

Daniel Alonso Garcia, Esq.  
(724) 838-6416, ext. 6416  
(610) 939-8655 (Fax)

October 23, 2023

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

**Re: Proposed Policy Statement Order —Utilization of Energy Storage Resources  
as Electric Distribution Assets**

Dear Secretary Chiavetta:

Pursuant to the Pennsylvania Public Utility Commission's Proposed Policy Statement Order adopted by the Commission on August 24, 2023 in the above-captioned proceeding, enclosed herewith for filing are the Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company.

Please contact me if you have any questions regarding this matter.

Very truly yours,



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Daniel A. Garcia  
Attorney No. 311503

DAG/mlr  
Enclosures

c: As Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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

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**I. INTRODUCTION**

On December 3, 2020, the Pennsylvania Public Utility Commission (“Commission”) issued a Secretarial Letter announcing its initiation of the above-captioned generic docket intended to explore whether policies should be adopted that would allow electric distribution companies (“EDCs”) the opportunity to substitute conventional distribution upgrades with alternatives, specifically, electric-storage, as a distribution asset in their effort to enhance or maintain distribution reliability. In its Secretarial Letter, the Commission invited interested parties to provide comments on this topic generally and in particular as to three specific questions:

1. What applications can electric-storage provide as a distribution asset for utilities that would facilitate improved reliability and resiliency?
2. What are the defining characteristics of electric-storage used for distribution asset planning as distinguished from generation resources? What thresholds, if any, would classify electric-storage as a generation resource and therefore outside permitted distribution ratemaking and recovery?
3. Is it prudent for utilities to include electric-storage in their distribution resource planning and, if so, where and under what circumstances? Further, is it appropriate for utilities to include such investments in rate base?

Following an extension of the established comment period via a Secretarial Letter issued on December 30, 2020, comments were filed by a number of interested stakeholders on or about February 18, 2021, including by Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric

Company (“Penelec”), Pennsylvania Power Company (“Penn Power”) and West Penn Power Company (“West Penn”) (collectively, the “Companies”). On August 12, 2021, the Commission issued a Secretarial Letter recognizing the substantial input received to date and seeking clarification and additional information related to that input which had already been provided. After requesting further clarification from the interested parties, the Commission received supplemental comments from Calpine; Clean Energy Advocates; Department of Environmental Protection; Duquesne Light; Energy Association of Pennsylvania; Edison Energy Institute; the Companies; Industrial Energy Consumers of Pennsylvania; Large Customer Groups; Office of Consumer Advocates; PECO Energy Company; PJM Power Providers Group; PPL Electric Utilities Corp; Pennsylvania Utility Law Project; Solar Energy Industries Association; and UGI.

On August 24, 2023, the Commission adopted a Proposed Policy Statement Order (“Order”) wherein the proposed Energy Storage Asset Policy Statement, set forth in Annex A of the Order (“Annex A”), is issued for comment and, *inter alia*, interested parties shall have 30 days from the date of publication of the Order and Annex A in the Pennsylvania Bulletin to file comments with the Secretary.

## **II. COMMENTS**

The Companies appreciate the continued opportunity to submit comments on the utilization of storage resources as electric distribution assets and welcome the Commission’s decision to pursue a policy statement that recognizes the importance of electric-storage assets as distribution system assets which EDCs transition toward a future which accommodates evolving needs of customers with increased reliability and resiliency. The introduction of “electricity-storage as

another tool for EDCs to use to solve electric distribution problems”<sup>1</sup> would allow EDCs to make thoughtful and targeted investments in grid modernization and advanced technologies, which are now more important than ever. With that concept in mind, it is imperative that the assets involved be specifically defined as to ensure their use is both beneficial to the customer and compatible with EDCs’ commitment to reliable and cost-effective service. As such, the Companies offer the following specific comments in response to the asset definitions found in Annex A in the Commission’s Order.

***§ 69.XXXI. Definitions***

***Electricity-storage asset. A resource capable of receiving electric energy from the grid and storing it for later injection of electricity back to the grid.***

***Non-wires solution. An Electric Distribution Company (EDC) investment and operating practice that can defer or replace the need for specific transmission and/or distribution projects, at lower total resource cost, by reliably reducing transmission congestion or distribution system constraints at times of maximum demand in specific grid areas. This term is synonymous with “non-transmission alternative” or “NTA” which is the term used by the National Regulatory Research Institution (NRRI).***

The Companies generally agree with the Commission that electricity-storage is appropriately identified as “another tool for EDCs to use to solve electric distribution system problems.”<sup>2</sup> Since electricity-storage is not being proposed as a generation or a competitive asset, it should be appropriate for those certain electricity-storage assets owned and operated by EDCs to be treated similarly to traditional assets regarding cost recovery opportunities.

The Commission rightly noted that “[n]early all commentators agreed that the Commission should avoid narrow definitions of electricity-storage and that every project that be suitable for electricity-storage should be assessed and reviewed on its individual merits. These same commentators agree that electricity-storage should be considered as another tool for EDCs to use

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<sup>1</sup> *Utilization of Storage Resources as Electric Distribution Assets - Proposed Policy Statement Order*, Docket No. M-2020-3022877, adopted on August 24, 2023, page 12.

<sup>2</sup> *Ibid.*

to solve an issue.”<sup>3</sup> While the Commission agreed with these commentators, however, the definition of “Non-wires solution” is too narrowly focused and could exclude other uses of storage that do not reduce transmission congestion or distribution system constraints, which seems contrary of the Commission’s intent. Under the proposed definition, areas such as managing distribution loading, enhancing reliability and resiliency, or voltage management may not qualify as a “Non-wires solution.”

As such, the following minor, yet meaningful, revision is respectfully recommended:

**“... by reliably reducing transmission congestion or distribution system constraints ~~at times of maximum demand in specific grid areas.~~”**

***§ 69.XXX2. Electricity-Storage as a Distribution System Asset***

***The Commission acknowledges that electricity-storage assets can assist in various engineered reliability solutions. As such, the Commission recognizes that electricity-storage assets can be used by EDCs to maintain or to increase the reliability or the resilience of the electric distribution system. The Commission encourages the consideration of such assets when cost effective and proper, specifically as an alternative non-wires solution. The Commission encourages EDCs to consider electricity-storage assets as part of their system planning.***

The Companies are generally supportive of the Commission’s proposed definition §69.XXX2. *Electricity-Storage as a Distribution System Asset* but believe the Commission should consider all benefits associated with storage during the cost-effectiveness calculation, including the benefits of enhanced reliability and voltage management, among others. The Companies would like to ensure that temporary non-wires alternatives – those that can be temporarily deployed until a longer-term fix is available – are not excluded. The Companies respectfully suggest the following edit (in bold below) to allow for temporary non-wires alternatives:

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<sup>3</sup> *Ibid.*

*“As such, the Commission recognizes that electricity-storage assets can be used by EDCs to maintain or to increase the reliability or the resilience of the electric distribution system on a temporary or permanent basis.”*

### **III. CONCLUSION**

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company appreciate the Commission’s opportunity to provide comments in response to the Secretarial Letter. The Companies look forward to further collaboration and discussion with the Commission and interested stakeholders on this important topic.

Respectfully submitted,



Dated: October 23, 2023

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Daniel A. Garcia  
Attorney No. 311503  
FirstEnergy Service Company  
800 Cabin Hill Drive  
Greensburg, PA 1601  
Phone: (724) 838-6416 (ext. 6416)  
Email: dagarcia@firstenergycorp.com

Counsel for:  
Metropolitan Edison Company,  
Pennsylvania Electric Company,  
Pennsylvania Power Company and  
West Penn Power Company

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Docket No.**

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by electronic mail, as follows:

John R. Evans, Esquire  
Office of Small Business Advocate  
300 North Second Street Suite 202  
Harrisburg, PA 17101  
jorevans@pa.gov

Lindsay A. Baxter Manager,  
State Regulatory Strategy  
Duquesne Light Company  
411 Seventh Avenue, Mail Drop 15-7  
Pittsburgh, PA 15219  
lbaxter@duqlight.com

Richard Kanaski, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
400 North Street, 2nd Floor  
P.O. Box 3265  
Harrisburg, PA 17105-3265  
rkanaskie@pa.gov

Anthony E. Gay, Esquire  
Jack R. Garfinkle, Esquire  
PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19103  
anthony.gay@exeloncom.com  
jack.garfinlde@exeloncorp.com

Darryl A. Lawrence, Esquire  
Office of Consumer Advocate  
5th Floor, Forum Place  
555 Walnut Street  
Harrisburg, PA 17101  
dlawrence@paoca.org

Kimberly A. Klock, Esquire  
Michael J. Shafer, Esquire  
PPL Services Corporation  
Two North Ninth Street  
Allentown, PA 18101  
kklock@pplweb.com  
mjshafer@pplweb.com

Logan Welde, Esquire  
Clean Air Council  
135 S. 19th Street Suite 300  
Philadelphia, PA 19103  
lwelde@cleanair.org

Michael S. Swerling, Esquire  
UGI Corporation  
460 North Gulph Road  
King of Prussia, PA 19406  
swerlingm@ugicorp.com

Tom Schuster  
Clean Energy Program Director

Katherine Hamilton,  
Executive Director

Sierra Club, Pennsylvania Chapter  
P.O. Box 1621  
Johnstown, PA 15907  
tom.schuster@sienaclub.org

Liz Robinson  
Executive Director  
Philadelphia Solar Energy Association  
7821 Flourtown Road  
Wyndmoor, PA 19038  
lizhrob2@gmail.com

Bishop Dwayne Royster, Executive Director  
Rabbi Julie Greenberg, Director of Climate  
Justice and Jobs  
Nora Elmarzouky, Climate Justice Organizer  
POWER Interfaith  
1429 N. 11th Street  
Philadelphia, PA 19121  
droyster@powerinterfaith.org  
igreenberg@powerinterfaith.org  
nelmarzouky@powerinterfaith.org

Jeremy Richardson  
Senior Energy Analyst  
Union of Concerned Scientists  
1825 K Street,  
NW Suite 800  
Washington, DC 20006  
jrichardson@ucsusa.org

Susan E. Bruce, Esquire  
Adeolu A. Bakare, Esquire  
Charis Mincavage, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
Harrisburg, PA 17108-1166  
sbruce@mcneeslaw.com  
abakare@mcneeslaw.com  
cmincavage@mcneeslaw.com

Glen Thomas  
GT Power Group  
101 Lindenwood Drive  
Suite 225

Advanced Energy Management Alliance  
1701 Rhode Island Av., NW  
Washington, DC 20036  
katherin@aem-alliance.org

Becky Merola  
Director, Regulatory & Government Affairs  
Calpine Energy Solutions LLC  
5435 Mercier Street Lewis  
Center, OH 43035  
becky.merola@caplinesolutions.com

Devin McDougall, Esquire  
Earthjustice  
1617 John F. Kennedy Blvd.  
Suite 1130  
Philadelphia, PA 19103  
dmcdougall@earthjustice.org

Mark Szybist, Esquire  
Natural Resources  
Defense Council  
1152 15th Street NW Suite 300  
Washington, DC 20005  
mszybist@nrdc.org

Derek Oosterman  
Senior Vice President, Regulatory & Policy  
Affairs  
Convergent Energy + Power  
7 Times Square  
Suite 3504  
New York, NY 10036  
doostennan@convergentep.com

Terrance J. Fitzpatrick, President & CEO  
Donna M. J. Clark, Esquire  
Energy Association of Pennsylvania  
800 North Third Street  
Suite 205

Malvern, PA 19355  
gthomas@gtpowergroup.com

Harrisburg, PA 17102  
tfitzpatrick@energypa.org  
dclark@energypa.org

Joseph E. Bowring, President Jeffrey W.  
Mayes, Esquire Monitoring Analytics, LLC  
2621 Van Buren Avenue Suite 160 Eagleville,  
PA 19403  
joseph.bowring@monitoringanalytics.com  
Jeffrey.mayes@monitoringanalytics.com

Deanne M. O'Dell, Esquire  
Eckert Seamans Cherin & Mellott, LLC  
213 Market Street, 8th Floor  
Harrisburg, PA 17108-1248  
dodell@eckertseamans.com

Scott Elias  
Solar Energy Industries Association  
1425 K Street, N.W.  
Suite 1000  
Washington, DC 20005  
selias@seia.org

Julian Boggs, State Policy Director  
U.S. Energy Storage Association  
901 New York Avenue, N.W.  
Suite 510 Washington, DC 20001  
j.boggs@energystorage.org

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Daniel A. Garcia  
Attorney No. 311503  
FirstEnergy Service Company  
800 Cabin Hill Drive  
Greensburg, PA 1601  
Phone: (724) 838-6416 (ext. 6416)  
Email: dagarcia@firstenergycorp.com