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File #: 182143

July 7, 2023

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 of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Consolidation of Proceedings and Approval of Act 129 Phase IV Energy Efficiency and Conservation Plan
Docket Nos. M-2020-3020820, et al.

Dear Secretary Chiavetta:

Attached for filing is the Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (“Companies”) for Approval of a Minor Change to their Act 129 Phase IV Energy Efficiency and Conservation (“EE&C”) Plan in the above-referenced proceeding.

As stated in the Petition, the Companies respectfully request that this Petition and the proposed minor change to the EE&C Plan be reviewed under the procedural schedule established for “minor” EE&C Plan changes, such that comments are due within 15 days of the Petition’s filing, and all parties have 10 days thereafter to file reply comments.

Copies are being provided as indicated on the Certificate of Service.

Rosemary Chiavetta, Secretary
July 7, 2023
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Respectfully submitted,



Devin Ryan

DR/kl
Attachments

cc: The Honorable Mark Hoyer (*via email; w/att.*)
The Honorable Emily DeVoe (*via email; w/att.*)
Bureau of Technical Utility Services
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: July 7, 2023



Devin T. Ryan

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company,	:	Docket Nos. M-2020-3020820
Pennsylvania Power Company and West Penn	:	M-2020-3020821
Power Company for Consolidation of	:	M-2020-3020822
Proceedings and Approval of Act 129 Phase	:	M-2020-3020823
IV Energy Efficiency and Conservation Plan	:	

**PETITION OF METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC
COMPANY, PENNSYLVANIA POWER COMPANY, AND WEST PENN POWER
COMPANY FOR APPROVAL OF A MINOR CHANGE TO THEIR
ACT 129 PHASE IV ENERGY EFFICIENCY AND CONSERVATION PLAN**

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Date: July 7, 2023

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I. INTRODUCTION

Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively, the “Companies”), by and through their attorneys, hereby petition the Pennsylvania Public Utility Commission (“Commission”), pursuant to Sections 5.41 and 5.572 of the Commission’s regulations, 52 Pa. Code §§ 5.41, 5.572, for permission to modify their Phase IV Energy Efficiency and Conservation (“EE&C”) Plan (“Phase IV Plan” or “EE&C Plan”) approved by the Commission.¹

Pursuant to the Commission’s established review process² for approving EE&C Plan changes proposed by electric distribution companies (“EDCs”), the Companies request Commission approval of one “minor” change to their Phase IV Plan. The Commission’s 2011 *Minor Plan Change Order* established an expedited review process for approving minor EE&C Plan modifications. In its *Phase IV Implementation Order*,³ the Commission determined that it would continue to use the minor EE&C plan change approval process described in the *Minor Plan Change Order* in Phase IV.⁴

The Companies respectfully request that this Petition and the proposed minor change to the Phase IV Plan be reviewed under the procedural schedule established in the *Minor Plan Change Order* for “minor” EE&C Plan changes – comments are due within 15 days of the Petition’s filing, and all parties have 10 days thereafter to file reply comments. The proposed

¹ See *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Consolidation of Proceedings and Approval of Act 129 Phase IV Energy Efficiency and Conservation Plan*, Docket Nos. M-2020-3020820, *et al.* (Order entered Mar. 25, 2021) (“*March 2021 Order*”).

² See *Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (Order Entered June 10, 2011) (“*Minor Plan Change Order*”).

³ See *Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228 (Order Entered June 18, 2020) (“*Phase IV Implementation Order*”).

⁴ *Id.*, p. 96.

change concerns a change to measures' conditions that will not increase the overall costs to any customer class. In fact, implementing the requested change will have no effect on any budget, savings, or Total Resource Cost ("TRC") Test figures set forth in the Phase IV Plan. Thus, the Companies respectfully request that the Commission approve this Petition pursuant to the expedited review process outlined in its *Minor Plan Change Order*.

In support of this Petition, the Companies state as follows:

II. BACKGROUND

1. On November 30, 2020, the Companies filed their Joint Petition with the Commission requesting approval of their Phase IV Plan and cost-recovery mechanisms related thereto pursuant to Act 129 of 2008 ("Act 129") and various related Commission orders.

2. After engaging in discovery and the exchange of pre-served written testimony and exhibits, the parties ultimately reached a settlement and filed a Joint Petition for Full Settlement of All Issues on February 16, 2021.

3. On March 25, 2021, the Commission approved the Companies' Petition, subject to the terms and conditions of the Joint Petition for Full Settlement of All Issues.⁵

III. PROPOSED MINOR CHANGE TO THE EE&C PLAN

4. The Companies propose one minor change to their Phase IV Plan, as set forth in the black-line EE&C Plan page attached hereto as **Appendix A**.

5. Currently, Section 1.6 of the Phase IV Plan states that for the measures offered under the EE&C Plan, the Companies assume that they "retain all Phase IV Plan program

⁵ See *March 2021 Order*, pp. 48-49.

Capacity Rights to support their offered EE resources and to ensure no double counting of EE resources by third parties.”

6. Through this Petition, the Companies request Commission approval to modify that provision and, as a result, change the conditions of their EE&C measures that have capacity rights associated with them that can be bid into the PJM Interconnection, LLC (“PJM”) Forward Capacity Market (“FCM”).

7. Specifically, the Companies propose modifying Section 1.6 to enable commercial and industrial customers, who have existing contracts with third party demand response service providers that were executed before June 1, 2021 (*i.e.*, the start of Phase IV of Act 129 EE&C), to have the option of retaining the PJM capacity rights associated with EE&C projects.

8. For customers to retain those capacity rights under the proposed change, their project applications must: (a) be submitted to the Companies after the effective date of the Commission’s Order approving this Petition; and (b) provide proof of the relevant contract with the third party demand response service provider.

9. The Companies believe that this proposed change is just and reasonable because it will allow customers with such contracts to participate in the Phase IV Plan programs without potentially impairing their existing contractual relationships with their demand response service providers.

10. Today, customers with such contracts may be reluctant to participate in the Phase IV Plan programs because to do so they must relinquish their PJM capacity rights associated with their EE&C measures in order to receive incentives from the Companies.

11. Indeed, if those customers did participate in the Phase IV Plan, they may be concerned about breaching their contracts with the third party demand response service

providers, given that those contracts may require the providers to bid the PJM capacity rights associated with the customers' EE&C measures.

12. By implementing the proposed change, the Companies would expand the potential participants in the Phase IV Plan programs without negatively affecting the Companies' ability to meet all of their required savings and peak demand reduction targets.

13. Moreover, the Companies will still retain the PJM capacity rights associated with EE&C measures implemented by customers without such contracts or who choose to decline this option.

14. Additionally, the Companies have been and will continue to comply with their obligation to bid a portion of the projected peak demand reductions associated with their EE&C measures into the PJM FCM.⁶

15. For these reasons, the Companies maintain that the proposed minor change to their Phase IV Plan is just and reasonable and should be approved by the Commission.

IV. NOTICE

16. Pursuant to the *Minor Plan Change Order*, the Companies are serving copies of this filing on the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, and all other parties of record in the Companies' Phase IV Plan proceeding. *See Minor Plan Change Order*, at pp. 18-19 (requiring service of a petition on "all parties").

⁶ As noted in the *Phase IV Implementation Order*, "this requirement is for a portion of the planned [peak demand reductions]," and the "EDCs have the flexibility to make a business decision regarding the appropriate amount based on the mix of program measures in its Phase IV EE&C Plan." *Phase IV Implementation Order*, p. 70.

17. The Companies will also post the black-line version of the Phase IV Plan on their Act 129 website, which can be accessed using the following URL:
https://www.firstenergycorp.com/save_energy/save_energy_pennsylvania/act-129.html.

V. **CONCLUSION**

WHEREFORE, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company respectfully request that the Pennsylvania Public Utility Commission review and approve the proposed minor change to the EE&C Plan, as set forth in this Petition and pursuant to the expedited review process for minor changes to EE&C Plans. Further, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company request that any issues with the Petition be resolved based on comments and replies to comments.

Respectfully submitted,



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Date: July 7, 2023

*Attorneys for Metropolitan Edison Company,
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Power Company, and West Penn Power
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APPENDIX A

BLACK-LINE EE&C PLAN PAGE

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

This Phase IV Plan is designed to achieve savings throughout the Phase IV Period. As indicated in Appendix B, PUC Table 2 and PUC Table 3, the Phase IV Plan is designed to achieve at least 15% of the consumption reduction and peak demand reduction targets in each year of the plan. In addition, the design of the Phase IV Plan and programs, along with the inclusion of incentive ranges rather than fixed incentive levels, provides the Companies with the flexibility to react quickly to changing market conditions and program performance to support meeting this requirement.

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 a projected range of MW totals to be bid by year.

The Companies plan to offer a portion of the peak demand reductions from its Phase IV Plan into PJM's Forward Capacity Market from the portfolio of programs and measures that are eligible for PJM. The Companies will base their actual offer values on their experience evaluating programs for PJM capacity market participation, taking into account capacity ownership rights, EM&V results and costs, changing PJM market rules, and other variables to balance the risk and cost of capacity market participation with the anticipated revenue.

The Companies anticipate measures being offered from primarily lighting, HVAC equipment, refrigeration, water heating and custom project programs. See Sections 3.2, 3.3 and 3.4 for the Companies' program and measure offerings from which resources will be considered in determining its offers into PJM's Forward Capacity Market. The Companies provided estimated ranges of the PJM Summer and Winter MW EE potential for each PJM delivery year as shown in Appendix C, Table C-3 based on the MWh savings as projected in the EE&C Plan, with the following assumptions and modifications:

- Identified and removed energy savings of all measures not eligible for PJM including:
 - online audits;
 - appliance recycling;
 - building lighting controls and occupancy sensors;
 - smart thermostats, energy management systems or smart homes;
 - behavioral programs;
 - educational programs;

- Assumed utilities retain all Phase IV Plan program Capacity Rights to support their offered EE resources and to ensure no double counting of EE resources by third parties¹⁰;
- Assigned an initial savings load shape to each PJM eligible EE measure;
- Estimated the potential kW savings values for each measure for the PJM defined Summer and Winter periods using the appropriate load shape curve; and
- Included T & D line losses to adjust retail kW values to wholesale kW values.

The Companies anticipate participation of Phase IV Plan resources installed starting June 1, 2021 in the 2023/24 Base Residual Auction (“BRA”). All EE sell offer values and buy bids shall remain confidential because they are considered market sensitive information; however, they can be provided to Commission Staff via confidential submission and after the applicable auction results are available. The Companies’ considerations and processes to further evaluate the potential values provided in Appendix C, Table C-3 for their participation in the PJM Capacity Auctions also include, but are not limited to, the following:

- Adjustment of the PJM kW estimates for any Point of Sales (POS), Mid-Stream, and Up-Stream Programs. Measures from these programs require additional PJM EM&V and annual persistence studies to ensure offered EE measures are initially installed in the applicable PJM zone and remain in service during each applicable delivery year.
- The Initial PJM EM&V Plan values are based on many assumptions including adoption/installation rates, more generic or composite measure savings curve shapes, initial incentives or rebate levels, line losses and current measure baselines. Adjustments to each must be considered for actual EE offers.
- Adjustments to recognize that EE resources have a limited offer duration of four years with additional installation period limitations and PJM auction parameter changes which will require true-up of market positions.
- Consideration of Capacity Market rule changes like the pending PJM Minimum Offer Price Rules (MOPR) and FERC Order 2222 – DER Aggregation which includes Energy Efficiency Resources.

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

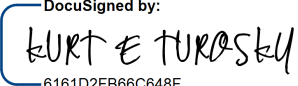
As discussed above, the Companies will contract with CSPs with expertise in specific programs and program implementation services, including program operations and

¹⁰ [Commercial and industrial customers, who have existing contracts with third party demand response service providers that were executed before June 1, 2021 \(i.e., the start of Phase IV of Act 129 EE&C\), have the option of retaining the PJM capacity rights associated with EE&C projects. For customers to retain those capacity rights, their project applications must: \(a\) be submitted to the Companies after the effective date of the Commission’s Order approving the Companies’ July 7, 2023 Petition to Modify the EE&C Plan; and \(b\) provide proof of the relevant contract with the third party demand response service provider.](#)

VERIFICATION

I, Kurt E. Turosky, Director, Energy Efficiency Compliance and Reporting for FirstEnergy Service Company, hereby state that the facts above set forth 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: July 7, 2023

DocuSigned by:

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Kurt E. Turosky