129 work.

- Require standardized application and enrollment forms across their energy efficiency and universal service programs.

- Require EDCs to work with the natural gas utilities in their service territory to standardize application and enrollment forms for Act 129 and LIURP across utilities.

- Require EDCs to serve any petition to challenge reduction requirements on all parties to this proceeding and any other stakeholders that have previously participated in Act 129 proceedings.

- Develop of a working group to address whether services are being equitably provided across each utility's service territory and establish a timeline for the work group to meet and develop standardized reporting requirements for consideration by the Commission.

- Clarify whether it has and/or when it intends to require the SWE to investigate the potential for Act 129 to reduce uncollectible and universal service expenses and provide the relevant data to stakeholders if available.

- Provide additional guidance for when information learned through a background check disqualifies an applicant from performing energy efficiency work in a home.

- Require EDCs to report non-incentive delivery and installation costs separately from program support and back-office administrative costs.
- Require EDCs to use carry over excess Phase III funds to offset the cost of health and safety measures and facilitate comprehensive energy efficiency installation for Phase IV.
- Require EDCs to exclude CAP customers from the EE&C rider.

Adoption of these recommendations will help ensure that low-income households are not left behind in Phase IV Act 129 programs. We thank the Commission for the opportunity to submit these comments to the Phase IV Tentative Implementation Order and look forward to a successful transition into Phase IV.

Respectfully Submitted,

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