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File #: 179373

March 1, 2021

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase IV
Energy Efficiency and Conservation Plan - Docket No. M-2020-3020824**

Dear Secretary Chiavetta:

Enclosed please find the Reply Comments of PPL Electric Utilities Corporation for filing in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DTR/jl
Enclosures

cc: Certificate of Service
Honorable Mark A. Hoyer
Honorable Emily DeVoe

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Devin T. Ryan

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for Approval of its Act 129 : Docket No. M-2020-3020824
Phase IV Energy Efficiency and :
Conservation Plan :

**REPLY COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to the Interim Order dated January 26, 2021, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) respectfully submits these Reply Comments in response to the Comments submitted by Community Action Committee of Lehigh Valley (“CACLV”), Ceres, Daikin U.S. Corporation (“Daikin”), Energy Efficiency for All of Pennsylvania (“EEFA”), Keystone Energy Efficiency Alliance (“KEEA”), Pennsylvania Coalition of Local Energy Efficiency Contractors (“PA-CLEEC), Rovegno’s of Carlisle (“Rovegno’s”), and SEDA-Council of Governments (“SEDA”) regarding the Company’s proposed Phase IV Energy Efficiency and Conservation (“EE&C”) Plan (“Phase IV EE&C Plan,” “EE&C Plan,” or “Plan”).

PPL Electric has reviewed the Comments filed regarding its Phase IV EE&C Plan. Many of the commenters submitted general Comments about all of the electric distribution companies’ (“EDCs”) proposed Phase IV EE&C Plans, while others focused more specifically on PPL Electric’s proposed Plan. Although the Company appreciates the feedback and input provided by the commenters, many of the same issues and recommendations were raised in the litigated proceeding by intervenors.

The parties in this proceeding were able to achieve a Settlement of all issues, except for the PP&L Industrial Customer Alliance’s proposal to reduce the Company’s peak demand reduction compliance target established by the Pennsylvania Public Utility Commission (“Commission”). That Settlement, which remains pending before the Commission, should be approved without modification and should not be modified in order to accommodate any of the proposals set forth in the Comments.

I. REPLY COMMENTS

A. COMPREHENSIVE AND DIRECT INSTALL MEASURES

In its Comments, KEEA claims that “each Company Plan submitted failed to put forth truly comprehensive programs” and that the Commission intended for EDCs to “meet savings targets through comprehensive whole-home measures and other longer-lived measures.” (KEEA Comments, p. 3.) Relatedly, EEFA argues that the “Company fails to prioritize more comprehensive and deeper, long-lived measures or the extent to which it will provide such incentives (midstream and downstream) for low-income customers.” (EEFA Comments, p. 19.) According to EEFA, the proposed Phase IV EE&C Plan does not specify plans to implement direct installation measures. (EEFA Comments, p. 15.) EEFA recommends that the Company outline plans to implement direct installation measures and include more building shell and HVAC measures. (EEFA Comments, pp. 15, 19.)

Contrary to KEEA’s and EEFA’s Comments, PPL Electric’s proposed Phase IV EE&C Plan does include and emphasize the implementation of comprehensive and direct install measures. Under the Low-Income Assessment component of the Low-Income Program, “Direct installation of energy efficiency measures for lighting, water aeration, and weatherization will be offered through PPL Electric’s in-home and remote assessment delivery channels.” (PPL Electric Exh. 1, p. 57.) Furthermore, there are several comprehensive measures included in the proposed Phase IV

EE&C Plan, such as Heat Pump Water Heater replacement, removal and replacement of refrigerators and freezers, installation of smart thermostats and ductless mini-split heat pumps, and heat pump maintenance to existing units. (PPL Electric St. No. 1-R, pp. 15-16.) In fact, 76% of the Company’s planned EE&C measures have an “estimated useful life of 10 to 15 years.” (PPL Electric St. No. 1-R, p. 17.)

The Settlement builds upon those commitments and fully resolves the issues raised in the litigation about the comprehensive and direct install measures offered under the Phase IV EE&C Plan. Specifically, the Settlement provides that PPL Electric will modify its Low-Income Program to add building shell measures, including but not limited to insulation and weather stripping, as potential measures offered as part of the Low-Income Assessment component. (Settlement ¶ 33.) Further, PPL Electric will modify its Low-Income Program’s Low-Income assessment component so that up to \$2 million is dedicated to comprehensive measures like space heating and building shell measures. (Settlement ¶ 34.) Under the Settlement, PPL Electric also will work with its Residential CSP or other contractors to develop proposals for a deep energy retrofits pilot program and a net zero building pilot program. (Settlement ¶ 41.) Each of those pilot programs will have a budget of no less than \$500,000 and no more than \$1.0 million. (Settlement ¶ 41.)

For these reasons, to the extent that KEEA’s and EEFA’s Comments on comprehensive and direct install measures have any merit, those concerns are sufficiently addressed by the Settlement. Accordingly, KEEA’s and EEFA’s related recommendations should be denied.

B. MULTIFAMILY HOUSING

EEFA raises issues and recommendations about multifamily housing, including that the EDCs revise their Phase IV Plans to: (1) include specific budget line and projected participation rates for both individually metered and master-metered multifamily buildings; and (2) improve

cost sharing for low income multifamily building owners and operators. (EEFA Comments, pp. 3, 19-22.)

Similar issues and recommendations were raised in the instant proceeding. (*See* CAUSE-PA St. No. 1, pp. 24-25.) PPL Electric rebutted those contentions, explaining that PPL Electric's approach to addressing multifamily housing under its EE&C Plans has been successful. (PPL Electric St. No. 1-R, p. 3.6) Specifically, in Phase III, 36% of Low-Income savings were from multifamily assessments (formerly known as WRAP). (PPL Electric St. No. 1-R, p. 36.) When including the low-income kits program, 50% of PPL Electric's reported Low-Income savings have been achieved in multifamily housing. (PPL Electric St. No. 1-R, p. 36.) The Company also explained how tenants will have equitable access to energy efficiency services under the Phase IV EE&C Plan, as less than 2% of the total projected savings measures would need landlord approval. (PPL Electric St. No. 1-R, p. 38.)

The Settlement also contains several provisions designed to address multifamily housing's participation in the Phase IV EE&C Plan. In particular, the Settlement states that PPL Electric will provide the same measures under the Low-Income Program inside the tenant units of low-income residents in master-metered multifamily buildings at no cost to the building owners or tenants, subject to: (1) the measures' eligibility qualifications; (2) landlord approval; (3) available program funds; (4) the overall Low-Income Program acquisition cost; and (5) a limit on cumulative spending of \$2.0 million in direct costs during Phase IV. (Settlement ¶ 31.) If PPL Electric determines that it will need to spend more than \$2.0 million for such measures, the Company will meet with stakeholders and revise its Phase IV EE&C Plan to update the estimated funding for these measures, subject to Commission approval. (Settlement ¶ 31.) Also, consistent with the

proposed Phase IV EE&C Plan, PPL Electric will continue to provide measures for multifamily buildings' common areas under the Non-Residential Program. (Settlement ¶ 32.)

Based on the foregoing, the Phase IV EE&C Plan, as to be modified by the Settlement, adequately addresses multifamily housing. Therefore, EEFA's Comments related to multifamily housing should be disregarded.

C. HEALTH AND SAFETY MEASURES

EEFA contends that PPL Electric's Phase IV EE&C Plan does not address health and safety concerns and that "[t]he Company expressly prohibits service where health or safety issues are identified in the household." (EEFA Comments, p. 12.) As a result, EEFA recommends that PPL Electric be required to implement a "[c]omprehensive plan to address health and safety" and that the Company establish a pilot program to remediate health and safety issues in low-income customers' homes. (EEFA Comments, p. 12.) EEFA also raises general concerns and recommendations regarding health and safety measures for all EDCs. (EEFA Comments, pp. 3-9, 24-25.)

PPL Electric clarifies that its Phase IV EE&C Plan already has funding for 55,000 safety measures, including carbon monoxide detectors, smoke alarms, and battery replacement for both in low-income housing. (PPL Electric St. No. 1-R, p. 44.) Therefore, EEFA's claim that the Plan does not address health and safety concerns completely lacks merit. Moreover, the Settlement builds upon the Company's plans to remediate health and safety issues. Specifically, the Settlement provides that PPL Electric will modify its Phase IV EE&C Plan to include a low-income health and safety program to remediate health and safety hazards that prevent low-income customers from receiving comprehensive energy efficiency measures. (Settlement ¶ 42.) The Settlement allots funding for that pilot program at no less than \$400,000 and no more than \$750,000 over the five-year Phase IV and will prioritize high usage customers. (Settlement ¶ 42.)

This pilot program will assess the extent to which addressing health and safety barriers will allow it to increase energy and bill savings and decrease other universal service program costs. (Settlement ¶ 42.)

For these reasons, PPL Electric's Phase IV EE&C Plan and its commitments under the Settlement are already designed to remediate health and safety issues inside customers' homes, so that they can safely implement EE&C measures. As such, EEFA's Comments regarding multifamily housing should be denied.

D. GOVERNMENT/NON-PROFIT/INSTITUTIONAL

EEFA also argues that the EDCs should track, report, and monitor services to government/non-profit/institutional ("GNI") customers. (EEFA Comments, p. 3.) EEFA wants the EDCs to revise their Phase IV Plans to provide specific, detailed information about GNI customers in quarterly reports, including the number, types, and geographic locations of GNI customers being served. (EEFA Comments, p. 23.) According to EEFA, PPL Electric does not provide "adequate assurance of continuity of GNIs' access in lieu of carveouts and should develop a plan for tracking and reporting GNIs' access to services." (EEFA Comments, p. 24.)

The Commission's *Phase IV Implementation Order* already requires the EDCs, including PPL Electric, to "report savings achieved for the GNI sector in Phase IV." *Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228, p. 43 (Order entered June 18, 2020) ("*Phase IV Implementation Order*"). Moreover, under the Settlement in this proceeding, PPL Electric will revise its Plan to specify how it will comply with the Commission's requirement that it report savings attained from Government, Non-profit, and Institutional ("GNI") customers ("Reporting Requirement"). (Settlement ¶ 43.) This Reporting Requirement shall include reporting two separate and distinct energy savings numbers: (1) savings that are achieved from GNI customers that PPL Electric classifies as Small C&I customers under its Plan and (2) savings

that are achieved from GNI customers that PPL Electric classifies as Large C&I customers under its Plan. (Settlement ¶ 43.) Any GNI reporting obligations beyond that specified in the *Phase IV Implementation Order* and in the Settlement, however, are unsupported and unduly burdensome.

In addition, the Phase IV EE&C Plan explicitly states that GNI customers will be able to participate in the Non-Residential Program, despite there being no GNI carve-out in Phase IV. (PPL Electric Exh. 1, p. 2.) This includes opportunities for GNI customers to implement comprehensive measures, such as HVAC and water heating, and customer measures that are not included in the 2021 Technical Reference Manual (“TRM”). (PPL Electric Exh. 1, p. 29.) PPL Electric has been very successful in obtaining savings from the GNI sector in Phase III and looks to build upon that success in Phase IV, even though there is no specific GNI carve-out for this phase.

Based on the foregoing, EEFA’s Comments about GNI reporting and recommendations should be denied, as they are already addressed by the Phase IV EE&C Plan and the Settlement.

E. MISCELLANEOUS

1. Community-Based Organizations

CALCV, PA-CLEEC, Rovegno’s, and SEDA all submitted Comments promoting the use of community-based organizations (“CBOs”) as opposed to conservation service providers (“CSPs”). As alleged support, these commenters contend that CBOs have better customer service and provide value by being invested in and part of the communities being served. (CALCV Comments, pp. 1-2; PA-CLEEC Comments, pp. 1-2; Rovegno’s Comments, pp. 1-2; SEDA Comments, pp. 1-2.)

PPL Electric must achieve its Commission-established compliance targets and will rely on the expertise of its program implementation CSPs to deliver the Phase IV EE&C programs in order to achieve those targets within budget. Like in Phase III, CBOs would have an opportunity to

competitively bid for work under the Phase IV EE&C Plan. In fact, PPL Electric notes that CBOs are specifically included as “market partners” in its Phase IV EE&C Plan. (PPL Electric Exh. 1, p. 127.) Such market partners “are independent entities that may provide support or services to PPL Electric Utilities’ customers, typically in an effort to achieve mutually beneficial results or to serve mutual target populations.” (PPL Electric Exh. 1, pp. 126-27.)

In this proceeding, however, the Commission on Economic Opportunity (“CEO”) proposed that: (1) income eligible customers be referred to the CBOs that perform the Company’s Low-Income Usage Reduction Program (“LIURP”) work for the installations of Act 129 measures; and (2) such work be accomplished through the use of existing non-CSP contracts. (CEO St. No. 1, pp. 5-6.) In response, PPL Electric witness Chiles testified that “[t]he Company moved toward a single Low-Income Program CSP in Phase III to reduce administrative costs and increase efficiencies.” (PPL Electric St. No. 1-R, p. 24.) Therefore, CEO’s recommendation would actually have the opposite effect by increasing administrative costs and reducing efficiencies under the Phase IV EE&C Plan. (PPL Electric St. No. 1-R, p. 24.)

Under the Settlement, the parties have reached a reasonable compromise of the issues regarding CBOs’ participation under the Phase IV EE&C Plan. Specifically, to further coordinate delivery of services to low-income households and help minimize the number of LIURP and Low-Income Program contractors who visit a customer’s service location, the Low-Income CSP will consider, when selecting potential subcontractors, the efficiencies that can be gained by subcontracting work under the Low-Income Assessment component to CBOs who provide services under the Company’s LIURP. (Settlement ¶ 36.) The Low-Income CSP will also provide all of those CBOs with any invites to bid or requests for proposals to serve as subcontractors. (Settlement ¶ 36.)

For these reasons, PPL Electric maintains that the issues raised by CALCV, PA-CLEEC, Rovegno's, and SEDA concerning the use of CBOs have been sufficiently addressed by the Company and the Settlement. Thus, the Commission should disregard their Comments.

2. Regional Greenhouse Gas Initiative (RGGI)

KEEA believes that PPL Electric and the EDCs should modify their EE&C Plans to account for Pennsylvania entering the Regional Greenhouse Gas Initiative ("RGGI"), which will purportedly add more funds for EDCs' EE&C programs. (KEEA Comments, pp. 2, 8.) KEEA recommends that EDCs and energy efficiency stakeholders be involved with distribution of RGGI proceeds. (KEEA Comments, pp. 2, 8.) Similarly, Ceres argues that the EDCs' "[p]rograms should be prepared to scale should future funds from the Regional Greenhouse Gas Initiative (RGGI) become available." (Ceres Comments, p. 3.)

In this proceeding, parties have already litigated RGGI-related issues. Specifically, the Natural Resources Defense Council ("NRDC") raised issues concerning Pennsylvania potentially entering RGGI and the potential impact it may have on the Company's EE&C Plan. (NRDC St. No. 1, pp. 34-39.) PPL Electric witness Chiles explained that such issues are outside the scope of this proceeding and irrelevant to determining the issue at hand – whether PPL Electric's Phase IV EE&C Plan complies with Act 129 and the *Phase IV Orders* and should be approved. (PPL Electric St. No. 1-R, p. 45.) These RGGI-related issues and recommendations should have been raised in response to the Commission's Phase IV Tentative Implementation Order. (PPL Electric St. No. 1-R, p. 45.)

Moreover, the Commission already rejected considering the impact of RGGI on the TRC Test calculations for Phase IV, stating the following:

While Governor Wolf's Executive Order EO 2019-07 regarding Pennsylvania joining RGGI signals an increased consideration of emissions in Commonwealth policy, no law has been enacted at the time of this Order.

To properly account for RGGI participation and the associated effects on avoided costs, the SWE would need to know the magnitude and value of the allowances and other key details. Until such time as the Legislature acts upon the Governor’s Executive Order, we conclude that it is premature to value emissions in the 2021 TRC Test. Furthermore, the costs to the owners of electric generating plants required to purchase emissions offsets would be passed along to ratepayers as part of the cost of electric generation and therefore would, at such time, become a relevant component of the TRC calculation.

2021 Total Resource Cost (TRC) Test, Docket No. M-2019-3006868, p. 72 (Order entered Dec. 19, 2019) (“*2021 TRC Test Order*”) (emphasis added) (footnote omitted). The Commission’s basic conclusion was that it is premature to account for the impact of RGGI today, given that the General Assembly has not acted upon Governor Wolf’s executive order. (PPL Electric St. No. 1-R, pp. 46-47.) Furthermore, the Pennsylvania Department of Environmental Protection’s (“DEP”) RGGI rulemaking is ongoing, so it is unknown what the outcome of that proceeding will be. (PPL Electric St. No. 1-R, p. 47.)

For these reasons, KEEA’s RGGI-related issues and recommendations are premature and outside the scope of this proceeding.

3. Fuel Switching

In its Comments, KEEA claims that the Commission should adopt a fuel-neutral policy, arguing that the current “fuel-switching policy . . . explicitly favors natural gas and other fossil fuels over electricity even if that option fails to reduce energy consumption or is less cost-effective.” (KEEA Comments, pp. 2, 7.) Relatedly, Ceres recommends that the Commission “reexamine its fuel switching policy” because the “current policy explicitly favors natural gas and other fossil fuels over electricity, regardless of cost considerations.” (Ceres Comments, p. 3.) In this proceeding, NRDC made similar arguments and proposed that the Commission eliminate fuel switching measures from PPL Electric’s Phase IV EE&C Plan. (NRDC St. No. 1, pp. 31-32.)

Although the Company “supports efforts to reduce greenhouse gas emissions,” PPL Electric “also has to develop a balanced Plan to meet the targets set forth by the Commission.” (PPL Electric St. No. 1-R, p. 12.) PPL Electric maintained that “[e]lectric-to-gas measures are included in the 2021 TRM and appropriate for the Company to include in its Plan because they reduce electric consumption and demand.” (PPL Electric St. No. 1-R, p. 12.) Moreover, in its *Phase IV Implementation Order*, the Commission already considered and rejected a proposal to remove fuel switching measures from the 2021 TRM, stating the following:

The Commission disagrees with suggestions to prevent electric-to-fossil fuel switching. The measures were adopted as part of the 2021 TRM and they are eligible measures for Phase IV. The Commission notes that, historically, these measures are rarely adopted, having accounted for less than one quarter of one percent of verified savings through PY10 of Phase III. The Commission also notes that the fossil fuel equipment is required to have efficiency levels that are greater than or equal to the applicable ENERGY STAR requirement.

Phase IV Implementation Order, p. 99.

Under the Settlement, the parties have reached a reasonable compromise over the fuel switching measures included in the Phase IV EE&C Plan. For the Energy Efficient Homes component, the Settlement caps the number of: (1) “Fuel Switching – Central Heating” measures at 75 Residential customers; and (2) “Fuel Switching – DHW” measures at 75 Residential customers. (Settlement ¶ 29.) Therefore, this Settlement provision reduces the number of fuel switching measures that can be offered from 200 per measure to 75 per measure. (See PPL Electric Exh. 1, pp. 43-44; Settlement ¶ 29.)

Based on the foregoing, the fuel switching issues raised by KEEA have been reasonably resolved through the Settlement. Therefore, KEEA’s Comments on this issue should be disregarded.

4. Impact of COVID-19

Ceres argues that the EDCs’ “[p]rogram approaches should adapt to account for the unprecedented impacts of the COVID-19 global pandemic.” (Ceres Comments, p. 2.) Ceres believes that “best practice health and safety requirements must be implemented” and that the “[p]rogram approaches” should: (1) “[p]rioritize shovel-ready projects”; (2) “[t]ake advantage of buildings that are vacant,” “under capacity or closed due to remote work,” or “are in dire need of improved ventilation and HVAC in order to curb the spread of COVID-19”; (3) “[s]upport critical infrastructure like hospitals and healthcare facilities”; and (4) “[s]erve customer segments that are acutely harmed by COVID-19.” (Ceres Comments, pp. 2-3.)

In response to COVID-19, PPL Electric has adjusted its EE&C program implementation and delivery. For example, in the spring of 2020, PPL Electric transitioned from in-home audits to virtual audits for customers. In preparation for Phase IV, PPL Electric worked with The Cadmus Group LLC to design a Phase IV EE&C Plan that will achieve the compliance targets within budget, knowing the risks that COVID-19 poses to reaching those goals. (PPL Electric Exh. 1, pp. 127-28.) PPL Electric believes that the Company has properly accounted for those risks and is well-positioned to deliver effective and beneficial EE&C programs and measures to its customers in Phase IV. However, additional programmatic changes, such as those proposed by Ceres, are unnecessary. PPL Electric has been effectively delivering its Phase III EE&C programs since the beginning of the COVID-19 pandemic. Although the Company does not know how long into Phase IV the COVID-19 pandemic will continue to be an issue, PPL Electric looks to build upon its successes and lessons learned in delivering the Phase III EE&C programs.

For these reasons, the Commission should reject Ceres’s Comments related to COVID-19.

5. Inverter HVAC Equipment

Daikin's Comments are singularly focused on its proposal to remove the "full-load EER metric as a requirement for rebate eligibility for inverter HVAC equipment in the residential programs." (Daikin Comments, p. 1.) As alleged support, Daikin claims that "[i]nverter HVAC equipment doesn't operate like traditional single-speed HVAC equipment which is simply either on or off." (Daikin Comments, p. 2.) "Instead, inverter HVAC equipment modulates the capacity of the equipment to precisely meet the heating or cooling load at any given time." (Daikin Comments, p. 2.) Therefore, Daikin believes that "EER is not an appropriate metric to apply to inverter HVAC equipment." (Daikin Comments, p. 1.)

Daikin's proposal is outside the scope of this proceeding. The Commission already considered Comments on its 2021 TRM at Docket No. M-2019-3006867. In that proceeding, "[t]he Commission proposed updating the baseline equipment efficiencies (IEER_{base}, EER_{base}, SEER_{base}, COP_{base}, HSPF_{base})" for HVAC systems "to be consistent with current federal standards requirements or the 2015 IECC, whichever is more stringent." *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual 2021 Update*, Docket No. M-2019-3006867, p. 37 (Tentative Order entered Apr. 11, 2019) ("Tentative 2021 TRM Order"). The Commission received and considered Comments on this proposal and ultimately established the efficiency requirements for HVAC systems, including EER, in its *2021 TRM Order. Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual 2021 Update*, Docket No. M-2019-3006867, p. 91 (Order entered Aug. 8, 2019) ("2021 TRM Order"),

amended, Docket No. M-2019-3006867 (Order entered Feb. 4, 2021) (“*2021 TRM Amendment Order*”).¹

Daikin had a full and fair opportunity to raise its issues with the EER metric for HVAC systems in the *2021 TRM Order* proceeding. Daikin cannot cure its failure to do so by raising it in Comments on PPL Electric’s Phase IV EE&C Plan.

Based on the foregoing, Daikin’s Comments are outside the scope of this proceeding and should be rejected.

¹ The *2021 TRM Amendment Order* did not modify HVAC systems’ efficiency requirements.

II. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission consider these Reply Comments in its disposition of the proposed Phase IV Energy Efficiency and Conservation Plan.

Respectfully submitted,



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Date: March 1, 2021

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