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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE**  M-2020-3015228 |

September 9, 2020

To: All Interested Parties

Re: Implementation of Act 129 of 2008—Phase IV

Energy Efficiency and Conservation Plan Template

Docket No. M-2020-3015228

The Pennsylvania Public Utility Commission (Commission) hereby issues an Energy Efficiency and Conservation Plan (EE&C Plan) filing template for the EE&C Program. With this Secretarial Letter, the Commission continues its process of establishing guidelines for implementing Phase IV of the Act 129 EE&C Program.

On June 18, 2020, the Commission adopted an *Implementation Order* which directed that the Phase IV EE&C Program operate from June 1, 2021 through May 31, 2026 and prescribed further energy consumption and peak demand reduction targets.[[1]](#footnote-2) This *Implementation Order* also directed that the electric distribution companies (EDCs) file EE&C Plans for Phase IV by November 30, 2020.[[2]](#footnote-3) On July 27, 2020, the Commission issued for comment a proposed EE&C Plan filing template. The deadline for filing comments was August 17, 2020. The Energy Association of Pennsylvania (EAP), the Pennsylvania Energy Efficiency for All Coalition (PA-EEFA), and the Office of Small Business Advocate (OSBA) filed comments. These comments, as well as the Commission’s disposition, are organized by EE&C Plan filing template section below.

**Section 1 – Overview of Plan**

PA-EEFA suggests adding three new subparts at the end of Section 1. In the first (proposed Section 1.10), PA-EEFA suggests EDCs describe how they will achieve low-income savings targets and how they will provide services to both single-family and multifamily low-income households. In the second (proposed Section 1.11), PA-EEFA suggests EDCs be required to summarize how they will ensure that services are provided equitably across their service territories (including communities of color). In this section, PA-EEFA suggests EDCs explain the data they will collect and the metrics they will use to measure their success with respect to reaching underserved communities. In the third (proposed Section 1.12), PA-EEFA suggests EDCs must describe how they intend to coordinate and integrate their Act 129 energy efficiency and conservation programs with their Low Income Usage Reduction Programs (LIURP). PA-EEFA Comments at 3-5.

Regarding the first two suggested subparts, the Commission disagrees. Section 1 is intended to address a cross-cutting summary of the portfolio as a whole rather than detailed information regarding sector-specific plans. The template already contains a dedicated section for the EDCs to describe how they will achieve savings in the low-income sub-sector (Section 3.2.1). The budget and parity analysis EDCs are required to complete as part of the template shows how the budgets are split between customer sectors. Regarding PA-EEFA’s third proposed subpart, the Commission notes that PA-EEFA provided a similar comment regarding Section 9.1.2. The Commission adopted PA-EEFA’s suggestion regarding increased discussion of LIURP coordination in Section 9, which is discussed later in this Secretarial Letter. As such, the Commission finds including PA-EEFA’s proposed Section 1.12 is not necessary.

**Section 1.2 – Summary description of process used to develop the EE&C plan and key assumptions used in preparing the plan**

PA-EEFA recommends that this section be amended to specifically require EDCs to describe its process for stakeholder engagement, and how its plan responds to specific input from various stakeholders throughout its development process. PA-EEFA Comments at 3.

The Commission finds the recommendation for stakeholder engagement to be reasonable and as such, language to this effect has been adopted in Section 1.2.

**Section 1.6 – Summary description of the programs or measure categories from which the EDC intends to nominate peak demand reductions (PDR) into PJM’s Forward Capacity Market (FCM) along with the projected MW totals to be bid by year**

EAP suggests that the proposed language for Section 1.6 be modified to remove the final clause “along with the projected MW totals to be bid by year.” EAP argues that projecting the MW totals to be bid each year would not necessarily provide a reliable estimate. Additionally, EAP notes that the timing and scheduling for PJM’s capacity auctions over the next several years is still undecided. EAP Comments at 4.

In light of EAP’s comments and other issues at play with PJM bids, the Commission has adjusted the language in question. Rather than requiring EDCs to include projected MW totals to be bid by year, EDCs will be required to include a range of MW values.

**Section 2.1 – Residential, Commercial/Industrial Small, Commercial/Industrial Large and Government/ Nonprofit/Institutional Portfolio Summaries**

EAP suggests the elimination of language that identifies Government/Nonprofit/Institutional (GNI) as a separate sector for purposes of plan design compared to a sector for the purposes of subsequent reporting. EAP opines that ascribing specific forecasts to this sector at the plan submission stage is contrary to the Commission’s determination not to propose a specific carve-out for GNI. Additionally, EAP suggests that EE&C plans could highlight how GNI customers will be served via descriptions without including the detail called for regarding costs, benefits, and savings. EAP Comments at 5.

The Commission agrees with EAP’s suggestion. GNI data is not needed in the plan template. Additionally, Section 3.5 has been adjusted such that EDCs will simply describe how the GNI sector will be served qualitatively.

PA-EEFA recommends adding “Low-Income” to the list of sectors provided in this section. This would be consistent with Table 5 of the template. PA-EEFA additionally recommends slightly adjusting the definition of a program in footnote 6 such that a group of measures organized around a common market can be a program. Specifically, they request the inclusion of markets in the following sentence: “Programs should be organized around a common technology, end-use, or delivery mechanism.” They cite the grocer market as an example, as a grocer program could support efficient refrigeration, lighting, ventilation, water heating, and other end-uses. PA-EEFA Comments at 5.

Regarding the inclusion of “Low-Income” in the list of sectors, the Commission agrees with PA-EEFA’s suggestion. Residential Low-Income has been added as a sub-sector in Section 2.1. Regarding PA-EEFA’s suggestion about markets as a program organization characteristic, the Commission has adopted this suggestion in footnote 5 of the final Phase IV EE&C Plan template.

**Section 3 – Program Descriptions**

EAP notes that current and prior approved EE&C plan designs have established programs based on customer sectors and have employed more than one Conservation Service Provider (CSP) to deliver the program to customers. As an example, EAP cites an appliance recycling program where one CSP handles the rebates and another handles the recycling. EAP contends that the additional language mandating that a customer class is not a program and that programs should not have more than one implementation CSP conflicts with existing successful program design and should be removed. EAP Comments at 2-3.

Additionally, EAP opines that EDCs could not have anticipated this change as these modifications were not addressed in the tentative implementation order process for Phase IV. EDCs have begun, and in some cases completed, preliminary program design for Phase IV partially based on the currently approved Phase III EE&C plans. The programs will need to be redesigned to comply with the modified definition of program and utilization of CSPs. EAP opines that such a redesign will lead to market confusion and unanticipated increased administrative costs, as well as raise barriers to participation by multiple CSPs. EAP Comments at 3.

The Commission understands EAP’s position and does not want to create any participation hurdles for customers nor be overly prescriptive. The fundamental issue at play is a reporting issue, not an EE&C Plan issue. When EDCs have umbrella programs (such as a “Residential” program that includes lighting, behavioral, appliance turn-in, and other sub-programs), financials for the individual components (or sub-programs, solutions, initiatives, etc.) are not reported in EDC annual reports. The Commission maintains the importance of this granular financial data, as this data would provide visibility into the expected resource impacts and economics of the individual components. As such, the Commission’s intent was to align the EE&C Plan template with Phase IV reporting expectations. However, the Commission acknowledges that breaking up umbrella programs may create redundant administrative work for the EDCs and their CSPs, as well as potentially create hurdles to customer participation. The language in question has been removed from Section 3, but the Commission notes that an EDC with umbrella programs will be required to report on the individual components that make up the program.

Regarding CSPs, the example of a program that requires multiple CSPs being too broadly defined was illustrative. As noted above, the Commission has removed the language in Section 3 mandating that a customer class is not a program definition. The text regarding CSPs in Section 3 has also been adjusted. Tangentially related, in Phase III at least one EDC hired a single “prime” CSP that subcontracted specific work to other CSPs. The Commission has no issue with this approach.

In Sections 3.2, 3.2.1, 3.3, 3.4, and 3.5, PA-EEFA recommends that EDCs also report lifecycle MWh savings and costs per lifetime MWh saved. PA-EEFA opines this will provide a view into the relative economic value provided by the EDC programs. PA-EEFA Comments at 6.

Regarding PA-EEFA’s comments about lifecycle MWh savings and costs per lifetime MWh saved, the Commission made two changes to the EE&C Plan template. First, estimated useful life (EUL) was added as a column in Table 7, which describes eligible measures. Interested parties could use this information in tandem with information from Table 8, which shows estimated savings and participation for each measure, to compute lifetime savings. Second, a levelized cost column was added to Table 10, which summarizes costs by program. The Commission notes that Appendix A of the 2021 TRC Test Order provides formulas to calculate levelized cost.[[3]](#footnote-4)

**Section 3.1.4 – Describe how the EDC defines ‘comprehensive’ in the context of EE&C plan design and delivery and the comprehensive program(s) to be offered to the residential and non-residential rate classes. Describe the measure mix or delivery mechanism that qualify each program as comprehensive consistent with the requirements of the Phase IV Implementation Order**

PA-EEFA recommends adding language to this section such that EDCs will be required to provide the weighted average estimated useful life for each program. PA-EEFA opines that this addition will help the Commission and stakeholders evaluate the depth of savings and longevity of the measures provided through each program. PA-EEFA Comments at 6.

In response to one of PA-EEFA’s other recommendations, the Commission added estimated useful life as a requirement in Table 7, which describes eligible measures. Interested parties could use this information with information from Table 8, which shows estimated savings and participation for each measure, to compute a weighted average estimated useful life.

**Section 3.2 – Residential Sector (as defined by EDC Tariff) Programs**

OSBA comments that the level of costs incurred by program beneficiaries is not obvious while significant detail regarding the magnitude of costs incurred by the EDCs is required. OSBA proposes modifying the program detail required in Section 3.2 to include the “basis for the proposed level of incentives and the sharing of incremental program costs between participants and the EDC.” OSBA Comments at 2-3.

The Commission agrees with the proposed change and has adopted OSBA’s proposed language in Section 3.2. The Commission also notes that Table 7 includes both incremental measure cost and the incentive amount per measure.

**Section 4 – Program Management and Implementation Strategies**

PA-EEFA recommends that the EDCs include a discussion of how COVID-19 is treated in the five-year plans. PA-EEFA suggests EDCs should be required to describe assumptions built into its plans regarding the programs’ ability to conduct on-site activities in each year of the plan, as well as specific risk-mitigation strategies related to COVID-19. PA-EEFA Comments at 6.

The Commission acknowledges that the COVID-19 pandemic has wide-ranging implications for EDC program delivery. However, the Commission believes the EE&C Plan is the wrong place to address COVID-19 protocols, as it is such a fluid issue.

**Section 4.1.6 – Provide a brief overview of how stakeholders will be engaged throughout Phase IV**

PA-EEFA recommends that EDCs must describe how they will ensure that low-income communities and other marginalized populations are represented in stakeholder engagement. PA-EEFA notes that services to consumers must be driven by consumers. PA-EEFA Comments at 7.

The Commission agrees with PA-EEFA’s position and has adopted this recommendation in Section 4.1.6.

**Section 6 – Quality Assurance and Evaluation, Measurement and Verification**

PA-EEFA recommends including a description of Quality Assurance / Quality Control procedures related to ensuring data integrity and accuracy. PA-EEFA opines that inadequate planning around the data integrity and accuracy can create issues for program evaluation that do not become clear until after it is too late to correct the issue. PA-EEFA Comments at 7.

The Commission agrees that data integrity and accuracy are important. However, a detailed discussion of these procedures is outside the scope of an EE&C Plan filing. We note that the EDC EM&V contractors and the statewide evaluation team are intimately involved with EDC data integrity issues and these processes have been refined and improved over a decade of program delivery and evaluation.

**Section 9.1.2 – Provide a statement delineating the manner in which the EE&C plan will achieve the requirements of the program under 66 Pa. C.S. §§ 2806.1(c) & (d)**

PA-EEFA suggests that the template include a description of how EDCs plan to harmonize Act 129 and LIURP programs to deliver comprehensive benefits to low-income consumers. PA-EEFA also recommends that EDCs should describe how the utility will coordinate and leverage Act 129 programming with external energy efficiency, conservation, and healthy housing programs (such as the Weatherization Assistance Program). PA-EEFA opines that understanding how services are currently synchronized allows for enhanced energy efficiency services for low-income customers and provides stakeholders with data to develop more comprehensive proposals going forward. PA-EEFA Comments at 7-8.

The Commission agrees with PA-EEFA’s recommendation on this issue. The proposed changes have been adopted in the EE&C Plan template. These changes were adopted in Section 9.1.3, rather than section 9.1.2.

**Table 7 – Eligible Measures**

EAP suggests that the “Gross TRC Ratio” column for individual measures be removed as there is no requirement that individual measures be cost-effective. EAP Comments at 4.

The Commission agrees with EAP’s suggestion. The “Gross TRC Ratio” column for individual measures has been removed. As discussed previously in response to PA-EEFA’s comments regarding lifecycle savings, an EUL column has been added to Table 7.

**Table 8 – Estimated Savings and Participation**

PA-EEFA suggests that footnotes or a table key be provided that explains how participation is defined for each program, as participation is defined differently based on the measure characteristics. PA-EEFA Comments at 8.

The Commission notes that EDCs provide this information in Table 7, which lists eligible measures and the unit with which participation is counted. As such, PA-EEFA’s recommendation has not been adopted. However, the Commission did adjust Table 8 to make it clear that the projected participation should use the same basis as the units shown in Table 7.

**Table 9 – Program Budget**

EAP finds the new cost categories to be overly prescriptive and narrow. EAP opines that these categories are artificial and do not reflect actual distinct cost categories. EAP requests that the Rebates and Upstream/Midstream Buydown columns be combined into a single Incentives category and that the Program Design, Administrative, and EDC Delivery categories be combined into a single Utility Administration cost category. This request applies to both Tables 9 and 10. EAP Comments at 4.

The Commission disagrees with EAP’s position. The level of detail requested is important to understand how and where EDCs intend to invest ratepayer money.

**Table 10 – Sector-Specific Summary of EE&C Costs**

PA-EEFA notes that individual measures will produce both MWh and MW savings and that it is unclear from the template how costs for such measures should be allocated to determine the separate acquisition costs. PA-EEFA opines that results will not be comparable across EDCs or between programs without clear procedures for this allocation. PA-EEFA Comments at 8.

Regarding PA-EEFA’s comment, the Commission notes that the numerator in the acquisition cost calculation is the full EDC cost, free of any allocation. A note to this effect has been added to the table. A levelized cost column was also added to Table 10 in response to a separate PA-EEFA comment.

**Table 13 – TRC Benefits Table**

EAP requests that the Commission eliminate the new categories which further break down TRC Costs and TRC Benefits. EAP argues that the additional detail will require modeling changes and is of little value. EAP Comments at 4.

The Commission disagrees with EAP’s request. EAP fails to present clear evidence that any potential modeling changes would outweigh the benefit of the additional detail, especially as that data is necessary to calculate TRC values. As such, the Commission finds that it is not overly burdensome for EDCs to provide the specific cost and benefit data.

OSBA comments that the level of costs incurred by program beneficiaries is not obvious while significant detail regarding the magnitude of costs incurred by the EDCs is required. OSBA proposes modifying Table 13 such that the Incremental Measure Cost column is segregated into participant and EDC categories. OSBA Comments at 2-3.

The Commission agrees with OSBA’s proposed change and notes that EDCs must split incremental measure costs between the EDC and the participants in their annual reports.

**Conclusion**

With this Secretarial Letter, the Commission is issuing an EE&C Plan Template that all jurisdictional EDCs with at least 100,000 customers will use in preparing and filing their EE&C Plans for Phase IV. We require that each EDC: (1) post on its website a copy of its initial, proposed Phase IV EE&C Plan, due to the Commission no later than November 30, 2020; (2) maintain on its website an electronic copy of its most current, Commission‑approved Phase IV EE&C Plan; and (3) post all subsequent revised versions, both clean and blacklined, noting the date of Commission approval or, if not yet approved, a designation indicating that approval is pending before the Commission.

If there are any technical questions regarding the attached EE&C Plan template, please contact Charles Covage in the Commission’s Technical Utility Services at [ccovage@pa.gov](mailto:ccovage@pa.gov), 717-783-3835. If there are any questions relating to legal or procedural issues regarding the attached EE&C Plan template, please contact Adam Young in the Commission’s Law Bureau at adyoung@pa.gov.

****Sincerely,

Rosemary Chiavetta

Secretary

Attachment: EE&C Plan Template

cc: Kriss Brown, Deputy Chief Counsel

Adam Young, Assistant Counsel

Charles Covage, Bureau of Technical Utility Services

Joseph Sherrick, Bureau of Technical Utility Services

Darren Gill, Bureau of Technical Utility Services

**Template for Pennsylvania EDC Energy Efficiency and Conservation Plans**

To be submitted by EDCs by November 30, 2020

**Contents**

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* Table of Contents
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* Mapping of Program Years to Dates

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8. Cost Effectiveness
9. Plan Compliance Information and Other Key Issues
10. Appendices

Note:

If any of your answers require you to disclose what you believe to be privileged or confidential information, not otherwise available to the public, you should designate at each point in the EE&C Plan that the answer requires you to disclose privileged and confidential information. Explain briefly why the information should be treated as confidential. You should then submit the information on documents stamped “CONFIDENTIAL” at the top in clear and conspicuous letters and submit one copy of the information under seal to the Secretary’s Office along with the EE&C Plan. In addition, an expunged copy of the filing should also be included with the EE&C Plan. If someone requests to examine the information, or if Commission staff believes that the proprietary claim is frivolous or otherwise not justified, the Secretary’s Bureau will issue a Secretarial Letter directing that the EDC file a petition for protective order pursuant to 52 Pa. Code § 5.423.

**Energy Efficiency and Conservation Plan**

**A. Transmittal Letter –** with reference to statutory and regulatory requirements and Electric Distribution Company (EDC) contact that PA PUC should contact for more information.

**B. Table of Contents –** including lists of tables and figures.

**C. Table of Acronyms –** include definitions of any acronyms used in the plan

**D. Mapping of Program Years to Dates –** show table identifying the start and end dates of all program years

| **Program Year** | **Start Date** | **End Date** |
| --- | --- | --- |
| PY13 | 6/1/2021 | 5/31/2022 |
| PY14 | 6/1/2022 | 5/31/2023 |
| PY15 | 6/1/2023 | 5/31/2024 |
| PY16 | 6/1/2024 | 5/31/2025 |
| PY17 | 6/1/2025 | 5/31/2026 |

# Overview of Plan

*(The objective of this section is to provide an overview of the entire plan)*

## Summary description of plan, plan objectives, and overall strategy to achieve energy efficiency and conservation goals.

## Summary description of process used to develop the EE&C plan and key assumptions[[4]](#footnote-5) used in preparing the plan. Included in this summary should be a description of the EDC’s process for stakeholder engagement.

## Summary tables of portfolio savings goals, budget and cost-effectiveness (see Tables 1, 2, 3 and 4). Introduce Table 2 with high-level overview of Act 129 accounting (incremental annual, meter level savings vs. system level savings, weather-normalization of savings estimates, etc.).

## Summary of program implementation schedule over five-year plan period (see Chart 1 Notes).

## Summary description of the EDC implementation strategy to acquire at least 15% of its consumption reduction and peak demand reduction target in each program year.

## Summary description of the programs or measure categories from which the EDC intends to nominate peak demand reductions (PDR) into PJM’s Forward Capacity Market (FCM) along with a projected range of MW totals to be bid by year.

## Summary description of the EDC implementation strategy to manage EE&C portfolios and engage customers and trade allies.

## Summary description of EDC’s data management, quality assurance and evaluation processes; include how EE&C plan, portfolios, and programs will be updated and refined based on evaluation results.

## Summary description of cost recovery mechanism.

# Energy Efficiency Portfolio/Program Summary Tables and Charts

*(The objective of this section is to provide a quantitative overview of the entire plan for the five-year period. The audience will be those who want to see the “numbers”, but not all the details.)*

## Residential (exclusive of Low-Income), Residential Low-Income, Commercial/Industrial Small, and Commercial/Industrial Large Portfolio Summaries (see Table 5).[[5]](#footnote-6)

## Plan data: Costs, Cost-effectiveness and Savings by program, sector and portfolio (see Tables 1-5.

## Budget and Parity Analysis (see Table 6). As discussed in the Phase I Implementation Order, EDC total annual revenue is inclusive of collections on behalf of Electric Generation Suppliers.[[6]](#footnote-7) EDCs should use calendar year 2019 to compute the share of revenue and MWh sales by customer sector.

# Program Descriptions

*(The objective of this section is to provide detailed descriptions of each proposed program and the background on why particular programs were selected and how they form balanced/integrated portfolios.)*

## Discussion of criteria and process used for selection of programs:

### Describe portfolio objectives and metrics that define program success (*e.g.,* energy and demand savings, customers served, number of units installed).

### Describe how programs were constructed for each portfolio to provide market coverage sufficient to reach overall energy and demand savings goals. Describe analyses and/or research that were performed (*e.g.,* market, best-practices, market modeling).

### Describe how energy efficiency, combined heat and power, renewables, and other measures are included in the portfolio of programs as applicable.

### Describe how the EDC defines ‘comprehensive’ in the context of EE&C plan design and delivery and the comprehensive program(s) to be offered to the residential and non-residential rate classes. Describe the measure mix or delivery mechanism that qualify each program as comprehensive consistent with the requirements of the Phase IV Implementation Order.

## Residential Sector (as defined by EDC Tariff) Programs – include formatted descriptions of each program organized under the following headings:

* Program Title and Program years during which program will be implemented[[7]](#footnote-8)
* Objective(s)
* Target market – including market size to help frame participation estimates (e.g. number of households, electric sales etc.)
* Program description
* If the program is an umbrella program (e.g., a wide-ranging residential program that includes upstream measures, home energy reports, appliance recycling, kits, efficient product rebates, and new construction), list and describe all program sub-components (or sub-programs, initiatives, solutions, etc.) that make up the program. Note that EDCs will be required to report impacts and financials separately for each program sub-component in their annual reports.
* Implementation strategy (including expected changes that may occur in different program years)
* Program issues and risks and risk management strategy
* Anticipated costs to participating customers
* Ramp up strategy
* Marketing strategy
* Eligible measures and incentive strategy showing incremental cost assumptions, gross measure-level TRC ratio, and incentive levels (*e.g.,* $ per measure, $ per kWh or MW saved). See Table 7.
* The basis for the proposed level of incentives and the sharing of incremental measure costs between participants and the EDC.
* Maximum deadlines for rebates including clear and reasonable rationale for the any timeframe longer than 180 days.
* Program start date with key schedule milestones
* Assumed Evaluation, Measurement, and Verification (EM&V) requirements required to document savings by the Commission’s statewide EE&C Plan Evaluator
* Administrative requirements – include internal and external staffing levels
* Savings targets and estimated participation – include tables with estimated total MWh/yr and MW goals per year and/or ranges per year and cumulative tables that document key assumptions of estimated savings ranges per measure as well as estimated participation. See Table 8.
* Estimated program budget (total) by year – include table with budget per year. The table should also show what percentage of the budget goes to incentive costs and what percentage goes to non-incentive costs.[[8]](#footnote-9) See Table 9.
* Estimated percentage of sector budget attributed to the program
* Cost-effectiveness – include gross and net TRC and net-to-gross (NTG) ratio[[9]](#footnote-10) for each program. For gross tables, NTGR should be 1. See Table 13.
* Bidding strategy for peak demand reductions into PJM’s FCM. Include a description of the strategy and approach of offering resources into the PJM capacity market. The description should include an estimated range of MW and a trajectory of that MW total over time.
* Other information deemed appropriate

### Low-Income Sub-Sector (as defined by 66 Pa. C.S. § 2806.1) Programs – include formatted descriptions of each program organized under the same headings as listed above for residential programs. As well, provide and detail all plans for achieving compliance with the June 18, 2020 Implementation Order. Specifically, provide details on how the plan will meet the proportionate number of measures requirement. Also include estimates of any applicable low-income carryover savings from Phase III, per the June 18, 2020 Implementation Order.[[10]](#footnote-11)

## Commercial/Industrial Small Sector (as defined by EDC Tariff) Programs – include formatted descriptions of each program organized under the same headings as listed above for residential programs. Additionally, include Tables 7, 8, 9, and 13.

## Commercial/Industrial Large Sector (as defined by EDC Tariff) Programs – include formatted descriptions of each program organized under the same headings as listed above for residential programs. Additionally, include Tables 7, 8, 9, and 13.

## Government/Nonprofit/Institutional Sector (as defined by 66 Pa. C.S. § 2806.1) – Qualitatively describe how the Government/Nonprofit/Institutional Sector will be served.

# Program Management and Implementation Strategies

*(The objective of this section is to provide detailed description of how EDC plans to manage and implement programs, including their approach to and use of Conservation Service Providers (CSPs).)*

## Overview of EDC Management and Implementation Strategies:

### Describe the types of services to be provided by EDC as well as consultants, trade allies, and CSPs. Indicate which organizations will provide which services and the basis for such allocation. Reference reporting and EM&V information from Sections 5 and 6 below.[[11]](#footnote-12)

### Describe how the risk categories of performance, technology, market and evaluation can affect the programs and any risk management strategies that will be employed to mitigate those risks.[[12]](#footnote-13)

### Describe how EDC plans to address human resource and contractor resource constraints to ensure that adequate personnel and contractors are available to implement the EE&C plan successfully.

### Describe “early warning systems” that will be utilized to indicate progress towards the goals and whether they are likely to be met. Describe EDC’s approach and process for shifting goals and funds, as needed, between programs and adding new measures/programs.

### Provide implementation schedules with milestones.

### Provide a brief overview of how stakeholders will be engaged throughout Phase IV. Describe how low-income communities and other marginalized populations will be represented in stakeholder engagement.

## Executive management structure:

### Describe EDC structure for addressing portfolio strategy, planning, review of program metrics, internal and external communications, budgeting and financial management, program implementation, procurement, program tracking and reporting, and Quality Assurance/Quality Control (QA/QC). Include EDC organization chart for management team responsible for implementing EE&C plan.

### Describe approach to overseeing the performance of sub-contractors and implementers of programs and how they can be managed to achieve results, within budget, and ensure customer satisfaction.

### Describe basis for administrative budget.

## Conservation Service Providers (CSPs):

### List any selected CSPs, describe their qualifications and basis for selection (include contracts in Appendix).

### Describe the work and measures being performed by CSPs.

### Describe any pending RFPs to be issued for additional CSPs.

# Reporting and Tracking Systems[[13]](#footnote-14)

*(The objective of this section is to provide a detailed description of reporting and the critical data management and tracking systems that EDCs need in order to implement programs and which Commission, and its statewide EE&C Plan Evaluator, need to access.)*

## Indicate that the EDC will provide semiannual and annual reports as prescribed in the June 18, 2020 Implementation Order.

## Project Management Tracking Systems:

### Provide brief overview of the data tracking system for managing and reporting measure, project, program and portfolio activities, status and performance as well as EDC and CSP performance and expenditures.

### Describe the software format, data exchange format, and database structure you will use for tracking participant and savings data. Provide examples of data fields captured.

### Describe how CSPs will integrate with the tracking system and the procedures to ensure the upload and exchange of data from CSPs to the EDCs is sound.

### Indicate that the EDC will fulfill all quarterly and annual data requests issued by the Commission and its statewide evaluator. Describe the level of access and mechanism for access for Commission and statewide evaluator.

# Quality Assurance and Evaluation, Measurement and Verification

*(The objective of this section is to provide detailed description of how the EDC’s quality assurance/quality control, verification and internal evaluation process will be conducted and how this will integrate with the statewide evaluation activities)*

## Quality Assurance/Quality Control:

### Describe overall approach to quality assurance and quality control.

### Describe procedures for measure and project installation verification, quality assurance and control, and savings documentation.

### Describe process for collecting and addressing participating customer, contractor and trade ally feedback (*e.g.,* suggestions and complaints).

### Describe any planned market and process evaluations and how results will be used to improve programs.

### Describe strategy for coordinating with the EM&V contractor and statewide evaluator.

# Cost Recovery Mechanism

*(The objective of this section is to provide detailed descriptions and estimated values for cost recovery mechanism.)*

## Provide the amount of total annual revenues as of December 31, 2006 and provide a calculation of the total allowable EE&C costs based on 2% of that annual revenue amount.

## Description of plan in accordance with 66 Pa. C.S. §§ 1307 and 2806.1 to fund the energy efficiency and conservation measures, to include administrative costs.

## Provide data tables (see Tables 10, 11, and 12).

## Provide and describe tariffs and a Section 1307 cost recovery mechanism, pursuant to the requirements of the June 18, 2020 Implementation Order at 141, that will be specific to Phase IV Program costs. Provide all calculations and supporting cost documentation.

## Describe how the cost recovery mechanism will ensure that measures approved are financed by the same customer class that will receive the direct energy and conservation benefits.

## Describe how Phase IV costs will be accounted for separately from costs incurred in prior phases.

## Describe how proceeds from PJM FCM participation will be incorporated into the cost recovery mechanism.

# Cost Effectiveness

*(The objective of this section is to provide a detailed description of the cost-effectiveness criteria and analyses. It can refer to appendices with program data.)*

## Provide in table format the values contained in the Outputs tab of the Avoided Cost Calculator.[[14]](#footnote-15) Additionally, a completed copy of the Avoided Cost Calculator should be provided with the filing. Discuss any sensitivities or key considerations associated with the forecast of avoided costs.

## Confirm use of a 3% real discount rate (5% nominal discount rate) called for in the 2021 TRC Order.[[15]](#footnote-16)

## Explain and demonstrate how the proposed plan will be cost effective as defined by the Total Resource Cost Test (TRC) specified by the Commission.[[16]](#footnote-17)

## Provide TRC data tables on a gross and net TRC basis. See Table 13.

# Plan Compliance Information and Other Key Issues

*(The objective of this section is to have specific areas in EE&C plan where the Commission can review miscellaneous compliance items required in legislation and address key issues in EE&C plan, portfolio, and program design.)*

## Plan Compliance Issues.[[17]](#footnote-18)

### Describe how the plan provides a variety of energy efficiency and conservation measures and will provide the measures equitably to all classes of customers in accordance with the June 18, 2020 Implementation Order.

### Provide a statement delineating the manner in which the EE&C plan will achieve the requirements of the program under 66 Pa. C.S. §§ 2806.1(c) & (d).

### Provide a statement delineating the manner in which the EE&C plan will achieve the Low-Income requirements prescribed in the June 18, 2020 Implementation Order. Additionally, describe any EDC plans to harmonize Act 129 program delivery with Low Income Usage Reduction Programs and other external energy efficiency, conservation, and healthy housing programs (such as the Weatherization Assistance Program).

### Describe how the EDC will ensure that no more than two percent of funds available to implement the plan shall be allocated for experimental equipment or devices.

### Describe how the plan will be competitively neutral to all distribution customers even if they are receiving supply from an EGS.

## Other Key Issues:

### Describe how this EE&C plan will lead to long-term, sustainable energy efficiency savings in the EDC’s service territory and in Pennsylvania.

### Describe how this EE&C plan will leverage and utilize other financial resources, including funds from other public and private sector energy efficiency and solar energy programs.

### Describe how the EDC will address consumer education for its programs.

### Indicate that the EDC will provide a list of all eligible federal and state funding programs available to ratepayers for energy efficiency and conservation.

### Describe how the EDC will provide the public with information about the results from the programs.

# Appendices

1. Approved CSP contract(s).
2. Program by program projections of costs and acquisition cost ($/MWh and $/MW) for each program and sector. Cost data should clearly separate incentive cost for non-incentive cost. See Example Tables 10, 11, and 12:

* Program Cost Elements
  + Incentives
  + Program Design
  + Administrative
  + EDC Program Delivery Costs
  + CSP Program Delivery Fees
  + Marketing
  + EM&V
  + Other (include a description)
* Cost effectiveness calculations by program and by program year, indicating benefits by category (see Example Table 13).

1. Calculation methods and assumptions. Describe methods used for estimating all program costs, including administrative, marketing, and incentives costs; include key assumptions. Describe assumptions and present all calculations, data and results in a consistent format. Reference Appendix D.

**The required table templates are embedded on the following pages. Double-click any table to open a Microsoft Excel version of the table templates.**











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| **Table 6: Budget and Parity Analysis Summary** | | |  |  |  |  |
| **Notes: o EDCs should use calendar year 2019 to compute the share of revenue and MWh sales by customer sector.  o Total revenue should be inclusive of competitive generation supply to the extent those amounts are known by the EDC** | | | | | | |
| **Customer Sector** | | | **Phase IV EE&C Budget (inclusive of allocated common cost)** | **% of Total EDC EE&C Budget** | **% of EDC Total Annual Revenue** | **% of EDC Total MWh Sales** |
| Residential Sector (*exclusive of Low-Income*) | | |  |  |  |  |
| Residential Low Income Sub-Sector | | |  |  |  |  |
| **Residential Subtotal** | | | $0 | 0% | 0% | 0% |
| Commercial/Industrial Small Sector | | |  |  |  |  |
| Commercial/Industrial Large Sector | | |  |  |  |  |
| **Non-Residential Subtotal** | | | $0 | 0% | 0% | 0% |
| **EDC TOTAL** | | | **$0** | **100%** | **100%** | **100%** |
|  |  |  |  |  |  |  |
|  | % Budget by Customer Sector |  | % Revenue by Customer Sector |  | % MWh Sales by Customer Sector |  |
|  |  |  |  |  |  |  |
|  | \*insert pie chart\* |  | \*insert pie chart\* |  | \*insert pie chart\* |  |
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1. *See Energy Efficiency and Conservation Program* Implementation Order, at Docket No. M-2020-3015228, entered June 18, 2020. <http://www.puc.state.pa.us/pcdocs/1666981.docx> [↑](#footnote-ref-2)
2. *See Id.* at 89. [↑](#footnote-ref-3)
3. *See 2021 TRC Test Final* *Order*, at Docket No. M-2019-3006868, entered December 19, 2019. <http://www.puc.pa.gov/pcdocs/1648126.docx> [↑](#footnote-ref-4)
4. Whenever assumptions are used, provide the basis for using that assumption. [↑](#footnote-ref-5)
5. A *project* is an activity or course of action involving one or multiple energy efficiency measures, at a single facility or site. A *program* is a group of projects, with similar characteristics and installed in similar applications. Programs should be organized around a common customer class, technology, end-use, market, or delivery mechanism. The *portfolio* consists of all the programs in the residential, commercial/industrial small, commercial/industrial large or government/nonprofit/institutional sectors. Residential sector programs include participants with a residential rate schedule. Commercial/Industrial Small sector programs include participants with a small C/I rate schedule. Commercial/Industrial Large sector programs include participants with large C/I rate schedule. Government/Nonprofit/Institutional includes customers in any rate schedule who are Federal, State, Municipal, and Local Governments, as well as school districts, institutions of higher learning, and non-profit entities. The applicable EE&C sector designation is based on a customer’s rate schedule not the size of the energy efficiency project or the type of building. [↑](#footnote-ref-6)
6. Per the January 16, 2009 Implementation Order, “*the Commission interprets ‘amounts paid to the [EDC] for generation, transmission, distribution and surcharges by retail customer,’ set forth as the definition of EDC total annual revenue in 66 Pa. C.S. § 2806.1(m), to include all amounts paid to the EDC for generation service, including generation revenues collected by an EDC for an EGS that uses consolidated billing*.” *See January 16, 2009 Implementation Order* at 35. [↑](#footnote-ref-7)
7. It is assumed that there are five program years, each starting June 1 and ending May 31st. The first program year (PY) is PY13 (June 1, 2021 to May 31, 2022) and the final program year is PY17 (June 1, 2025 to May 31, 2026). [↑](#footnote-ref-8)
8. Per the June 18, 2020 Implementation Order, at least 50% of EE&C plan spending should come from incentives and less than 50% should be attributed to non-incentive cost categories. This requirement is at the portfolio level, not the program or sector level. *See June 18, 2020 Implementation Order* at 126. [↑](#footnote-ref-9)
9. Per the June 18, 2020 Implementation Order, EDCs are required to provide NTG ratios in addition to standard TRC ratios, with language reiterating the speculative nature of NTG ratios. *See June 18, 2020 Implementation Order* at 107. [↑](#footnote-ref-10)
10. The June 18, 2020 Implementation Order disallowed the inclusion of low-income participation in standard, non-low-income-specific residential programs in the calculation of savings towards the low-income carve-out. *See June 18, 2020 Implementation Order* at 28. [↑](#footnote-ref-11)
11. Services to be offered by EDC or others may include marketing, customer recruiting, demonstration projects, audits and or installation of new efficiency measures, verification of installations and or baseline usage, response to customer concerns, program tracking and program evaluation. [↑](#footnote-ref-12)
12. Performance risk is the risk that, due to design or implementation flaws, the program does not deliver expected savings. Technology risk is the risk that technologies targeted by a program fail to deliver the savings expected. Market risk is the risk that customers, or other key market players (*e.g.,* contractors), choose not to participate in a program. Evaluation risk is the risk that independent EM&V will, based on different assumptions, conclude that savings fall short of what the implementers have estimated. [↑](#footnote-ref-13)
13. This Section may be modified if the Commission’s statewide EE&C Plan Evaluator develops further reporting and tracking systems that are approved by the Commission. [↑](#footnote-ref-14)
14. Available at <http://www.puc.state.pa.us/filing_resources/issues_laws_regulations/act_129_information/total_resource_cost_test.aspx> [↑](#footnote-ref-15)
15. *See 2021 Total Resource Cost (TRC) Test Order*, at Docket No. M-2019-3006868, entered December 19, 2019 at 21. [↑](#footnote-ref-16)
16. *Id.* at 17. [↑](#footnote-ref-17)
17. These sub-sections may reference other chapters of the plan as they may restate what was included elsewhere in the plan and are collected here only for convenience of review. [↑](#footnote-ref-18)