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**E-File**

November 7, 2023

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North 4<sup>th</sup> Street, 2<sup>nd</sup> Floor North  
Harrisburg, PA 17120

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

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Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are PPL Electric's Reply Comments in the above-captioned proceeding. The enclosed Reply Comments are being filed pursuant to the Proposed Policy Statement Order entered in this matter on August 23, 2023 and published in the *Pennsylvania Bulletin* on September 23, 2023.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on November 7, 2023, which is the date it was filed electronically using the Commission's E-filing system.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael J. Shafer", written over a light blue horizontal line.

Michael J. Shafer

Enclosure

cc via email: David Edinger ([dedinger@pa.gov](mailto:dedinger@pa.gov))  
Joseph Cardinale, Jr. ([jcardinale@pa.gov](mailto:jcardinale@pa.gov))  
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- 1) What are the parameters that would allow for the use of energy-storage on the distribution grid? For example, what factors should be used in the consideration of the energy-storage project? Should the energy-storage project meet certain thresholds and demonstrate certain requirements, e.g., demonstration of cost-effectiveness as compared to alternate measures, demonstration of need, required RFPs to solicit potential third-party providers, limitations on project size and scope, etc.?
- 2) What EDCs have undertaken energy-storage initiatives as a pilot program and what were the results and lessons-learned?
- 3) Under what circumstances is it appropriate to deploy energy-storage as compared to traditional infrastructure upgrades?
- 4) Who should own an energy-storage asset? EDCs, third-party vendors, or some combination of both?
- 5) What processes should the Commission use to review requests to utilize energy-storage as a distribution asset and recover associated costs?
- 6) What cost recovery mechanisms should be implemented for the ownership and operation of energy-storage assets?
- 7) What are the appropriate models and limitations necessary to allow energy-storage to participate in wholesale power markets?

(*Id.*, pp. 4-7.)

PPL Electric timely filed its Comments regarding the Commission’s August 12, 2021 questions on November 9, 2021.

On August 24, 2023, the Commission issued an Order addressing comments to its August 12, 2021 Secretarial Letter and issuing a proposed Energy Storage Asset Policy Statement (“Policy Statement”) for comment. The Commission agreed with commenters that “the Commission should avoid narrow definitions of electricity-storage and that every project that may be suitable for electricity-storage should be assessed and reviewed on its individual merits.” (Aug. 23, 2023 Proposed Policy Statement Order, p. 12.) The Commission also concurred that “EDCs’ primary goal should be the safe, reliable delivery of electricity to customers that and that EDCs’ usage of electricity-storage should meet this goal.” (*Id.*)

Ultimately, the Commission proposed the following definitions and policy statement:

*EDC—Electric distribution Company*—The term has the same meaning as defined in 66 Pa.C.S. § 2803 (relating to 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 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.

...

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 these 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.

(*Id.*, Annex A.)

On October 24, 2023, PPL Electric filed its Comments on the Proposed Policy Statement Order.

Under the Proposed Policy Statement Order, interested parties must file Reply Comments within 45 days of publication of the Order in the *Pennsylvania Bulletin* on September 23, 2023, making the deadline for Reply Comments November 7, 2023.

## **II. COMMENTS**

At the outset, PPL Electric notes that this proceeding commenced in December 2020, and there have been several rounds of comments filed by the parties at this docket. Many of the issues raised by commenters in their October 24, 2023, Comments have been previously raised and considered by the Commission. The Company does not believe that it is appropriate to revisit these issues at this late stage as it will only serve to delay the adoption of the Policy Statement. Nevertheless, PPL Electric appreciates the opportunity to provide additional input on the Policy

Statement and hereby files these Reply Comments in response to certain Comments submitted by other entities.

**A. UTILITY OR THIRD-PARTY OWNERSHIP**

Several commenters expressed preferences regarding whether public utilities, third parties, or both should own and operate energy storage assets on the distribution system. (OCA Comments, p. 9; Advanced Energy United Comments, p. 2.) Specifically, the Office of Consumer Advocate (“OCA”) stated:

While the OCA supports the Commission’s statement of policy on this issue, it encourages the PUC to clarify that reliability improvements do not depend on EDC ownership of the asset but rather the EDC’s ability to utilize, dispatch, and coordinate storage for reliability purposes. While this may be easier under the auspices of EDC-ownership, the Commission should clarify that the system planning should occur regardless of ownership of the storage asset.

(OCA Comments, p. 9.) Also, Advanced Energy United asserted that “[u]tility ownership and operation of energy storage raises questions of energy arbitrage, and therefore market power.” (Advanced Energy United, p. 2.) Therefore, Advanced Energy United asks that the Commission “amend [the] definition of [non-wires solution] to encourage an approach to non-wires solutions that encourages private sector investment and utility procurement of grid services from those competitively sourced solutions.” (*Id.*)

The Commission should reject any effort to discourage or unreasonably limit utility ownership or control of energy storage assets and other non-wires solutions. As the entities that own and operate the distribution systems, electric distribution companies (“EDCs”) are in prime position to deploy and operate energy storage assets and non-wires solutions where they are most critically needed, including in areas where the deployment of energy storage assets may not be economic for a third party to deploy them. At the same time, PPL Electric recognizes the important role that third parties can play in deploying energy storage assets, particularly utility-scale projects

that can help reduce carbon emissions.<sup>1</sup> Therefore, the Commission should not prejudge in a policy statement or otherwise whether utility or third-party ownership makes the most sense, as such determination will often be fact-dependent on the specific circumstances of the issues that must be addressed on the distribution system. The Commission recognizes this reality in stating that projects should be assessed and reviewed based on individual merits. To that end, the proposed policy statement is appropriately drafted by remaining silent on the issue of ownership.

## **B. INTEGRATED DISTRIBUTION PLANNING**

Multiple commenters asserted that the Commission should adopt a more comprehensive planning framework for distribution system investments called Integrated Distribution Planning (“IDP”). (See OCA Comments, p. 2; PULP Comments, p. 3; Clean Energy Advocates Comments, pp. 1-2, 4.) Clean Energy Advocates further request that the “Commission should require that all IDP planning processes include input from environmental justice and low-income communities.” (Clean Energy Advocates Comments, p. 4.)

PPL Electric believes that the Commission’s existing Long-Term Infrastructure Improvement Plan (“LTIIP”) and Inspection and Maintenance (“I&M”) are effective processes for gathering input and developing plans for distribution system deployments and maintenance. Additionally, there is the existing capability for EDCs to propose non-wires solutions through alternative ratemaking. Consideration of establishing any requirements for an IDP procedure is far beyond the scope of this proceeding, and there has been no evidence presented that existing regulatory procedures and mechanisms are inadequate to encourage EDCs to utilize energy storage

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<sup>1</sup> See Paul Denholm, *et al.*, “The Potential for Battery Energy Storage to Provide Peaking Capacity in the United States,” NREL (June 2019), available at <https://www.nrel.gov/docs/fy19osti/74184.pdf>. PPL Electric notes that this study was cited as support in the article, “Advancing Equity Through Grid Modernization” by Mikyla Reta and Elise Gout that PULP relied upon in its Comments on the Proposed Policy Statement Order. (See PULP Comments, p. 3 n.4.)

assets. The Company notes that it has already deployed an energy storage asset on its distribution system without the need of an IDP procedure. Energy storage assets are still a relatively new technology, and it is too early to determine if new procedures are necessary to encourage their adoption. Commenters' proposals to establish an IDP procedure are premature and should be rejected.

### **C. PARTICIPATION IN PJM INTERCONNECTION LLC (“PJM”) MARKETS**

The PJM Power Providers Group (“P3”) argued in its Comments that when an EDC uses an energy storage asset to participate in the PJM wholesale markets, then the asset is a generation resource and, therefore, “should not be permitted [in] distribution ratemaking and recovery.” (P3 Comments, pp. 2-3.) Thus, P3 recommended that the Commission add a definition for “grid” to clarify that “grid” means distribution system and not the interstate transmission system managed by PJM. (P3 Comments, p. 5.)

PPL Electric notes that there is nothing in the proposed Policy Statement that suggests EDCs would be using energy storage assets as generation resources. Additionally, in PPL Electric’s initial comments filed in the proceeding, the Company clearly distinguished that its proposed use cases were limited to distribution assets, not generation assets. (*See* PPL Electric Comments, February 18, 2021, pp. 6-7). There is also no need to limit reliability benefits to the distribution grid to the exclusion of the transmission system. The Commission’s proposed Policy Statement adequately draws the distinction between distribution, transmission and generation use cases for energy storage assets and no further revisions are necessary.

### **D. EQUITY ISSUES**

PULP and Clean Energy Advocates raised issues concerning energy equity, largely around the concern that advanced technologies are often cost-prohibitive for low-income and underserved

communities. (PULP Comments, pp. 3-5; Clean Energy Advocates Comments, pp. 3-4.)

Specifically, PULP stated that:

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.

(PULP Comments, p. 3.)

PPL Electric takes its obligation to provide reliable and affordable service to its customers seriously. This obligation extends to consideration of the effects of that service to all its customers, including low-income, communities of color, and rural communities. To that end, PPL Electric deployed its existing energy storage asset in a rural community, where it was determined that the asset would optimally address the reliability issues experienced by those customers. While PPL Electric understands and appreciates PULP and the Clean Energy Advocates concerns around energy equity, there is no need to adjust the proposed Policy Statement to further address this issue.



**III. CONCLUSION**

PPL Electric appreciates the opportunity to provide these Reply Comments and respectfully requests that the Commission take these Comments into consideration in developing its next steps.

Respectfully submitted,



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Date: November 7, 2023

Counsel for PPL Electric Utilities Corporation