



October 23, 2023

**VIA E-File**

Secretary Rosemary Chiavetta  
Pennsylvania Public Utility Commission  
Secretary's Bureau  
PO Box 3265  
Harrisburg, PA 17105-3265

**Re: Proposed Policy Statement Order – Utilization of Storage Resources as Electric Distribution Assets; Docket No. M-2020-3022877**

Dear Secretary Chiavetta,

The Pennsylvania Utility Law Project (PULP),<sup>1</sup> in response to the Pennsylvania Public Utility Commission's (Commission) Proposed Policy Statement Order issued on August 24, 2023, and published on September 23, 2023, in the Pennsylvania Bulletin (53 Pa.B. 5926), hereby submits the following brief comments regarding the Commission's above named Proposed Policy Statement Order (Order).

On December 3, 2020, the Commission issued a Secretarial Letter<sup>2</sup> (December 2020 Secretarial Letter) requesting comment from stakeholders seeking information to help guide potential future policies related to utilization of electric storage within electric distribution resource planning. The December 2020 Secretarial Letter included three primary questions, asking stakeholders to expand upon applications for energy storage as a distribution asset providing for

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<sup>1</sup> PULP is a statewide specialty legal services project within the Pennsylvania Legal Aid Network, dedicated to addressing the needs of low-income utility consumers across Pennsylvania. PULP provides individual and group representation in matters which affect the ability of low-income consumers to connect and maintain affordable utility service in their homes.

<sup>2</sup> See the Secretarial Letter issued on December 3, 2020, at Docket No. M-2020-3022877.

improved reliability and resiliency; the defining characteristics of electric storage used for distribution asset planning as distinguished from generation resources and associated thresholds for storage to be considered a generation resource; and under what circumstances/if utilities should include electric storage in their distribution resource planning.

Commenters posited a range of ideas and provided feedback to the December 20 Secretarial Letter for what details and parameters may be included in a future policy, most agreeing that energy storage is a useful and versatile resource to enhance reliability and resiliency of the distribution grid. The fundamental difference of opinion among commenters was whether energy storage should be considered a distribution asset or a generation resource and who should own it.

On August 12, 2021, the Commission issued an additional Secretarial Letter (August 2021 Secretarial Letter) building on the questions asked in the December 2020 Secretarial Letter. PULP submitted brief comments responsive to questions in the August 2021 Secretarial Letter. In relevant part, we argued that energy equity and affordability should be explicit factors for consideration in review and approval of energy storage projects.

In its Proposed Policy Statement Order, the Commission recognizes energy storage assets as distribution assets, presenting energy storage assets as another tool for EDCs to employ to maintain or improve the reliability or resilience of their respective electric distribution systems (Order at 12 and Annex A). The Commission further “encourages the consideration of such assets when cost effective and proper, specifically as an alternative non-wires solution.” The Commission declines to define cost effectiveness or adopt further guidance or a specific methodology to determine cost-effectiveness. Instead, the Commission sets forth broadly that “EDCs may consider using electricity-storage and would need to justify the costs like any other traditional infrastructure upgrade.” (Order at 14). The Commission additionally “encourages EDCs to consider electricity-storage assets as part of their system planning.” (Annex A).

Essentially, the Commission proposes that energy storage assets function as distribution assets and all other questions related to planning and cost effectiveness will be made on a case-by-case basis through rate cases and traditional infrastructure planning (Long-Term Infrastructure Improvement Plans). While PULP supports the Commission’s proposed policy determination that energy storage assets are distribution assets, we are concerned that the Commission has not set forth more specific guidance to ensure consistency in the equitable deployment of storage assets across the state.

As an overarching principle, in our prior brief comments, we firmly stated, and we reaffirm here, that energy equity must be a primary factor for consideration in the deployment of any energy storage asset. Such assets must be deployed equitably as to not perpetuate or further the divide in energy access and affordability for low income communities, communities of color, and rural communities. These communities often shoulder the costs of adopting advanced technology through rates, yet most often do not derive equitable benefits from those investments.<sup>3</sup>

For infrastructure planning, PULP supported OCA's recommendations discussed in Comments to the December 2020 Secretarial Letter, including adopting Integrated Distribution Planning (IDP) as IDP is a more robust planning process than LTIP, providing the Commission, EDCs, and interested stakeholders the opportunity to better evaluate new and emerging technologies to determine the value of these resources and the associated costs and benefits. (OCA Comments at 4).

Building on the OCA's recommendation, and to ensure the infusion of equity in infrastructure decisions, PULP recommended that the Commission add an equity and affordability assessment to be conducted in conjunction with Step 3 of IDP which studies the Locational Value of Distributed Generation (LVDG) "to understand and quantify where distribution system improvements are needed." (Attachment to OCA Comment - Rakon Report at 13). Utilizing the utility's IDP, energy storage assets should be prioritized for placement in low income communities, communities of color, and rural communities that are identified as underserved or are otherwise in need of enhanced grid stabilization to prevent disparities in service disruptions. Targeted assessment could also help redress historic inequities in grid infrastructure investment that has ultimately resulted in outdated and inefficient electric power systems which are disproportionately located in low income communities, communities of color, and rural communities.<sup>4</sup>

PULP is generally supportive of the Commission's proposed policy determination that electricity storage can be a distribution asset, owned and operated by a distribution utility.

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<sup>3</sup> Brown, M. A. Soni, A., Lapsa, M.V., Southworth, K., and Cox, M., High Energy Burden and Low-Income Energy Affordability: Conclusions from a Literature Review, *Progress in Energy, Volume 2, Number 4*. <https://iopscience.iop.org/article/10.1088/2516-1083/abb954> (October 29, 2020); see also Lauren Ross & Ariel Dreihobl, ACEEE, The High Cost of Energy in Rural America: Household Energy Burdens and Opportunities for Energy Efficiency (July 18, 2018).

<sup>4</sup> Reta, M., Gout, E., Advancing Equity Through Grid Modernization, <https://americanprogress.org/article/advancing-equity-grid-modernization/> (April 28, 2021).

However, we are concerned that the Commission has left critical questions about equity and affordability for determination in individual utility proceedings, without any specific requirement that these critical factors be addressed in the context of a utility filing. This will inevitably create inconsistencies across the state and will not result in the most equitable and cost-effective deployment of energy storage assets. We urge the Commission to expand its proposed Policy Statement to establish overarching policy guidance requiring utilities to be more intentional in their planned deployment of energy storage assets to ensure equity and affordability are appropriately considered.

PULP appreciates the opportunity to comment on this Proposed Policy Statement Order with our recommendation in support of an equitable and beneficial application of energy storage in Pennsylvania.

Respectfully submitted,

**PENNSYLVANIA UTILITY LAW PROJECT**



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