



COMMONWEALTH OF PENNSYLVANIA

January 19, 2023

E-FILED

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

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 Answer and Verification, on behalf of the Office of Small Business Advocate (“OSBA”), to the Petition of PPL Electric Utilities Corporation for approval of changes to its Act 129 Phase IV Energy Efficiency and Conservation Plan, filed December 30, 2022, in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Steven C. Gray

Steven C. Gray
Senior Supervising
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Angela Vitulli
Parties of Records

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase IV Energy Efficiency and Conservation Plan	:	Docket No. M-2020-3020824
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**ANSWER OF THE OFFICE OF SMALL BUSINESS ADVOCATE TO THE
PETITION OF PPL ELECTRIC UTILITIES CORPORATION FOR
APPROVAL OF CHANGES TO ITS
ACT 129 PHASE IV ENERGY EFFICIENCY AND CONSERVATION PLAN**

Pursuant to 52 Pa. Code § 5.61(e), the Office of Small Business Advocate (“OSBA”) hereby answer the Petition of PPL Electric Utilities Corporation (“PPL” or the “Company”) for Approval of Changes to its Act 129 Phase IV Energy Efficiency and Conservation Plan (“*Petition*”) Requesting Initiation of a Proceeding on Federal Funding Opportunities for Utilities under the Infrastructure Investment and Jobs Act (“*Petition*”) filed on December 30, 2022, with the Pennsylvania Public Utility Commission (“Commission”).

PPL seeks approval for a wide variety of changes to the Energy Efficiency and Conservation (“EE&C”) Plan. The proposed changes include, as PPL classifies them, “Major Changes,” such as “Increase the Estimated Savings and Estimated Peak Demand Reductions for the Small C&I Sector in the Non-Residential Program.” *Petition*, at 5. The proposed changes also include, as PPL classifies them, “Minor Changes,” such as “Make Grammatical and Editorial Changes to Correct or Clarify Wording or Figures in the EE&C Plan.” *Id.*

After reviewing the *Petition*, the modified EE&C Plan looks potentially reasonable to the OSBA. PPL is proposing to essentially swap the Large C&I (“Commercial and Industrial”) and Small C&I budgets and make far more investment in the Small C&I sector. This is potentially good news for PPL’s small businesses.

However, the *Petition* does not provide much information regarding PPL's basis for expecting significantly higher participation from the Small C&I sector compared to historic participation levels. The *Petition* states, as follows:

The change is necessary because the Small C&I Sector's interest in energy efficiency is much greater than expected for Phase IV. PPL Electric believes that such increased interest is due to Small C&I customers' response to changing market conditions. Indeed, their interest in the Custom Program well exceeds the previously-forecasted participation.

Petition, Paragraph 36.

Furthermore, PPL's evaluation of its EE&C plan does not provide enough detailed information on free ridership in the Small C&I sector to confirm that the changed incentive levels are reasonable. The *Petition* states, as follows:

PPL Electric is adjusting certain existing measures' eligibility requirements, estimated participation, and incentive ranges based on that feedback and the Company's own analysis.

Petition, Paragraph 14.

Specifically, in the *PPL Electric Utilities Annual Report to the Pennsylvania Public Utility Commission: Phase IV of Act 129 PY13 Annual Report* and *PPL Electric Utilities Annual Report to the Pennsylvania Public Utility Commission: Phase 3 of Act 129 PY12 Annual Report*, the evaluations presented in that Annual Report do not provide enough granular information on free ridership for the Small C&I sector to confirm that incentive levels are reasonable. *Table 5-4 Non-Residential Net Impact Evaluation Results* in PY13 Annual Report (pg. 33) presents free ridership estimates by component. Although *Table E-5. PY13 Custom Component NTG Ratio Summary* in PY13 Annual Report (pg. E-5) and *Table 8-9. PY12 Custom Program Free Ridership Comparison by Stratum* in PY12 Annual Report (pg. 82) provide free ridership value by stratum (Large vs. Small C&I), this is only for the custom component and does not cover the

three other relevant components applicable to the Small C&I sector. PPL should provide additional information on historical free ridership by non-residential program component, by stratum (Large vs. Small C&I), by year.

Furthermore, more information on the performance of the programming serving the Small C&I sector would be helpful in evaluating the request for additional investment. *PPL Electric Utilities Annual Report to the Pennsylvania Public Utility Commission: Phase IV of Act 129 PY13 Annual Report* presents historical performance of PPL Electric EE&C in *Table 2-15. Comparison of Expenditures to Phase IV EE&C Plan* and *Table 2-16. Comparison of Actual Program Savings to EE&C Plan Projections*, and performance of the Non-Residential Program Components discussed on pg. 20 indicates the overall EE&C Plan is underperforming and the Non-Residential Program achieved only 52% of energy savings projections. The text potentially alludes to lower performance for the Large C&I sector, “savings for the Custom component were much lower (about 60%) even accounting for the unverified savings from the small stratum.” However, the Annual Report does not provide clear values on the historical performance of programs aimed at the Small C&I sector. PPL should provide additional information on the actual performance and participation levels compared to plan projections by non-residential program component, by stratum (Large vs. Small C&I), by year. If values indicate underperformance for the Small C&I sector, PPL should provide clear programmatic steps in the Plan for improving performance, given the increase in investment level sought.

Procedurally, the OSBA observes that PPL would prefer to “resolve issues, if possible, on the basis of comments and replies to comments on the proposed modifications.” *Petition*, at 2. The OSBA respectfully submits that this will be difficult, particularly for the “Major Changes.”

The OSBA does support the PPL proposal that the Commission refer the *Petition* to the Office of Administrative Law Judge for the issuance of a Recommended Decision on an expedited basis. *Petition*, at 2, footnote 6.

Respectfully submitted,

/s/ Steven C. Gray

Steven C. Gray
Senior Supervising
Assistant Small Business Advocate
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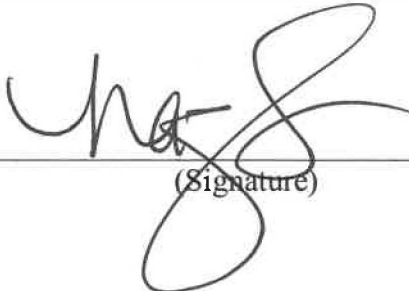
Office of Small Business Advocate
555 Walnut Street
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Dated: January 19, 2023

VERIFICATION

I, NazAarah Sabree, hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 1/19/23



(Signature)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities
Corporation for Approval of its Act 129
Phase IV Energy Efficiency and
Conservation Plan**

:
: **Docket No. M-2020-3020824**
:
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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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