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May 12, 2020

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Energy Efficiency and Conservation Program, Docket No. M-2020-3015228

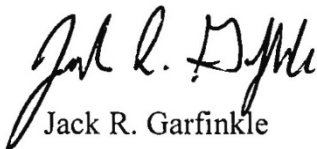
Dear Secretary Chiavetta:

Enclosed for filing in the above-referenced docket, please find **PECO Energy Company's Reply to Comments on the Commission's March 12, 2020 Tentative Implementation Order.**

As instructed, a Word-formatted copy of the Reply Comments has been electronically mailed to Joseph Sherrick (josherrick@pa.gov) and Adam Young (adyoung@pa.gov).

If you have any questions regarding this filing, please do not hesitate to contact me at 856.912.4738.

Very truly yours,



Jack R. Garfinkle

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Efficiency and Conservation Program : **Docket No. M-2020-3015228**
:

**PECO ENERGY COMPANY’S REPLY TO COMMENTS ON THE
COMMISSION’S MARCH 12, 2020 TENTATIVE IMPLEMENTATION ORDER**

On April 27, 2020, PECO Energy Company (“PECO” or the “Company”) filed its Comments to the Pennsylvania Public Utility Commission’s (“Commission”) March 12, 2020 Tentative Implementation Order (“Tentative Order”) at the above-referenced docket. In its Comments, PECO expressed its support for the continuation of an energy efficiency and conservation program (“EE&C Program”) with reasonably achievable energy efficiency (“EE”) and demand reduction (“DR”) targets for an additional five years, from June 1, 2021 to May 31, 2026 (“Phase IV”). PECO also agreed with the Commission that Phase IV is an opportunity to continue to move towards deeper and more comprehensive energy savings opportunities. At the same time, PECO recommended certain revisions to the Tentative Order, including changes to the Company’s DR target and low-income savings carve-out to permit a reasonable amount of flexibility in program design.

Comments to the Tentative Order were filed by twenty-seven other interested parties, including statutory advocates,¹ low-income advocates,² environmental groups,³ consumer

¹ Comments were filed by the Office of Consumer Advocate (“OCA”) and the Office of Small Business Advocate (“OSBA”).

² Comments were filed by the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”); the Commission on Economic Opportunity (“CEO”); the Pennsylvania Energy Efficiency for All Coalition (“PA-EEFA”); the Housing Alliance of Pennsylvania (“Housing Alliance”); and the PA Weatherization Task Force.

³ Comments were filed by the Clean Air Board of Central Pennsylvania (“Clean Air Board”); the Sustainable Energy Fund of Central Eastern Pennsylvania (“SEF”); and Sierra Club, Natural Resources Defense Council,

representatives,⁴ other electric distribution companies (“EDCs”)⁵ and conservation service providers (“CSPs”).⁶ A wide variety of additional proposals were provided by the commenting parties, with many comments addressing the impacts of the COVID-19 pandemic.

Overall, PECO believes that the best way for the Commission to address the diverse, and sometimes competing, interests of the stakeholders is to establish reasonably achievable Phase IV goals that preserve flexibility in plan design. In EDC-specific plan proceedings, parties may use that flexibility to identify an appropriate path forward. With regard to the uncertainty created by COVID-19, as explained below, the Company continues to believe that Phase IV should proceed as scheduled with the ability for EDCs to seek revised targets if necessary.

I. REPLY TO COMMENTS

A. The Commission Can Best Address The Uncertainty Created By COVID-19 And Respond To Future Disruptive Events By Establishing An In-Phase Process To Revise EDC Targets

The overwhelming majority of commenters acknowledged, in some fashion, the impact of the COVID-19 pandemic on families and businesses in Pennsylvania. CAUSE-PA, for example, emphasized the need to proceed with planning and implementing robust Phase IV energy efficiency programs particularly for low-income families facing an increased economic

Citizens for Pennsylvania’s Future, Clean Air Council, Philadelphia Climate Works, POWER, and 350 Philadelphia (collectively, the “Environmental Stakeholders”).

⁴ Comments were filed by the Industrial Energy Consumers of Pennsylvania (“IECPA”) and the Pennsylvania Energy Consumer Alliance, Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, Philadelphia Area Industrial Energy Users Group, PP&L Industrial Customer Alliance, and West Penn Power Industrial Intervenors (collectively, “Industrial Customers”).

⁵ Comments were filed by Duquesne Light Company (“Duquesne”); PPL Electric Utilities (“PPL”); and Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn Power”) (collectively, “FirstEnergy”). Comments were also filed by the Energy Association of Pennsylvania (“EAP”).

⁶ Comments were filed by the Keystone Energy Efficiency Alliance (“KEEA”) and Pennsylvania Energy Efficiency Providers (“EE Providers”), among others.

burden due to the pandemic response.⁷ PECO, EAP and FirstEnergy each recommended that the Commission establish a process whereby EDC targets may be revised if they are no longer reasonably achievable due to certain events or circumstances beyond the control of the EDC.⁸ A few commenters argued that delaying Phase IV would be the best response to COVID-19-related uncertainty. The OCA recommended the continuation of Phase III until such time as updated market potential studies, reflecting COVID-19 impacts, can be completed and utilized to provide a basis for revised Phase IV targets and program design.⁹ The IECPA and Industrial Customers proposed to delay Phase IV for 270 days and at least one year, respectively.¹⁰

PECO agrees with other commenters that there is uncertainty concerning the scope and duration of impacts from the COVID-19 pandemic. However, an extension of Phase III and a suspension of Phase IV will create additional layers of uncertainty and complexity, such as whether and how to modify Phase III and Phase IV targets and spending limitations, when to initiate new market potential studies, and how to extend Phase III CSP contracts. PECO continues to believe that the most prudent way forward is to advance towards Phase IV as scheduled, begin EE&C plan implementation, and then seek a revision of targets if necessary. While the target revision process proposed by PECO and others would be available to address future disruptive events, it could also be utilized if the sustained impacts of the COVID-19 pandemic, such as health and safety restrictions on business activities, render targets no longer reasonably achievable.

⁷ CAUSE-PA Comments, pp. 3-5.

⁸ PECO Comments, pp. 7-8; EAP Comments, pp. 4-7; FirstEnergy Comments, pp. 15-16.

⁹ OCA Comments, pp. 3-6.

¹⁰ IECPA Comments, pp. 2-3; Industrial Customers Comments, pp. 6-12.

B. The Acquisition Costs Used To Develop Consumption Reduction Targets Should Reflect The Availability Of Comprehensive Measures, But Customers Should Be Permitted To Install Whatever Measures Best Meet Their Needs

The reasonableness of the Phase IV acquisition costs and resulting consumption reduction targets in the Tentative Order were questioned by several commenters based on two primary concerns: (1) the Phase IV acquisition costs are substantially higher than historic acquisition costs; and (2) the Phase IV acquisition costs assume the installation of more comprehensive measures without any specific Commission requirement that such measures be installed. Regarding the first issue, the OCA expressed concern that the increased acquisition costs used to develop the Phase IV targets do not give sufficient weight to actual, historic acquisition costs which are significantly lower.¹¹ SEF specifically proposed a 12.5% increase in the consumption reduction target for each EDC based on Phase II and Phase III historic acquisition cost data.¹²

With respect to comprehensive measures, several commenters argued that it is not reasonable to set targets to accommodate more expensive and comprehensive measures without a requirement that such measures be implemented during Phase IV.¹³ PA-EEFA identified a variety of potential Commission requirements intended to better ensure the use of comprehensive measures, such as weighted average measure lifetimes targets for overall portfolios or customer sectors and minimum savings or budget targets for specific energy efficiency end use categories that are associated with long-lived measures.¹⁴ KEEA proposed that the Statewide Evaluator (“SWE”) calculate, for each EDC, a range of average expected useful lives (“EULs”) for

¹¹ OCA Comments, pp. 6-12.

¹² SEF Comments, p. 3.

¹³ *See, e.g.*, PA-EEFA Comments, p. 9.

¹⁴ *Id.*, pp. 9-10.

measures to ensure that EDCs incorporate a larger share of longer-lived measures than they have historically.¹⁵ The Environmental Stakeholders proposed that EDCs be encouraged to “implement as many non-lighting measures as possible” and discouraged from achieving significant savings through “cream skimming” measures such as mail-out energy savings kits.¹⁶ CAUSE-PA recommended that EDCs meet a specific target for comprehensive programming and long-term measures as a percentage of the residential sector budget.¹⁷ Finally, the Pennsylvania Department of Environmental Protection (“PADEP”) recommended that the Commission require more than one comprehensive program for residential and non-residential customer classes.¹⁸

PECO agrees with the Commission and other stakeholders that offering customers comprehensive measures is important. Customers benefit from the long-term savings associated with such measures and also rely upon the significant measure incentives in EE&C plans to help defray the initial capital costs. The Company believes that the acquisition cost used to establish PECO’s consumption reduction target is reasonable because it will permit the Company to offer appropriate incentives across all electric end uses, and customers will have the ability to implement the measures that best fit their needs. Lowering Phase IV acquisition costs to be closer to historic acquisition costs would force EDCs to present more limited energy saving options and incentives to customers. Historic acquisition costs do not reflect the potential costs of *offering* a diverse and comprehensive array of measures to customers, they instead reflect the actual cost of measures *chosen* by customers. Concerns regarding over-reliance on lower-cost

¹⁵ KEEA Comments, p. 12. KEEA also recommended that EDCs be required to incorporate short-lived measures like home energy reports that prompt the adoption of long-lived measure programs. *Id.*

¹⁶ Environmental Stakeholders Comments, p. 22.

¹⁷ CAUSE-PA Comments, p. 7.

¹⁸ PADEP Comments, p. 3.

lighting measures are also misplaced, as EDCs have less opportunity to rely on such measures in light of changes to efficiency baselines in the Commission's most recent Technical Reference Manual.¹⁹

Customer choice would also be impaired if the Commission imposed requirements regarding the implementation of comprehensive measures. PECO feels strongly that customers should determine which measures are most appropriate for their home or business. The customer may choose to install a new HVAC system (a long-life, higher-cost measure) or new lighting controls (a shorter-life, lower cost measure). A programmatic EUL target or minimum spending or savings requirement tied to comprehensive measures would effectively operate as a limitation on customer choices.

For all these reasons, PECO believes that the Commission should retain the consumption reduction acquisition cost and target presented in the Tentative Order and reject the proposals for prescriptive comprehensiveness requirements. The Commission can ensure, as it has in prior Phases, that EDCs will continue to implement EE&C programs if acquisition costs are lower than projected and savings targets are met prior to the end of Phase IV. In the Phase II Final Implementation Order, for example, the Commission stated that "Pennsylvania EDCs are not to stop spending their program budgets when they achieve their savings target within a phase, but rather are to seek out additional, cost-effective measures to implement."²⁰ PECO fully supports a similar directive in the Phase IV Final Implementation Order and would continue to provide

¹⁹ The SWE's Energy Efficiency and Peak Demand Reduction Market Potential Study identified the decrease in residential lighting savings as a significant driver for the increase in Phase IV acquisition costs.

²⁰ *Energy Efficiency and Conservation Program*, Docket Nos. M-2012-2289411 and M-2008-2069887 (Order entered August 3, 2014), p. 26; *see also* Tentative Order, p. 22 (noting the Commission's direction in the Phase II and Phase III Final Implementation Orders to continue programs to the end of the Phase even if consumption reduction targets were met, so long as funds were available).

customers with diverse and comprehensive saving opportunities if the Company's savings target was achieved prior to the end of Phase IV.

C. Program Continuity Is An Important Plan Design Consideration, But A Levelized Savings Requirement Is Too Restrictive

Several commenters expressed support for the Commission's proposed requirement that EE&C plans be designed to achieve a minimum of 15% of required consumption reductions during each program year. Both CAUSE-PA and PA-EEFA stated the design requirement was important because it ensured program availability throughout the five-year phase.²¹ The OCA expressed some concern about the 15% design requirement as applied to peak demand reductions, noting that it "may impact the ramp up of measure offerings and/or the completion of projects."²²

PECO agrees that program continuity is an important goal of the plan design process, but continues to believe that a design requirement to achieve a levelized amount of savings and peak demand reduction each year is too restrictive. Although the OCA's concern was focused on peak demand reduction requirements, PECO believes the 15% design requirement does not reflect the program ramp up realities for both peak demand and consumption reduction programming. To balance the needs for design flexibility and keeping programs "in market" for the full term of Phase IV, the Company has proposed that EDC plans be required to "approach" 15% of their required consumption and peak demand reductions.²³

²¹ CAUSE-PA Comments, pp. 5-6; PA-EEFA Comments, p. 7; *see also* PADEP Comments, p. 2 (expressing general agreement with the Commission's proposal).

²² OCA Comments, pp. 18-19.

²³ PECO Comments, pp. 3-4.

D. Any EE&C Plan Design Requirement Regarding Incentive Spending Should Apply To Direct Program Costs Only And Acknowledge Incentives Beyond Customer Rebates

A few commenters expressed general support for a limitation on administrative costs in response to the Commission proposal that EE&C plans be designed with at least 50% of all spending allocated to incentives and less than 50% to non-incentive cost categories.²⁴ The OCA, however, cautioned the Commission to consider the potential programmatic impacts of such a design requirement. The OCA explained that dedicated low-income programs do not have high levels of incentives and, therefore, a general incentive / non-incentive requirement could be detrimental to such programs. To address this concern, the OCA recommended that dedicated low-income programs be removed when evaluating the level of incentive to non-incentive spending.²⁵

PECO continues to oppose the imposition of an incentive / non- incentive design requirement as an unnecessary constraint on EE&C program design. If the Commission decides to implement such a requirement, it should apply to direct program costs only and not common costs (e.g., measurement and verification costs, education, and marketing). In addition, “incentives” should include not just rebates, but also material, labor, and other out-of-pocket expenses that are funded (in part or in full) by an EE&C program. This more complete understanding of incentives would address the OCA’s concern about detrimental impacts to low-income programs because it would encompass direct installation costs that are prevalent in low-

²⁴ OCA Comments, p. 19 (stating “it is important to have a higher level of incentives budgeted than non-incentive costs in general”); PADEP Comments, p. 5 (recommending a 50% maximum for administrative costs and EDC consideration of a performance driven approaches to further reduce the non-incentive cost percentage); and IECPA Comments, p. 5 (requesting that the Commission “ further limit the amount of overall investment in Phase IV programs that can be allocated to non-incentive or administrative cost categories.”).

²⁵ OCA Comments, pp. 19-20; *see also* CAUSE-PA Comments, p. 23 (Stating the costs associated with delivery and installation of available measures are very different from, and should be tracked separately from, costs associated with back-office administrative and program support tasks).

income programming. It would also capture other benefits received by customers, such as free appliance pick-up and disposal as part of an appliance recycling program.

E. Customers Enrolled In CAP Should Not Be Excluded From The Recovery Of EE&C Plan Costs

Act 129 requires EE&C measures to be financed by the same customer class that will receive the direct energy and conservation benefits from such measures.²⁶ The Act also requires EE&C plans to include specific measures for low-income customers.²⁷ In the Tentative Order, the Commission acknowledged the difficulties experienced by low-income customers but did not propose to exempt such customers from EE&C cost recovery because: (1) they may benefit financially from EE&C measures; and (2) they make take advantage of existing programs to assist low-income and payment-troubled customers in paying their energy bills.²⁸

CAUSE-PA proposed that the Commission exclude customers enrolled in a Customer Assistance Program (“CAP”) from EE&C cost recovery.²⁹ CAUSE-PA contends that this exclusion “would help avoid added costs for both CAP customers and the ratepayers that pay for CAP.”³⁰

PECO believes that the inclusion of CAP customers in EE&C cost recovery is appropriate. The Company agrees with the Commission that it is reasonable for low-income customers to contribute to EE&C plan costs because those customers have the opportunity to receive financial benefits from EE&C measures and may take advantage of programs, like CAP, to reduce the financial burden of their energy bill. Second, because EE&C costs are assigned at the customer class level, the cost burden on the residential customer class is the same whether or

²⁶ 66 Pa.C.S. § 2806.1(a)(11).

²⁷ 66 Pa.C.S. § 2806.1(b)(1)(i)(G).

²⁸ Tentative Order, pp. 72-73.

²⁹ CAUSE-PA Comments, pp. 26-27.

³⁰ *Id.*, p. 27.

not CAP customer are excluded from recovery. Therefore, the CAUSE-PA proposal would not provide any cost benefit to the residential customer class.

F. Flexibility In DR Program Design Is Important And Bidding Into PJM's Forward Capacity Market Should Remain Discretionary

The Company supports the Tentative Order proposal providing EDCs with the option to design DR programs with or without a dispatchable demand response (“DDR”) component.³¹ Giving EDCs this flexibility in Phase IV will enable EDCs to continue successful DDR programs from prior phases if desired. For example, as the OCA noted, the Company’s AC Saver Program, which the Company has invested in over prior Act 129 phases and which the Company may continue to utilize in Phase IV, has proven to be popular and cost-effective.³²

Several parties joined PECO in recommending that the Commission reduce the EDCs’ DR targets. Duquesne commented that its target should be reduced from 67 MW to 41 MW, consistent with the ratio of peak demand reduction (MW) to energy savings (MWh) utilized in Phase III.³³ PPL questioned the assumptions utilized by the SWE in setting peak demand reduction targets and questioned whether the proposed targets are appropriate.³⁴

EAP questioned setting targets equal to 100% of the potential peak demand reduction estimated by the SWE, noting that using the 100% figure “restricts the design and implementation discretion afforded EDCs under Act 129 and does not acknowledge that the potential studies, like any study or model, cannot predict or provide precise outcomes.”³⁵ Setting such targets at 100% of the potential reductions estimated by the SWE all but requires utilities to

³¹ PECO notes, however, that some parties did not interpret the Tentative Order as permitting DDR programs. *See, e.g.*, OCA Comments, pp. 15-18.

³² OCA Comments, p. 16.

³³ Duquesne Comments, p. 10.

³⁴ PPL Comments, pp. 11-17.

³⁵ EAP Comments, pp. 10-11.

attempt to replicate the assumptions relied upon by the SWE to avoid DR penalties. As noted by EAP, “[u]sing 100% of the expected reduction essentially prescribes the exact mix of measures that an EDC would need to implement to achieve the coincident peak demand reduction target.”³⁶ The OCA also noted that the proposed targets “may be difficult to achieve.”³⁷ PECO continues to recommend that the Commission set peak demand reduction targets at no greater than 85% of the SWE’s estimate to permit a reasonable amount of flexibility in DR program design.

With respect to the mandatory bidding of capacity from EE resources into the PJM forward capacity market (“FCM”), several other parties joined PECO in recommending that the Commission eliminate the mandate and instead provide EDCs with the flexibility to determine whether or not bidding resources into the FCM is appropriate. Duquesne, the EE Providers, KEEA, the OCA, and the Industrial Customers all joined in expressing opposition to requiring EDCs to bid Act 129 resources into the FCM.³⁸

While EDCs may realize revenues from bidding into the FCM that could be utilized to reduce EE&C collections from customers, PECO joins OCA in advising that bidding into the FCM also carries performance and financial risks that could impact ratepayers.³⁹ PECO is also concerned about how PJM deficiencies or market-based penalties would be treated with respect to an EDC’s overall 2% spending cap.

In addition, PECO agrees with other parties that the regulatory uncertainty around the recent Federal Energy Regulatory Commission orders (now on appeal) concerning PJM’s

³⁶ EAP Comments, p. 11.

³⁷ OCA Comments, pp. 18-19.

³⁸ See, Duquesne Comments, p. 11; EE Providers Comments, p. 1; KEEA Comments, p. 17; OCA Comments, pp. 20-21; and Industrial Customers Comments, pp. 20-23.

³⁹ See OCA Comments, p. 20.

Minimum Offer Price Rule (“MOPR”) presents risk to EDC compliance and potential cost to ratepayers.⁴⁰ Final resolution of MOPR issues has the potential to impact the value of DR and EE resources already bid into the FCM, and EDCs should have the flexibility and autonomy to manage such risks within their own EE&C plans.

G. A Spending Requirement Will Best Meet Low-Income Needs, But Any Savings Carve-Out Must Permit Flexibility In Program Design

The Company continues to believe that a spending requirement for low-income households would be more effective than a low-income savings carve-out and provide the Company with necessary program design flexibility, which has become even more apparent in light of the effects of COVID-19. Duquesne recommended that the Commission adopt a spending requirement in lieu of a savings target, stating that “[s]uch an approach allows for flexibility to truly help a customer, rather than sticking to a strictly prescribed set of measures to hit a defined target.”⁴¹

The financial and health impacts of the COVID-19 pandemic are not fully known at this time, but will likely result in a greater need for a comprehensive program with health and safety measures for vulnerable populations. A spending requirement will ensure the Company has the ability to adapt to its customers’ needs and empower them to adopt meaningful savings measures.

However, if the Commission ultimately determines that a low-income savings carve-out is appropriate, PECO, along with several other parties, believes that the proposed 5.8% target is unreasonable. PPL commented that the proposed 5.8% target may not be appropriate given

⁴⁰ See EE Providers Comments, p. 2; Industrial Customers Comments, p. 21.

⁴¹ Duquesne Comments, pp. 7-8.

potentially high acquisition costs.⁴² Duquesne also recommended that its low-income target be set at approximately 2% of its overall savings requirement.⁴³

For PECO, the 5.8% target proposed by the Commission represents 100% of the Company's low-income program potential as determined by the SWE. Even before the advent of the COVID-19 pandemic, adopting a target that represents 100% of an EDC's estimated low-income program potential locks the EDC into a very narrow range of program choices. An even higher target, as recommended by CAUSE-PA, PA-EEFA and CEO, would be entirely unworkable as a target exceeding 100% of the Company's low-income program potential is clearly not reasonably achievable.⁴⁴ Reasonable targets and flexibility to adapt are essential in the current circumstances, especially given that the pandemic may impact customer participation and willingness to allow persons on their property and in their homes.

For similar reasons, the Commission should not mandate a specified percentage of direct installations for low-income customers.⁴⁵ Such a requirement would be too prescriptive and limiting. EDCs must be empowered to work towards lowering customers' bills while cost-effectively meeting savings, spending, and timing targets. Additional restrictions and requirements will increase costs, lower energy savings, and decrease the flexibility of EDCs to adapt to changing market conditions.

PECO also agrees with other parties that there should be coordination in the administration of an EDC's Act 129 programs and its Low Income Usage Reduction Program

⁴² PPL Comments, pp. 8, 10.

⁴³ Duquesne Comments, p. 8.

⁴⁴ See CAUSE-PA Comments, p. 8 (recommending that all EDCs be required to meet a 6.5% target); PA-EEFA Comments, p. 15 (recommending that all EDCs be required to meet a 6.5% target); CEO Comments, p. 2 (recommending an increase above 5.8%).

⁴⁵ See CAUSE-PA Comments, p. 8; PA-EEFA Comments, pp. 15-16; The PA Weatherization Task Force Comments, p. 2.

(“LIURP”). However, mandating specific coordination requirements, as some parties suggested, will only further limit EDC flexibility in designing their Act 129 programs.⁴⁶ PECO already has substantial coordination between its LIURP and its Act 129 low-income programs. Other EDCs, such as FirstEnergy, also noted that they have taken steps to coordinate their Act 129 and LIURP low-income program offerings, but also urged that any coordination remain voluntary.⁴⁷ While coordination should be encouraged, prescriptive steps should not be mandated, as the EDCs Act 129 programs and LIURP programs, while complementary, are distinct, and the EDCs need the flexibility to manage both effectively.

H. A Multifamily Carve-Out Is Not Necessary

Several parties suggested the Commission adopt a specific multifamily target within the low-income carve-out.⁴⁸ PECO does not believe a specific carve-out for multifamily customers is necessary. PECO provides energy and peak demand reduction solutions to its low-income customers, regardless of whether they live in single-family or multifamily homes. Although providing programming to multifamily customers can be challenging (for example, due to complex metering arrangements or requirements for landlord consent to implement certain measures) PECO has allocated resources, marketing materials, and even a dedicated CSP to ensure its multifamily customers have an opportunity to participate in the Company’s Act 129

⁴⁶ CEO Comments, p. 3 (advocating that EDCs be directed to contract with the same community-based organizations that operate their LIURP); PA-EEFA Comments, p. 16 (recommending that EDCs could be required to complete enhanced reporting, utilize standardized forms, and be encouraged to utilize the same contractors for Act 129 and LIURP).

⁴⁷ FirstEnergy Comments, pp. 16-17.

⁴⁸ See, e.g., CAUSE-PA Comments, p. 13; PA-EEFA Comments, p. 16; KEEA Comments, pp. 14-15.

programs. Instituting a prescribed carve-out for multifamily customers would inhibit EDCs' flexibility to design Act 129 programs to serve low-income customers in all living situations.

I. The Company Supports The Commission's Decision To Eliminate The GNI Carve-Out, But Does Not Believe Specific Targets For Street Lighting Savings Are Necessary

Many other commenters joined PECO in supporting the Commission's proposal to eliminate the Government / Nonprofit / Institutional ("GNI") carve-out for Phase IV.⁴⁹ As the Company explained in its Initial Comments, this sector has been quite active in PECO's Act 129 program offerings and will be adequately served in the future without a savings carve-out.

KEEA recommended that the Commission set specific EDC targets for street lighting savings for local governments.⁵⁰ PECO disagrees with this proposal. The Company has made significant progress in street lighting conversions and setting specified targets will only serve to further restrict EDCs' abilities to design unique and flexible programs that meet their customers' individualized needs. The Company believes that the Commission should continue to encourage street light improvements but provide EDCs with the flexibility to build street light improvements into their overall Act 129 EE&C program as they deem appropriate.

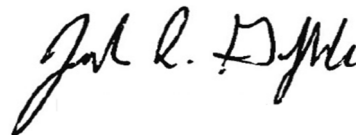
⁴⁹ See, e.g., FirstEnergy Comments, pp. 17-18; OSBA Comments, pp. 4-5; PADEP Comments, p. 3.

⁵⁰ KEEA Comments, p. 16.

II. CONCLUSION

PECO appreciates the opportunity to provide these Reply Comments and looks forward to continuing to work with the Commission and other stakeholders in implementing Phase IV of the EE&C Program.

Respectfully submitted,



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Dated: May 12, 2020

For PECO Energy Company

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