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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: Joint Petition for Consolidation of Proceedings and Approval of the Phase IV Energy Efficiency and Conservation Plan of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company - Docket Nos. M-2020-3020820, M-2020-3020821, M-2020-3020822, M-2020-3020823

Dear Secretary Chiavetta:

Enclosed please find the Reply Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company for filing in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Devin Ryan

DR/jl
Enclosures

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

CERTIFICATE OF SERVICE

(Docket Nos. M-2020-3020820, M-2020-3020821, M-2020-3020822, M-2020-3020823)

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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Date: March 1, 2021

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition for Consolidation of Proceedings and Approval of the Phase IV Energy Efficiency and Conservation Plan of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company	:	**Docket Nos. M-2020-3020820 M-2020-3020821 M-2020-3020822 M-2020-3020823**

REPLY COMMENTS OF
METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY, AND WEST PENN POWER COMPANY

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to the Interim Order dated January 26, 2021, Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power"), and West Penn Power Company ("West Penn") (collectively, the "Companies") hereby file these Reply Comments in response to the Comments submitted by Community Action Committee of Lehigh Valley ("CACLV"), Pennsylvania Coalition of Local Energy Efficiency Contractors ("PA-CLEEC"), Energy Efficiency for All of Pennsylvania ("PA-EEFA"), Daikin U.S. Corporation ("Daikin"), Ceres, and Keystone Energy Efficiency Alliance ("KEEA") regarding the Companies' proposed Phase IV Energy Efficiency and Conservation ("EE&C") Plan ("Phase IV Plan" or "Plan").

I. REPLY COMMENTS

A. GENERAL

Before addressing the Comments in more detail, the Companies note that a Joint Petition for Settlement of All Issues ("Settlement") was filed in this proceeding on February 16, 2021. This unanimous Settlement was reached due to the collective efforts of the Companies and the parties who formally intervened in this matter.

As explained in the following sections, several of the issues raised in the Comments were raised in the litigation and, ultimately, resolved through the Settlement. The Companies maintain that the Pennsylvania Public Utility Commission ("Commission") should not disturb this global Settlement by incorporating any of the recommendations set forth in the Comments. Indeed, if the Settlement is modified in any way, the parties have the right to withdraw from the Settlement. (*See* Settlement ¶ 46.) Thus, the Commission should: (1) rely upon the factual record developed by the parties who formally intervened in this proceeding and litigated the Companies' Phase IV Plan; and (2) approve the Settlement without modification.

B. COMPREHENSIVE AND DIRECT INSTALL MEASURES

KEEA argues 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.) EEFA similarly alleges that the Companies do not prioritize comprehensive, deeper savings measures. (EEFA Comments, p. 18.) EEFA alleges that the Phase IV Plan should place a greater emphasis on both comprehensive and direct install measures and makes a series of recommendations related to this topic. (EEFA Comments, pp. 3, 12-18.) For example, EEFA recommends that the Commission direct the Companies to: (1) "revise [the] Phase IV Plan to include direct installation for low income households that emphasizes comprehensive measures"; and (2) improve "availability of deeper, longer lasting efficiency measures." (EEFA Comments, p. 14.) Further, EEFA asks the Companies to clarify how they will provide incentives for comprehensive measures to low-income customers. (EEFA Comments, p. 18.)

As stated in the Phase IV Plan, the Plan "incorporates both near-term and longer-term energy saving opportunities for all customers, including single and prescriptive measures, multiple prescriptive and custom measures, direct install, and comprehensive whole home/whole building solutions." (Phase IV Plan, p. 13.) In this proceeding, the parties litigated several issues regarding the Phase IV Plan's measures, including whether the Plan offers a sufficient amount of direct install and comprehensive measures. (*See, e.g.*, OCA St. No. 1, pp. 3, 6, 8-9, 19-20; CAUSE-PA St. No. 1, pp. 4, 6-7, 21, 29-33.) The Companies' witness Miller explained that the Phase IV Plan met the Commission's comprehensive program requirement, as it targeted both "near-term and longer-term energy saving opportunities for customers, includes direct or targeted programs that engage customers, and serves as a portal for other program offerings because they provide customers with energy efficiency education as well as information regarding other program services and opportunities upon which they can act." Mr. Miller further explained that the Phase IV Plan provides "opportunities for customers interested in whole home/comprehensive solutions that encourage customers to consider a holistic approach to energy efficiency." (Met-Ed/Penelec/Penn Power/West Penn St. No. 2-R, p. 4.) Mr. Miller also pointed out that, contrary to CAUSE-PA's assertions, comprehensive measures make up a large portion of the measures provided to low-income customers through the Appliances, Weatherization, and Multifamily subprograms, as well as the low-income New Homes subprogram. (Met-Ed/Penelec/Penn Power/West Penn St. No. 2-R, pp. 4-5.)

Under the Settlement, the parties reached a reasonable resolution of these issues. Specifically, the Companies will decrease their more targeted, less comprehensive Low-Income School Education subprogram megawatt-hour ("MWh") savings by 30% and will target an equivalent increase in MWh savings from insulation, air sealing, duct sealing, heat pumps and residential heat pump water heaters delivered through the Low-Income Weatherization and/or Low-Income Multifamily subprograms in the aggregate, respectively, based on having available program budgets. (Settlement ¶ 29.) The Companies also will target a proportional number of low-income schools through the general residential Energy Efficient Homes School Education subprogram, based on available program budgets. (Settlement ¶ 30) The Companies also will target the installation of 75 heat pump water heaters and/or ductless mini-split heat pumps annually under its Low-Income Energy Efficiency Program, at no upfront cost to the customer, resulting in increased comprehensive savings through the entirety of Phase IV. (Settlement ¶ 32.)

In addition, the Settlement provides that the Companies will decrease their Residential Behavioral and Low-Income Behavioral subprograms MWh savings by 13% each and will target equivalent increases in MWh savings from the Residential Energy Efficient Products Appliances and/or Residential Multifamily subprograms in the aggregate, and the Low-Income Weatherization and/or Low-Income Multifamily subprograms in the aggregate, respectively, over the proposed Plan targets, based on having available program budgets. (Settlement ¶ 36.) These funds will be used to fund insulation, air sealing, duct sealing, heat pumps, residential heat pump water heaters, and residential appliances. (Settlement ¶ 36.)

The Companies believe that these Settlement provisions are a reasonable compromise of the parties' positions that also address the Comments regarding comprehensive and direct install measures and should be approved without modification. Thus, the Commission should disregard the Comments of KEEA and EEFA on these issues.

C. MULTIFAMILY HOUSING

EEFA emphasizes the importance of providing multifamily housing customers with access to the EE&C programs and recommends improved programming to better reach multifamily housing providers. (EEFA Comments, pp. 3, 19-21.) Specifically, EEFA suggests that 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. 19-22.) EEFA also contends that the Companies need to place greater emphasis on savings from master-metered multifamily properties. (EEFA Comments, p. 22.)

In this proceeding, issues were raised about the Companies' plans to offer EE&C measures to multifamily housing customers. (*See* CAUSE-PA St. No. 1, pp. 7, 29, 33; CAAP St. No. 1-R, pp. 2-4.) In response, the Companies presented testimony demonstrating that their "Phase IV Plan design already places a greater focus on multifamily housing than the Phase III Plan, as evidenced by it including a multifamily subprogram and additional measures in each sector of the Phase IV Plan." (Met-Ed/Penelec/Penn Power/West Penn St. No. 2-R, pp. 17-20.) As such, the Companies have in fact included participation, savings, and budget projections for each multifamily subprogram in each sector of the Phase IV Plan (Appendix B, Table 8, Appendix C, Tables 1-1 through 1-5 and Appendix C, Table 2).

Under the Settlement, the parties have agreed to multiple provisions designed to resolve those issues. As noted previously, the Companies will decrease their more targeted, less comprehensive Low-Income School Education subprogram MWh savings by 30% and will target an equivalent increase in MWh savings from insulation, air sealing, duct sealing, heat pumps and residential heat pump water heaters delivered through the Low-Income Weatherization and/or Low-Income Multifamily subprograms in the aggregate, respectively, based on having available program budgets. (Settlement ¶ 29.) Similarly, the Companies will decrease their Residential Behavioral and Low-Income Behavioral subprograms MWh savings by 13% each and will target equivalent increases in MWh savings from the Residential Energy Efficient Products Appliances and/or Residential Multifamily subprograms in the aggregate, and the Low-Income Weatherization and/or Low-Income Multifamily subprograms in the aggregate, respectively, over the proposed Plan targets, based on having available program budgets. (Settlement ¶ 36.) As such, the Companies believe that the issues related to multifamily housing have been adequately addressed by the Settlement. Thus, EEFA's recommendations should be rejected.

D. HEALTH AND SAFETY MEASURES

EEFA raised a series of issues and recommendations concerning health and safety measures. (EEFA Comments, pp. 3-9, 11, 24-25.) In particular, EEFA argues that the Companies do not address how health and safety impediments will be addressed for those who don't qualify for LIURP and recommends that the Companies develop a comprehensive plan to address this concern. (EEFA Comments, p. 11.) EEFA also recommends that the Companies launch a health and safety pilot funded by the budget for research/demonstrations/pilot programs. (EEFA Comments, p. 14.)

The Settlement addresses remediating health and safety issues. Specifically, when health and safety issues are identified in the home that cannot be remediated through the Companies' existing programming, the Companies will provide a list of available housing rehabilitation providers in their service territories. (Settlement ¶ 35.) Such list will be created and maintained by the Companies with assistance from their universal service program administrators. (Settlement ¶ 35.) The Companies believe this is a reasonable resolution to such health and safety issues, and the global, unanimous Settlement should not be disturbed to accommodate EEFA's incremental requests. Therefore, EEFA's Comments on the health and safety measures should be denied.

E. GOVERNMENT/NON-PROFIT/INSTITUTIONAL

In its Comments, EEFA state that the EDCs should track, report, and monitor services to government/non-profit/institutional ("GNI") customers. (EEFA Comments, p. 3.) Specifically,

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EEFA recommends that the EDCs 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.) Additionally, EEFA argues that the Companies do not provide "adequate assurance of GNI's continuity of access in lieu of carveouts" and need to develop a plan for tracking and reporting GNI customers' access to services. (EEFA Comments, p. 23.)

The Companies will comply with the requirements of the *Phase IV Implementation Order*, including that the EDCs "report savings achieved for the GNI sector in Phase IV." *Phase IV Implementation Order*, p. 43. The Companies will track the GNI information necessary to report on those savings. However, the Companies believe that GNI-specific reporting requirements beyond those specified in the *Phase IV Implementation Order* are unnecessary.

Furthermore, an integral part of the Phase IV Plan is the continued provision of EE&C measures to GNI customers. As stated on page 103 of the Phase IV Plan:

> The Phase IV Plan also continues to target and provide program services for governmental, nonprofit and institutional ("GNI") customers through the Energy Solutions for Business programs. The Energy Solutions for Business, Small and Large programs include subprograms and measures aimed at serving GNI customers, including direct install, single and multiple prescriptive measures, custom projects, and Energy Management services. As in Phase III, special efforts will be made to target the GNI customers for participation in these programs in recognition of their unique decision making and financing processes for making capital improvements to facilities. Marketing and outreach will specifically target GNI entities within the Companies' service territories depending upon the subprogram offering. These efforts will include the leveraging of existing Companies' relationships and employing experienced vendors who have expertise in working with GNI accounts.

Moreover, the individual Energy Solutions for Business program descriptions are replete with references to the participation and engagement of GNI customers. (*See, e.g.*, Phase IV Plan, pp.

72-75, 79, 89-92, 96.) Therefore, EEFA's concerns about the Companies' plans to provide EE&C measures to the GNI sector are without merit.

F. MISCELLANEOUS

1. Community-Based Organizations

CALCV and PA-CLEEC submitted substantially similar Comments, in which they advocated for the continued use of community-based organizations under the Low-Income Energy Efficiency Program. According to CALCV and PA-CLEEC, CBOs provide advantages over conservation service providers ("CSPs"), such as better customer service and local knowledge and contacts. (CALCV Comments, pp. 1-2; PA-CLEEC Comments, pp. 1-2.)

The Companies value the services provided by CBOs and intend for them to be an important part of delivering the Phase IV Plan. In fact, the Companies' Phase IV Plan explicitly states that the "Companies' implementation strategy for this Phase IV Plan will rely on the use of CSP(s), partners, program allies, community-based organizations, and other entities engaged in energy efficiency to promote, communicate, deliver, and support the effective transition, deployment and implementation of the new programs and measures and suspension of programs and measures not being continued in Phase IV." (Phase IV Plan, p. 23) (emphasis added). The Phase IV Plan also provides that the Companies "plan to achieve additional new and incremental electric energy savings through the Weatherization subprogram as part of the delivery of the Companies' existing comprehensive Low-Income Usage Reduction Program ('LIURP'), by tapping the considerable expertise and existing infrastructure of LIURP contractors comprised of both Community Based Organizations ('CBOs') and private contractors." (Phase IV Plan, p. 15) (emphasis added). Thus, the Companies believe that CALCV's and PA-CLEEC's Comments about the continued use of CBOs are moot.

2. Regional Greenhouse Gas Initiative (RGGI)

KEEA argues that the EDCs should coordinate programs with the anticipated influx of Regional Greenhouse Gas Initiative ("RGGI") funds, that EDCs and energy efficiency stakeholders should be involved with distribution of RGGI proceeds, and that the Commission should ensure that the Phase IV programs are designed to accommodate expansion. (KEEA Comments, pp. 2, 8.) Ceres also contends 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.)

Issues relating to RGGI and its potential impact on the Phase IV Plans are premature and outside the scope of this proceeding. If and when Pennsylvania joins RGGI, the Commission can address the impact of RGGI on the EDCs' Phase IV Plans, including how RGGI proceeds affect the Phase IV Plans' budgets and should be utilized by the EDCs. At this time, however, it is premature and outside the scope of this proceeding to resolve those issues. The Companies can move forward with implementing their Phase IV Plan, and, if necessary, the Commission can address these RGGI-related issues at a later date in a broader stakeholder process, where all interested parties would have the opportunity to be heard.

3. Fuel Switching

KEEA contends that the Commission should adopt a fuel-neutral policy, believing 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.) Ceres similarly argues that "[t]he Commission should reexamine its fuel switching policy," believing that the "current policy explicitly favors natural gas and other fossil fuels over electricity, regardless of cost considerations." (Ceres Comments, p. 3.)

The Commission's fuel switching policy is outside the scope of this individual Phase IV Plan proceeding. In addition to the fact that the Companies' Phase IV Plan does not include any such fuel-switching initiatives, the Commission previously considered and rejected recommendations by several commenters, including KEEA, that the Commission eliminate fuel switching as an available EE&C measure in Phase IV. *See Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228, p. 99 (Order entered June 18, 2020) ("*Phase IV Implementation Order*"). Thus, KEEA's and Ceres's Comments about fuel switching should be rejected.

4. Impact of COVID-19

Ceres recommends that the EDCs' EE&C program approaches should adapt to account for unprecedented impacts of COVID-19, such as implementing best practice health and safety requirements, prioritizing shovel-ready projects, utilizing vacant buildings to improve ventilation and HVAC to curb spread of COVID-19, supporting hospitals and healthcare facilities, and serving customer segments acutely harmed by COVID-19. (Ceres Comments, pp. 2-3.)

The Companies have already adjusted the delivery of their EE&C programs in response to COVID-19. For example, the Phase IV Plan states that "[a]s an option to performing an on-site audit to develop a retro-commissioning plan, or as an additional complementary measure, Virtual Commissioning (VCx) provides eligible customers with an analysis of their building's energy performance by using meter usage data, other data, and building modeling to identify and recommend energy efficiency measures and operational changes to improve a building's overall energy performance." (Phase IV Plan, pp. 77, 94.) "The use of building analysis using remote analysis techniques will also help customers to participate in the programs because of limited access to customers' facilities due to concerns and restrictions such as COVID-19." (Phase IV Plan, pp. 77-78, 94-95.) In addition to these programmatic approaches, the Companies have also worked with their CSPs and customers during Phase III to conduct program operations through virtual or telephonic meetings and other forms of socially distant or remote contact (e.g., on-line audits, photographic verification of equipment) in lieu of close or in-person contacts and intend to continue these approaches into Phase IV as necessary and available. Moreover, the Companies' Phase IV Plan already offers a broad variety of EE&C measures to residential, small commercial and industrial, and large C&I customers, including those that Ceres avers were particularly affected by the COVID-19 pandemic. Therefore, the Companies believe that Ceres's concerns have been addressed.

5. Inverter HVAC Equipment

Daikin argues that inverter HVAC equipment provides more annual energy consumption savings and peak energy savings than is currently being attributed in the Commission's 2021 Technical Reference Manual ("TRM"). (Daikin Comments, p. 1.) According to Daikin, "Inverter 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.) As opposed to traditional HVAC equipment, Daikin believes that "EER is not an appropriate metric to apply to HVAC equipment." (Daikin Comments, p. 1.) As such, Daikin encourages the Commission and EDCs "to consider removing the full-load EER metric as a requirement for rebate eligibility for inverter HVAC equipment in the residential programs." (Daikin Comments, p. 1.)

This issue is outside the scope of the instant proceeding and should have been raised in the Commission's 2021 Technical Reference Manual ("TRM") proceeding at Docket No. M-2019-3006867. In the Commission's *Tentative 2021 TRM Order*, "[t]he Commission proposed updating the baseline equipment efficiencies (IEERbase, EERbase, SEERbase, COPbase, HSPFbase)" 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*"). After some clarifications and corrections to the equations, the Commission issued its *2021 TRM Order* establishing the efficiency requirements for HVAC systems, including Energy Efficiency Ratio ("EER"). *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's Comments on this issue should have been raised in response to the Commission's *Tentative 2021 TRM Order*. Notably, Daikin did not file any Comments in that proceeding. Daikin cannot now, through the instant Phase IV Plan proceeding, propose that the Commission modify the *2021 TRM Order*. Thus, Daikin's Comments through this instant Phase IV Plan proceeding should be disregarded.

[1] The modifications made in the *2021 TRM Amendment Order* did not affect the efficiency requirements for HVAC systems.

II. CONCLUSION

WHEREFORE, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company respectfully request 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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