

Lindsay Baxter
Manager, Regulatory and Clean Energy Strategy
lbaxter@duqlight.com
(412) 393-6224



November 7, 2023

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

Re: **Utilization of Storage Resources as Electric Distribution Assets**
Docket No. M-2020-3022877

Dear Secretary Chiavetta:

Enclosed please find Duquesne Light Company's Reply Comments for filing in the above referenced proceeding.

If you have any questions regarding the information contained in this filing, please feel free to contact me or Megan Good at mgood@duqlight.com or 412-393-6496.

Sincerely,

A handwritten signature in blue ink, appearing to read "LBQ", is written over a light blue horizontal line.

Lindsay A. Baxter
Manager, Regulatory and Clean Energy Strategy

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Utilization of Storage Resources as Electric :
Distribution Assets : Docket No. M-2020-3022877
 :

**REPLY COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

Duquesne Light Company (“Duquesne Light” or “Company”) submits the following reply comments to the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) August 24, 2023 Proposed Policy Statement Order (“Proposed Policy Statement”) regarding the utilization of storage resources as electric distribution assets. The Company filed comments in this proceeding on October 23, 2023, and submits these reply comments in response to issues and recommendations provided by other commenters in order to assist the Commission in the development of a final policy statement.

II. BACKGROUND

The Commission entered on August 24, 2023, the Proposed Policy Statement regarding the utilization of storage resources as electric distribution assets. The Proposed Policy Statement includes definitions for “electricity-storage asset” and “non-wires solution” and provides proposed language encouraging consideration of such assets as part of electric distribution company (“EDC”) system planning. The Proposed Policy Statement provided for comments and reply comments from interested stakeholders.

Comments were filed by Duquesne Light; Advanced Energy United (“AEU”); Vote Solar, Philadelphia Solar Energy Association, Natural Resources Defense Council, Clean Air Council and the Pennsylvania Solar & Storage Industries Association (collectively, the “Clean Energy Advocates” or “CEA”); the Energy Association of Pennsylvania (“EAP”); Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (collectively, “FirstEnergy”); the Office of Consumer Advocate (“OCA”); the PJM Power Providers Group (“P3”); PPL Electric Utilities Corporation (“PPL”); the Pennsylvania Utility Law Project (“PULP”); and the Solar Energy Industries Association (“SEIA”).

Duquesne Light is a public utility as the term is defined under Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, and is certificated by the Commission to provide electric distribution service in portions of Allegheny County and Beaver County in Pennsylvania. Duquesne Light provides electric service to over 600,000 customers in and around the City of Pittsburgh.¹ As an EDC, Duquesne Light is subject to this policy proceeding and appreciates the opportunity to provide reply comments to the Proposed Policy Statement.

III. REPLY COMMENTS

Duquesne Light supports the Commission’s efforts to issue a policy statement that balances the provision of guidance to EDCs in deploying storage assets in distribution planning in order to support reliability and resiliency, with the flexibility to ensure EDCs may meet these needs in a manner that provides the greatest value to their customers and supports the ever-evolving electric distribution grid. The Company agrees with those commenters supporting

energy storage assets as distribution assets.² Duquesne Light provides specific feedback on the issues outlined below. To the extent the Company does not address a comment or issue, that should not be construed as agreement.

A. § 69.XXX1. Definitions

The Commission includes in its Proposed Policy Statement definitions for “electricity-storage asset” and “non-wires solution.” As provided in the Company’s comments, Duquesne Light generally supports the inclusion of definitions for these two terms, with suggested changes to the “non-wires solution” definition.

1. Non-Wires Solution

The Company reiterates its recommendation (one also provided by PPL and EAP³) to remove the phrase “at lower total resource cost” from the “non-wires solution” definition as this language implies use of a Total Resource Cost (“TRC”) Test, which would fail to appropriately assess the *value* of non-wires solutions. The value of non-wires solutions should be compared to the value of traditional alternatives and the removal of the total resource cost language would support that value consideration.

Duquesne Light supports FirstEnergy’s proposed change to the “non-wires solution” definition to remove the phrase “at time of maximum demand.” Duquesne Light agrees that this

¹ Duquesne Light is a member of the Energy Association of Pennsylvania, which is also submitting reply comments at this docket. In addition to the positions stated herein, Duquesne Light generally supports the positions articulated in EAP’s reply comments to the extent they are consistent with the comments submitted by the Company.

² See PULP at 2, PPL at 3, FE at 2, EAP at 2.

³ See PPL at 7, EAP at 5.

change will avoid narrowly limiting the definition and potentially excluding actions like voltage management.⁴

Duquesne Light recommends rejection of those comments that request changes to the “non-wires solution” definition (and elsewhere in the Proposed Policy Statement) to clarify EDC ownership or encourage private sector investment.⁵ The Commission stated in the Proposed Policy Statement that it “views electricity-storage as another tool for *EDCs* to use to solve electric distribution system problems.”⁶ (emphasis added) The Commission also noted “the purview of this proceeding is electricity-storage on the distribution grid for the purposes of reliability and resiliency.”⁷ It is clear that the Commission’s focus with the Proposed Policy Statement is on EDC use of electricity-storage assets and non-wires solutions. In proposing the current language, the Commission already considered previously provided positions on third-party involvement⁸ and chose to provide *EDCs* with guidance that is flexible and allows utilities to ensure reliability and resiliency for their customers. The Company supports this flexibility and reinforces that EDCs are in the best position to determine the needs of their distribution systems to support reliability and resiliency for their customers.

2. Proposed “Grid” Definition

Duquesne Light disagrees with the P3 proposal to add a new definition for “grid.”⁹ This proposed definition creates confusion and is unnecessary. The Company instead recommends the inclusion of “electric distribution” before the term “grid” throughout the Policy Statement

⁴ See FE at 4.

⁵ See OCA at 8, AEU at 2.

⁶ See Proposed Policy Statement at 12.

⁷ *Id.* At 14.

⁸ See Solar Energy Industries Association Comments dated Feb. 28, 2021, and Nov. 29, 2021; Industrial Energy Consumers of Pennsylvania Comments dated Nov. 29, 2021; P3 Comments dated

⁹ See P3 at 5.

definitions and language. This provides the clarity P3 appears to desire, prevents the inclusion of an additional definition that may unnecessarily remove flexibility in EDC distribution planning, and supports the Commission’s desire to avoid narrow definitions.¹⁰

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

Duquesne Light reiterates its support for the Proposed Policy Statement language and the Commission’s encouragement to EDCs to explore non-wires solutions in distribution planning. The Company highlights its request for clarity on the use of the phrase “cost effective and proper” in this section and recommendation to change this language to “prudent.” This change, along with the removal of the “lower total resource cost” language as discussed above, allows EDCs to compare the value of an electricity-storage asset compared to the value of a traditional solution.

The Company agrees with FirstEnergy’s recommendation to add the phrase “on a temporary or permanent basis” to the end of the sentence: “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.”¹¹ Duquesne Light supports FirstEnergy’s assertion that this language will ensure that temporary non-wires solutions are not excluded.

Duquesne Light requests that the Commission reject P3’s proposal to amend the final sentence to state: “The Commission encourages EDCs to consider electricity-storage assets **that are small in scale and narrowly tailored to address distribution level reliability concerns** as part of their system planning.” (Emphasis as provided in P3 Comments)¹² This language is unclear, especially as to what “small in scale” entails, and is unnecessary. As previously

¹⁰ See Proposed Policy Statement at 12.

¹¹ See FE at 4-5.

discussed, the Proposed Policy Statement is guidance for EDCs in their distribution planning processes. By limiting the language as proposed, EDCs' options for ensuring reliability and resiliency are narrowed and may tend to skew towards traditional options, as opposed to taking advantage of new and non-wires solutions that may provide greater value to customers.

Flexibility is paramount.

C. Competition

Lastly, the Company highlights that the Commission, in developing its Proposed Policy Statement, has already considered extensive feedback provided by stakeholders regarding competition. As Duquesne Light provided in its February 2021 comments,¹³ EDC use of electricity-storage assets to assist in ensuring reliability and resiliency is not in conflict with the Competition Act.¹⁴ The Competition Act's intent was to transfer generation risks from utility customers to the market. In contrast, potential market participation by EDC-owned electricity-storage asset deployment adds value, rather than exposing customers to additional risk, and thus deployment is not in conflict with the intent of the Competition Act.¹⁵ The Proposed Policy Statement appropriately provides guidance for EDC deployment of electricity-storage assets, allowing for evaluation of potential market participation via individual company-specific proceedings.

¹² See P3 at 5.

¹³ See Duquesne Light Comments filed Feb. 18, 2021.

¹⁴ See generally 66 Pa. C.S. § 2804.

¹⁵ See Duquesne Light Comments filed Feb. 18, 2021, at 7.

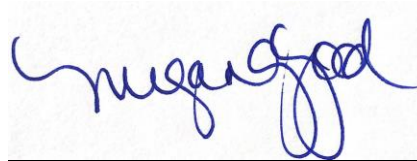
IV. CONCLUSION

Duquesne Light supports the Commission's intent in providing guidance and flexibility to EDCs through a policy statement. EDC deployment of electricity-storage assets to support distribution planning will enhance reliability and resiliency to customers across the Commonwealth.

Respectfully submitted,



Lindsay A. Baxter
Manager
Regulatory and Clean Energy Strategy
Duquesne Light Company
411 Seventh Avenue, Mail Drop 15-7
Pittsburgh, PA 15219
lbaxter@duqlight.com
Tel. (412) 393-6224



Megan G. Good
Senior Regulatory Analyst
Regulatory and Clean Energy Strategy
Duquesne Light Company
800 N. 3rd Street
Harrisburg, PA 17102
mgood@duqlight.com
Tel. (412) 393-6496

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