

**VIA eFILE**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Joint Comments of the Energy Advocates**

Energy Efficiency and Conservation Program Tentative Implementation  
Order for Phase V, Docket No. M-2025-3052826

Dear Secretary Chiavetta:

The undersigned environmental, consumer, housing, business, and faith-based organizations (collectively herein, Energy Advocates)<sup>1</sup> submit the following comments and recommendations regarding the Pennsylvania Public Utility Commission's (herein Commission or PUC) 2026 Tentative Implementation Order (herein TO).

As the Commission is well aware, energy costs have increased dramatically since the start of Phase IV and are expected to continue to rise as the state grapples with capacity market failures and the rapid introduction of hyperscale energy load. In his statement releasing the TO, Chairman Stephen DeFrank recognized that Act 129 efficiency and conservation programming is a critical tool to address rising costs and ensure the continued delivery of safe, affordable energy to Pennsylvania's homes and businesses.<sup>2</sup>

As explained in our comments below, the Energy Advocates are concerned that the policies and program design features included in the TO are inadequate to produce the level of robust, comprehensive, and integrated efficiency and conservation programming needed to meet the current moment. In comparison to Phase IV, the Phase V energy savings targets are lower - despite clear indicators that suggest far greater levels of energy savings are achievable in Phase V. This is especially true given the anticipated launch of multiple state and federal programs that can and should be effectively leveraged with Act 129 programs to produce deeper overall energy savings.<sup>3</sup>

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<sup>2</sup> Statement of Pennsylvania Public Utility Commission Chairman Stephen M. DeFrank (Feb. 20, 2025), <https://www.puc.pa.gov/pcdocs/1866657.pdf>.

<sup>3</sup> The Commission's decision in the Total Resource Cost Test Order to allow 100% attribution of savings from collaborative efficiency projects allows the utilities to exponentially increase achieved energy

In the prior phases of Act 129, the electric distribution companies (EDCs) have ended the phase with additional budget available for programming and carryover savings to future Phases.<sup>4</sup> Taken together, these indicators strongly suggest that Act 129 Phase V programming is capable of achieving much higher levels of verified energy savings - while in turn driving higher bill savings.

In our joint comments below, the Energy Advocates offer recommendations to improve program spending to achieve greater levels of energy savings, encourage adoption of deeper efficiency measures, resolve acute health and safety issues that result in unnecessary deferrals, expand the use of innovative pilot programs, improve data sharing and program integration, and support comprehensive programs that properly leverage all available funds to address holistic energy needs for Pennsylvania homes and businesses.

## **I. Energy Efficiency on the Frontline**

Electric rates are increasing substantially across the Commonwealth, and are projected to increase even further in the coming months. In the face of high prices, Act 129 offers a critical tool for combating high prices.

In July 2024, PJM Interconnection, Pennsylvania's power grid operator, announced a record breaking price spike, which will begin to impact electric bills starting June 1, 2025, right at the beginning of the summer cooling season.<sup>5</sup> This news caught the attention of entities such as major Pennsylvania utility, PPL Electric, who indicated in a letter to PJM that the auction results would lead to average household bill increases of \$15 per month.<sup>6</sup> In December, 2024, Governor Shapiro filed a complaint with the Federal Energy Regulatory Commission (FERC) stating, "Pennsylvania ratepayers face potentially the largest unjust wealth transfer in the history of U.S. energy markets" as a result of PJM's capacity market auctions.<sup>7</sup> Governor Shapiro has since entered a proposed settlement with PJM to impose a cap and a floor on capacity market prices,

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savings. Pa. PUC, 2026 Total Resource Cost (TRC) Test, Final Order, Docket No. M-2024-3048998, at 23-24 (Nov. 7, 2024).

<sup>4</sup> See Phase III Final Report at 14 (Carry Over) & 50 (Budget Delta), available at: <https://www.puc.pa.gov/pcdocs/1746475.pdf>; see also Phase II Final Report at 13 (carry over) & 18 (budget delta), available at:

[https://www.puc.pa.gov/Electric/pdf/Act129/Act129-SWE\\_PhaseII\\_FinalAR.pdf](https://www.puc.pa.gov/Electric/pdf/Act129/Act129-SWE_PhaseII_FinalAR.pdf). Notably, carry over savings from Phase III into Phase IV account for a substantial level of overall savings - and an even higher percentage of low income savings. See Phase IV, PY 13 Report at 17, available at: [https://www.puc.pa.gov/media/2152/py13\\_swe\\_annual\\_report120522final.pdf](https://www.puc.pa.gov/media/2152/py13_swe_annual_report120522final.pdf).

<sup>5</sup> Ethan Howland, PJM capacity prices hit record highs, sending build signal to generators, Utility Dive, (Jul. 01, 2024), available at:

<https://www.utilitydive.com/news/pjm-interconnection-capacity-auction-vistra-constellation/722872/>.

<sup>6</sup> Letter of PPL Electric Utilities to PJM, PJM Base Residual Auctions and Capacity Market Issues (delivered November 1, 2024) (on file).

<sup>7</sup> Shapiro vs. PJM Interconnection, LLC, Complaint of Governor Josh Shapiro and the Commonwealth of Pennsylvania, FERC Docket No. EL25-46-000 (filed Dec. 30, 2024).

which will help to mute further spikes; however, capacity market costs are still projected to drive substantially higher electricity prices for the foreseeable future.

Increasing levels of gas exports are also impacting electric commodity costs in Pennsylvania, as a majority (roughly 60%) of Pennsylvania’s electricity is reliant on gas generation.<sup>8</sup>

In addition to the acute capacity market issues and increasing exports driving higher commodity costs, distribution rates have also increased across most of the state. Over the last few months, electric distribution rates have increased for customers in each of the major EDC service territories.<sup>9</sup> As hyperscale data centers come online, there is increased pressure on generation and transmission costs as well.<sup>10</sup>

The significant electricity rate increases this year - which are projected to continue through the Phase V period - will have far-reaching consequences on Pennsylvania consumers, including increased arrearages, service terminations, and considerable financial strain on Pennsylvania families and businesses.

Additionally, grid reliability has worsened across PA's EDC territories. According to the American Society of Civil Engineers, several PA EDCs have seen blackouts triple in the past 25 years.<sup>11</sup> According to the most recent PUC Electric Reliability Report, all but one EDC failed to comply with one or more benchmarks for reliability.<sup>12</sup>

A critical tool available to Pennsylvanians to reduce grid strain and blunt the impact of rising energy costs is Act 129. To meaningfully reduce the impact of significantly higher energy costs, Act 129 will need to evolve to expand energy efficiency investments. Doing so will lower energy bills, improve grid stability, and reduce overall system costs.

## **II. Improve Electric Distribution Company (EDC) Spending Levels**

In its TO, the Commission recognizes that “notable inflation has occurred since the inception of Act 129” - yet acknowledges the legal constraints on its ability to approve

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<sup>8</sup> EIA, [Pennsylvania Net Electricity Generation by Source](https://www.eia.gov/state/?sid=PA#tabs-4) (Dec. 2024), available at: <https://www.eia.gov/state/?sid=PA#tabs-4>; Alan Zibel, Public Citizen, [Keystone Gas Gouge: Gas Export Push Could Stick Pennsylvania Consumers with \\$16 Billion Bill](https://www.citizen.org/article/keystone-gas-gouge/) (Nov. 25, 2024), available at: <https://www.citizen.org/article/keystone-gas-gouge/>.

<sup>9</sup> PECO Electric, Docket R-2024-3046931; Duquesne Light, Docket R-2024-3046523; FirstEnergy Docket No. R-2024-3047068; PPL Electric, Docket No. P-2024-3048732.

<sup>10</sup> See Eliza Martin & Ari Peskoe, Harvard Law School Environmental & Energy Law Program, [Extracting Profits from the Public: How Utility Ratepayers are Paying for Big Tech’s Power](https://eelp.law.harvard.edu/wp-content/uploads/2025/03/Harvard-ELI-Extracting-Profits-from-the-Public.pdf) (March 2025), available at: <https://eelp.law.harvard.edu/wp-content/uploads/2025/03/Harvard-ELI-Extracting-Profits-from-the-Public.pdf>.

<sup>11</sup> American Society of Civil Engineers, [2022 Pennsylvania Infrastructure Report Card](https://www.asce.org/2022-pennsylvania-infrastructure-report-card) (2022), available at:

<sup>12</sup> Pennsylvania Public Utility Commission (PUC), [Pennsylvania Electric Reliability Report 2023](https://www.puc.pa.gov/media/3123/draft-2024-electric-reliability-report-8-2024_final.pdf) (2024), available at: [https://www.puc.pa.gov/media/3123/draft-2024-electric-reliability-report-8-2024\\_final.pdf](https://www.puc.pa.gov/media/3123/draft-2024-electric-reliability-report-8-2024_final.pdf).

spending levels that exceed the overall budget cap.<sup>13</sup> The Commission notes that an EDC may exceed the annual budget cap, provided it remains within the five-year program spending limits.<sup>14</sup>

The current EDC budget limits constrain the ability of companies to deploy comprehensive energy efficiency measures, particularly in low-income homes where deeper interventions—such as weatherization and home health and safety repairs—are essential. At the same time, EDCs consistently underspend available Act 129 funding, leaving opportunities on the table for delivery of additional cost effective energy efficiency services.

In the prior phases of Act 129, the EDCs have ended the phase with additional budget available for programming. In Phase III, among the companies, there was an average under spend of 14% of the Act 129 Program Budgets, with some utilities underspending as much as 33% of their budgets.<sup>15</sup> By comparison, Phase III had a carryover savings average 21% of the Phase IV savings goal.<sup>16</sup> This clearly demonstrates how much more savings are possible within these budgets. According to the Statewide Evaluator’s Final Report on Phase III “all actual EDC expenditures were 14% lower than planned. All EDCs had expenditures between 14% and 33% less than planned, except for PECO which had expenditures 4% greater than planned.”<sup>17</sup>

**Table 51: Comparison of Phase III Statewide Energy-Efficiency Budgets and Expenditures<sup>1</sup>**

EDC	Actual Phase III Expenditures (\$1000)	Approved Budget for Phase III (\$1000)	Difference Between Actual and EE&C Plan	Percent Difference from EE&C Plan
PECO	\$306,861	\$296,193	\$10,668	4%
PPL	\$251,528	\$295,996	(\$44,469)	(15%)
Duquesne Light	\$73,784	\$85,671	(\$11,887)	(14%)
FE: Met-Ed	\$79,135	\$114,028	(\$34,893)	(31%)
FE: Penelec	\$76,097	\$113,865	(\$37,767)	(33%)
FE: Penn Power	\$23,414	\$29,658	(\$6,244)	(21%)
FE: West Penn Power	\$80,518	\$104,972	(\$24,455)	(23%)
<b>Statewide</b>	<b>\$891,337</b>	<b>\$1,040,383</b>	<b>(\$149,047)</b>	<b>(14%)</b>

<sup>1</sup> Totals may not match EE&C plan totals due to rounding.

<sup>13</sup> TO at 16-17.

<sup>14</sup> TO at 17.

<sup>15</sup> See Phase III Final Report at 50 (Budget Delta), available at: <https://www.puc.pa.gov/pcdocs/1746475.pdf>.

<sup>16</sup> SWE Final Annual Report Act 129 Program Year 13 (2022) at 17 (Carryover), available at: [https://www.puc.pa.gov/media/2152/py13\\_swe\\_annual\\_report120522final.pdf](https://www.puc.pa.gov/media/2152/py13_swe_annual_report120522final.pdf).

<sup>17</sup> SWE Annual Report Act 129 Phase III and Program Year 12 (2022) at 50, available at: <https://www.puc.pa.gov/pcdocs/1746475.pdf>.

In Phase III of Act 129, every dollar spent on energy efficiency resulted in \$1.40 in energy benefits, including avoided energy costs and operation and maintenance savings.<sup>18</sup> This means that for the unspent budget from Phase III, there was over \$200 million in lost energy benefits. If appropriately invested in durable efficiency measures, these lost energy benefits would have helped further blunt the impact of price increases for Pennsylvania families and businesses while improving the readiness of our grid to handle increased peak loads.

The Energy Advocates urge the Commission to require that EDCs spend their full Act 129 budgets (within the five-year cost cap) on the delivery of comprehensive program services and durable energy efficiency benefits to the maximum number of customers. To the extent an EDC fails to spend their full allocated budget, we recommend that the Commission require utilities to carry over any unspent budget remaining at the end of Phase IV and add it to the funding available for Phase V programs. This simple policy adjustment would help to bring millions of dollars in additional cost-effective benefits to Pennsylvania homes and businesses and would further help alleviate strain on our grid.

### **III. Improve Cross-Program Coordination**

The Commission's TO specifically addresses the need for enhanced coordination with "other state conservation programs".<sup>19</sup> The TO identifies several potential areas of coordination, including exploration of opportunities for braided funding, advanced data sharing, support for AEPS registrations, coordination of energy audits, and consideration of joint marketing campaigns.<sup>20</sup> The Energy Advocates support these methods of coordination, and we offer suggestions for effective implementation in further depth below.

Nevertheless, we are concerned that the TO is too permissive with regard to coordination. As it pertains to low income programming, the EDCs are subject to a *statutory* mandate to coordinate Act 129 programs with other federal and state programming.<sup>21</sup> We believe the Commission has a corresponding obligation to ensure that the EDCs are working to effectively integrate their Act 129 programs with other available resources at the local, state, and federal levels. Additionally, we are concerned that the TO does not specifically address the need for coordination to address health and safety issues that prevent the most vulnerable households across the Commonwealth from accessing Act 129 programming.

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<sup>18</sup> SWE Annual Report Act 129 Phase III and Program Year 12 (2022) at 98, available at: <https://www.puc.pa.gov/pcdocs/1746475.pdf>.

<sup>19</sup> TO at 54-60.

<sup>20</sup> *Id.*

<sup>21</sup> 66 Pa. C.S. 2806.1(b)(1)(i)(G) ("The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency.").

As an overarching recommendation to help facilitate a number of the recommendations suggested below, we recommend that the Commission establish a Coordination Working Group comprised of electric and gas utilities (inclusive of Act 129, LIURP, and voluntary gas EE&C program staff), consumer advocates, contractors and/or Conservation Service Providers (CSPs), and representatives from state and local agencies that administer relevant efficiency, weatherization, and home repair programming (including the Department of Community and Economic Development - DCED, the Department of Environmental Protection - DEP, the Pennsylvania Housing Finance Agency - PHFA, the Department of Human Services - DHS, and the Department of Health - DH). The Working Group should be charged with developing practical guidance and recommendations for EDCs to consider incorporating into their Phase V Plans, and should continue to convene on a quarterly basis throughout Phase V to share information and work to identify barriers and resolve practical challenges that may arise in cross-program coordination.

Perhaps the most critical components of effective inter-program coordination are the creation of open lines of communication, the exchange of information and data, and the standardization of administrative processes. Pennsylvania's efficiency, weatherization, and repair programs are largely operated in silos - resulting in administrative inefficiencies and costly deferrals. While there have been many attempts to coordinate services and programs over the years, practical challenges - including the use of different audits, different program priorities, different contractors, different applications, and different program rules - have created a landscape where programs often compete for participants' limited time and attention rather than working together.

The Energy Advocates propose the following as practical actions the Commission can take to provide clarity and certainty in advancing inter-program coordination.

- The Commission should establish standards for secure, consumer-protective aggregate data sharing across providers that serve the same household: the gas utility provider, the WAP provider, the LIURP provider, and the Act 129 provider. Enable aggregate data sharing processes between utilities and agencies that administer home energy programs (DEP, DCED, DHS, etc.). Data sharing should only occur with informed, affirmative customer consent, and should include the information necessary to facilitate cross-program engagement and coordinated program participation (such as usage data and contact information). We recommend utilizing the Coordination Working Group recommended above to help identify a set of common data points that should be collected and shared.
- To help facilitate data sharing arrangements, the Commission should develop a model MOU, client consent language, and other standardized forms and procedural guidance for data sharing agreements to be used by agencies,

program administrators, and utilities. Creation of standardized forms and processes would help to improve the comfort of local agencies to enter data and information sharing agreements with EDCs, and at the same time would help standardize policies for effective and protective data sharing across the state. Standardization in this manner would also improve Commission oversight, and would allow for more effective policy development in this area. If the Commission were to adopt our recommendation to create a Coordination Working Group, we believe the Working Group could be helpful in the creation of standardized forms and guidance. Absent the use of a broader Working Group, we recommend at minimum engaging with agencies that administer weatherization and home repair programs to identify and help design sample guidance and forms that allow for referrals to be transferred both from agency to utility and vice versa. Allowing deferral lists and waitlist comparison specifically over a 12 month period would go a long way in coordination efforts.

- Require utilities to identify in their Plan how they intend to coordinate efficiency programming with healthy home, weatherization, and other energy programs, including but not limited to lead and asbestos remediation programs, Indoor Air Quality (IAQ) improvement programs, aging-in-place programs, hoarding support, and pest management programs administered through DCED, DHS, and DH and community organizations, as well as electrification and renewable energy programs administered by DEP or other local agencies. This coordination should involve facilitating direct referrals to home remediation services, engaging regularly with program staff to align timelines and improve service delivery, and prioritizing the use of common contractors trained in both energy efficiency and home remediation. By integrating these efforts, EDCs can address structural and environmental barriers that often prevent energy efficiency upgrades, leading to more comprehensive home improvements, improved indoor environments, and greater long-term energy savings.
- Require EDCs to establish a working group with healthy home and weatherization programs within each utility's service territory to learn more about systemic issues that energy auditors may not observe, and improve communication between the companies and community-based organizations.
- The Commission should establish a comprehensive common audit that would include all information a customer will need to participate in all programs – Act 129, LIURP, WAP, HUD programs, etc. – including a healthy home evaluation. These audits should be designed for interoperability - in terms of data standards and auditor credentials - across agencies and programs so efforts do not need to be duplicated for each service provider. Results from a common audit should be provided to prospective households and can act as a roadmap for the household

in making improvements to their homes.

On the customer-facing side, establishing clear entry ports for customers to access and engage with the programs is needed. The Commission should establish a one-stop resource for program information that includes all available energy efficiency programs,<sup>22</sup> as well as customer assistance programs. It should also develop and encourage the use of coordinated application processes across EE programs and universal service fund programs and cross-qualification for participation. We note that the Commission has already laid much of the groundwork for this type of innovative program coordination through its Universal Service Working Group, and the creation of a Common Application Form.<sup>23</sup> We urge the Commission to further this important work to coordinate Act 129 program delivery.

### **III. Address Health and Safety**

The TO does not squarely address a critically important issue that impacts the effectiveness of residential energy efficiency programming. That is, the need to resolve incidental health and safety issues in order to provide holistic energy efficiency services in homes that need it most.

To enhance the effectiveness of Act 129 and ensure that all households, particularly those in underserved and low-income communities, can benefit from energy efficiency upgrades, the Commission must prioritize improved coordination between Act 129 programs and other available health, safety, and home repair funding streams. Without addressing critical health and safety barriers, many of Pennsylvania's most vulnerable residents will remain unable to participate in energy efficiency programs, perpetuating high energy burdens and economic disparities.

The Commission has already acknowledged the importance of aligning Act 129 programs with initiatives in the TO<sup>24</sup> such as:

- EDCs' Low Income Usage Reduction programs (LIURP)
- The Low-Income Home Energy Assistance Program (LIHEAP)<sup>25</sup>
- Inflation Reduction Act (IRA) programs, such as the Home Efficiency Rebates program (HER) and the Home Electrification and Appliance Rebate program (HEAR)

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<sup>22</sup> For example: <https://cepfindaprogram.com/>.

<sup>23</sup> PUC Order and Recommendations for a Common Application Form (CAF), (2024) available at: <https://www.puc.pa.gov/pcdocs/1845753.pdf>.

<sup>24</sup> TO at 54.

<sup>25</sup>

<https://www.pa.gov/services/dhs/apply-for-the-low-income-home-energy-assistance-program-liheap.html>.



However, a truly effective strategy must go further to integrate additional state and federal initiatives, including but not limited to:

- The federal Weatherization Assistance Program (WAP)<sup>26</sup>
- Multifamily Weatherization Assistance Program (WAP-M)<sup>27</sup>
- Whole-Home Repairs Program<sup>28</sup>
- Community Development Block Grant (CDBG)<sup>29</sup>
- Lead and Healthy Homes Program<sup>30</sup>
- The OPTIONS Program<sup>31</sup>
- Basic Systems Repair Program<sup>32</sup>

Pennsylvania has some of the oldest housing stock in the nation.<sup>33</sup> Low-income families are disproportionately more likely to live in homes that require substantial health and safety improvements before energy efficiency measures can be installed. Chronic moisture issues, mold, structural deficiencies, and outdated electrical systems often result in homes being deferred from energy efficiency upgrades. Without intervention, these homes remain high-energy users, leading to unaffordable energy bills and exacerbating economic inequality.

For example, homes with persistent moisture and mold issues often cannot receive insulation or air sealing upgrades due to health risks. Yet, these same measures are essential for reducing HVAC system loads, lowering peak energy demand, and achieving long-term cost savings. By ensuring that homes are first made structurally sound and free of health hazards, Pennsylvania can maximize the benefits of energy efficiency improvements and prevent unnecessary program exclusions.

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<sup>26</sup> <https://dced.pa.gov/programs/weatherization-assistance-program-wap/>.

<sup>27</sup> <https://dced.pa.gov/programs/multifamily-weatherization-assistance-program-wapm/>.

<sup>28</sup> <https://dced.pa.gov/programs/covid-19-arpa-whole-home-repairs-program/>. Note that the Whole Home Repair Program is closed in many areas of the state; however, there is a coordinated effort to create a new home preservation program to continue the critically important work and address the overwhelming need for holistic home repair and efficiency services.

<sup>29</sup> <https://dced.pa.gov/programs/community-development-block-grant-cdbg/>.

<sup>30</sup> <https://www.phila.gov/programs/lead-and-healthy-homes-program/>.

<sup>31</sup> <https://www.pa.gov/services/aging/apply-for-options-program.html>.

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<https://phdcphila.org/residents-and-landlords/home-repair-and-improvements/basic-systems-repair-program/>.

<sup>33</sup> Pennsylvania Housing Finance Agency (PHFA), Pennsylvania Comprehensive Housing Study (2020), available at:

[https://www.phfa.org/forms/housing\\_study/2020/pennsylvania-comprehensive-housing-study-full-report.pdf](https://www.phfa.org/forms/housing_study/2020/pennsylvania-comprehensive-housing-study-full-report.pdf).

To effectively integrate Act 129 programs with health and safety initiatives, and in further building on our recommendations for improved coordination above, the Commission should facilitate a structured and coordinated approach that includes:

1. **Comprehensive Building Assessments** – Establish a standardized assessment protocol that evaluates both energy efficiency needs and health and safety barriers. This will allow program administrators to identify the necessary sequence of upgrades, and builds on our earlier recommendation that the Commission establish a common audit tool.
2. **Streamlined Coordination Across Programs** – Develop a centralized intake and referral system to connect eligible households with the full suite of available assistance programs. EDCs, state agencies, and community-based organizations should collaborate to create a seamless process for customers. This recommendation builds on many of the recommendations we described above, and we underscore here that streamlined enrollment and referral processes are critical to improve services and minimize costly and duplicative administrative costs.
3. **Optimized Project Sequencing** – Implement clear guidelines for the proper sequencing of health, safety, and efficiency upgrades. For example:
  - **Step 1:** Address immediate structural hazards (e.g., roof repairs, electrical system upgrades).
  - **Step 2:** Resolve health risks (e.g., mold remediation, asbestos abatement, lead hazard reduction).
  - **Step 3:** Implement weatherization and efficiency improvements (e.g., insulation, HVAC upgrades, appliance replacements).
4. **Enhanced Contractor Coordination** – Establish scheduling protocols to ensure that contractors across different programs work in a coordinated fashion, minimizing delays and disruptions for residents.
5. **Targeted Funding Allocation** – Encourage utilities and state agencies to leverage braided funding strategies that combine resources from multiple programs to cover the full scope of home improvements.

By aligning Act 129 with complementary initiatives and removing health and safety barriers, Pennsylvania can expand access to energy efficiency programs, lower household energy costs, and improve overall housing conditions for residents most in need. The Commission has a unique opportunity to drive a more holistic, equitable, and impactful approach to energy efficiency—one that prioritizes the well-being of

Pennsylvania families while maximizing the economic and grid benefits of Act 129 investments.

In Phase IV, PECO<sup>34</sup> and PPL<sup>35</sup> each developed Health and Safety Pilot programs that helped customers access additional assistance and reduced the number of deferrals. All EDCs should implement a Health and Safety Pilot in Phase V to minimize costly deferrals and ensure broader access to energy efficiency upgrades. Additionally, utilities should be required to report on pilot outcomes to the Commission and stakeholders, allowing for continuous refinement and improvement of energy efficiency programs based on real-world data and experiences.

#### **IV. Enhanced Transparency for Stakeholders and Advocates**

In its TO, the Commission proposes to continue the reporting sequence established in Phase IV, requiring only semi-annual and final annual reports. The Commission noted its interest in providing timely reports to the public, and its efforts in Phase IV to shorten the reporting lag.<sup>36</sup> While the Energy Advocates appreciate the Commission's efforts to reduce the reporting lag, we respectfully submit that there are other reforms needed to enhance transparency and improve oversight of EE&C programs.

Transparency remains a cornerstone of successful Energy Efficiency and Conservation (EE&C) programs, ensuring stakeholders, advocates, and the public have meaningful input into program design, implementation, and evaluation. Understanding that the Commission and EDC's provide extensive reporting metrics, it is the very same extent of the reporting that creates barriers in terms of accessible reporting on program performance, cost-effectiveness metrics, and equity impacts.

Some specific recommendations to achieve this goal includes:

- The PUC should host an annual meeting about the Act 129 program with presentations from all of the EDCs that is open to the public. Each utility should be required to present common data, allowing for comparative analysis and statewide benchmarking.
- The PUC should establish an electronic "bulletin board" posting all Act 129 schedules, links to register for each utility's stakeholder meetings, and links to

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<sup>34</sup> PECO Program Years 13 to 17 Act 129 – Phase IV Energy Efficiency and Conservation Plan (2024) at 123, available at:

[https://azure-na-assets.contentstack.com/v3/assets/blt1b5616c79bacadb4/bltde85a7515d1940e7/666b1161f4555a000a671db2/PECO\\_Phase\\_IV\\_EEC\\_Plan\\_3\\_1\\_2024.pdf](https://azure-na-assets.contentstack.com/v3/assets/blt1b5616c79bacadb4/bltde85a7515d1940e7/666b1161f4555a000a671db2/PECO_Phase_IV_EEC_Plan_3_1_2024.pdf).

<sup>35</sup> PPL Electric Utilities Corporation Energy Efficiency and Conservation Plan Act 129 Phase IV (2024) at 87, available at:

[https://www.pplelectric.com/site/-/media/PPLElectric/Save-Energy-and-Money/Docs/Act129\\_Phase4/Phase-IV-EEC-Revised-Plan--February-2024-final.ashx](https://www.pplelectric.com/site/-/media/PPLElectric/Save-Energy-and-Money/Docs/Act129_Phase4/Phase-IV-EEC-Revised-Plan--February-2024-final.ashx).

<sup>36</sup> TO at 70-71.

each utilities' statements regarding how stakeholders and vendors may register to participate in their process and stay abreast of specific proposal deadlines.

- EDCs should establish a clear and accessible point of engagement for registration for utility stakeholder meetings via the PUC website and provide a way for stakeholders to be informed of upcoming sessions.
- The PUC should, under the Act 129 section of the PUC website, provide a table of key points of contact for the Act 129 program at each EDC, along with a list of their contracted main program implementing firms.
- The EDCs' quarterly reporting to the PUC should include the percentage of their total customer base that participated in the program in each rate class, with an annual report-out. Additionally, the data provided to provide the numbers of households served, not just the number of program participants.
- The PUC should enhance its reporting transparency by including more detailed metrics in the Statewide Evaluator (SWE) reports. Specifically, the reports should include participation rates by customer class and total dollars spent in addition to savings achieved.
- The PUC should synthesize and publish on its website the quarterly reports from individual utilities into a comparative table quarter by quarter, more readily providing an overall view of the Act 129 progress. TUS appears to regularly develop presentations along these lines.
- EDCs should be required to report on Pilot programs, and should provide results to the commission and stakeholders to evolve the EE programs.
- The Commission should require standardized definition of a "deferral" - a home unable to be served health, safety, or other practical reasons or criteria that would qualify, and should require utilities to quantify the cost associated with deferrals.

By making Act 129 more responsive to the evolving energy landscape through stronger stakeholder engagement, Pennsylvania can deliver more robust energy savings, protect vulnerable populations, and mitigate the financial risks posed by escalating utility costs.

## **V. Baseline for Targets**

The TO appears to take a narrow view of the statutory language regarding spending cap adjustments for inflation.<sup>37</sup> While the statute does not explicitly require an inflation adjustment, it also does not prohibit one, leaving room for a reasonable interpretation

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<sup>37</sup> TO at 17.

that accounts for rising costs. Since Act 129 was established, inflation has reduced the real value of available funding, making it more challenging for EDCs to implement comprehensive energy efficiency programs. The five year Phase budget of \$1.22 Billion - set to 2% of EDC's revenue as of 12/31/06<sup>38</sup> - as of January 2025 has seen a reduction of more than a 30% erosion of price impact, due to inflation, as compared to its purchasing power in June of 2009.<sup>39</sup> Allowing for inflation adjustments would help ensure that Act 129 remains effective in delivering energy savings, reducing customer bills, and maintaining grid reliability, particularly in light of recent and upcoming electricity rate increases.

Similarly, updating the baseline for electricity savings targets is essential to maintaining the program's relevance. Electricity consumption has been rising at a steady rate - and is projected to increase exponentially in the coming years, driven primarily by the introduction of hyperscale data centers - making it increasingly difficult to justify the continued use of 2009–2010 data. A more current baseline would provide a more accurate picture of energy use today, allowing for targets that reflect real-world conditions and the full potential of energy efficiency. The restricted pool of funding available for energy efficiency measures being locked into 2006 revenue proceeds makes the Act 129 program one doomed to diminishing impact and studies for saving potential that don't reflect true potential energy savings but those constrained by this 20-year-old spending collar. By modernizing these elements, the Commission can help ensure that Act 129 continues to provide meaningful benefits to Pennsylvania's residents and businesses.

## **VI. Accumulating Savings in Excess of Reduction Requirements**

The Energy Advocates are generally supportive of the Commission's proposal to allow a maximum 20% carryover of excess energy savings into Phase V. This policy appears to strike the right balance to ensure program continuity and maximize program impacts for customers by rewarding successful programs and maintaining ambitious future savings targets. By allowing EDCs to carry over up to 20% of their portfolio and low-income savings, the Commission provides a mechanism to sustain effective energy efficiency efforts without disruption between phases.

However, while this flexibility is beneficial, utilities should remain focused on achieving full energy savings within the current budget to maximize customer benefits. We recommend that the Commission further clarify that carryover of excess energy savings into Phase V will count toward EDCs' legal obligation to meet targeted reduction requirements, but will be applied at the end of the phase on a post-hoc basis rather than being deducted "off the top" at the beginning. This approach ensures that utilities

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<sup>38</sup> 66 Pa. C.S. 2806.1(g).

<sup>39</sup> [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)

continue to prioritize achieving full energy savings within the current phase's budget rather than relying on prior achievements to meet future obligations. By applying carryover retrospectively, the Commission can maintain the integrity of Act 129's energy reduction goals while allowing for flexibility in recognizing past successes. By encouraging utilities to optimize program design and implementation to reach full savings potential within existing budgets, the Commission can ensure that Act 129 continues to drive maximum energy and cost savings for ratepayers while enhancing grid reliability and long-term sustainability.

## **VII. Peak Demand Baseline for Targets**

A greater focus on reducing summer peak demand is essential as air conditioning loads continue to climb due to rising temperatures. Every year since Act 129 was enacted has been hotter than the year prior,<sup>40</sup> yet the program has relied heavily on lighting upgrades, leaving significant untapped potential in demand response (DR) strategies for air conditioning and other cooling loads. Given the increasing strain on the grid and the rising costs to consumers, Act 129 must prioritize DR programs that specifically target summer peak demand, ensuring both grid reliability and customer cost savings.

Additionally, maintaining a demand response baseline from 2008-09 is no longer useful, as it does not reflect current peak demand realities. With each summer becoming progressively hotter, each winter progressively colder, and other external factors driving new peak usage, relying on outdated baselines risks misaligning DR targets and failing to provide meaningful relief to customers and the grid. The Commission should require baselines to be updated using the most recent and relevant data, ensuring that Act 129's demand response efforts are grounded in current climate and consumption trends rather than outdated assumptions.

As Act 129 reaches its 15th year, it is crucial to expand DR efforts beyond the heavy reliance on lighting retrofits that characterized previous program Phases. Other categories, such as HVAC controls, air conditioning, heating, and water heating, remain underutilized despite their significant potential for demand reduction. With the PUC's initiation of the Advance Notice of Proposed Rulemaking (ANOPR) for Distributed Energy Resources (DER),<sup>41</sup> now is the time to capture these opportunities and align Pennsylvania's DR strategies with national best practices. Several states, including Texas, New York, and Minnesota, have successfully implemented DR aggregation

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<sup>40</sup> Environmental Protection Agency (EPA), Climate Change Indicators: Residential Energy Use (December 2022), available at:

<https://www.epa.gov/climate-indicators/climate-change-indicators-residential-energy-use>.

<sup>41</sup> Advance Notice of Proposed Rulemaking Order (2024), available at:

<https://www.puc.pa.gov/pcdocs/1817408.pdf>.

programs, demonstrating their effectiveness in reducing peak demand and improving grid resilience.<sup>42</sup>

To modernize Pennsylvania's approach, the Commission should require pilot programs focused on DR aggregation, such as programmable thermostat setback initiatives. The EDC's have already incentivized smart thermostats, giving them a clear understanding of which customers have installed these controls. Further, earlier phases of Act 129 funded smart meter installation across all of the participating EDCs, yet these meters are not fully leveraged. A structured DR program leveraging this data—similar to successful models in Arizona, California, and other states<sup>43</sup>—could significantly enhance peak demand reductions. Additionally, battery storage presents another viable DR alternative that could provide both grid stability and consumer cost savings. By advancing DR aggregation pilots, Pennsylvania can strengthen its energy efficiency framework and better address peak load challenges.

## **IX. Heat Pumps**

The Energy Advocates support the Commission's proposal requiring each EDC to include high-efficiency heat pump and heat pump water heater measures in its EE&C Plan, along with a clear description of how these measures will align with HEAR and other non-Act 129 funding sources.<sup>44</sup> This integration represents a meaningful step toward maximizing energy efficiency benefits while ensuring cost-effective program implementation.

The Commission's recognition of the uncertainty surrounding IRA-funded programs is understandable. However, these external funding sources present a significant opportunity to enhance Act 129's impact while remaining consistent with its statutory intent and cost-effectiveness requirements. By allowing EDCs to incorporate high-efficiency heat pumps and heat pump water heaters into their EE&C Plans—while strategically coordinating with HEAR and other state and federal funding programs — Pennsylvania can expand customer access to energy-saving technologies without shifting undue costs to ratepayers.

Rather than viewing these funding streams in isolation, the Commission should encourage EDCs to develop well-defined strategies for bundling multiple funding sources in a complementary manner. A coordinated approach would:

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<sup>42</sup> Department of Energy (DOE), Grid Modernization and the Smart Grid, available at: <https://www.energy.gov/oe/grid-modernization-and-smart-grid#:~:text=Consumers%20can%20better%20manage%20their.renewables%2C%20and%20lower%20operational%20costs.>

<sup>43</sup> California Public Utilities Commission, Demand Response (DR), available at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/demand-response-dr#:~:tex t=Demand%20response%20programs%20aim%20to.curtailment%20or%20evening%20system%20ramp.>

<sup>44</sup> TO at 57.

- **Enhance Affordability for Customers** – By interweaving Act 129 incentives with IRA and other funding sources, households can access efficiency upgrades at significantly lower out-of-pocket costs. This is particularly critical for low- and moderate-income customers who face the greatest barriers to participation.
- **Support Strategic Electrification** – High-efficiency heat pumps, when deployed in appropriate applications, can substantially reduce energy consumption while improving year-round comfort. Integrating these measures into EE&C Plans—without mandating full fuel switching—allows Act 129 to maximize energy savings while respecting its existing framework.
- **Maintain Cost-Effectiveness** – Supplementing Act 129 incentives with external funding enables EDCs to ensure efficiency measures remain cost-effective under program guidelines while delivering deeper energy savings to participants. This coordination allows Pennsylvania to achieve greater long-term benefits for customers and the grid without increasing the financial burden on ratepayers.

Further, if another state program incentivizes the fuel-switching upgrade, EDCs should be permitted—and indeed encouraged—to support the adoption of high-efficiency electric equipment by incentivizing the installation of the highest-performing models.<sup>45</sup> This approach aligns with Act 129’s core goal of reducing energy consumption in a cost-effective manner and provides a seamless pathway for customers to transition to efficient technologies when external funding opportunities are available.

By taking a proactive role in aligning Act 129 with complementary funding sources, the Commission can ensure that Pennsylvanians receive the full benefits of energy efficiency investments while maintaining Act 129’s integrity. Encouraging EDCs to optimize these opportunities will drive deeper energy savings, improve affordability, and enhance Pennsylvania’s progress toward a more efficient and resilient energy system.

## **X. Data Sharing Between EDCs and Administrators of Local, State, and Federal Programs**

In an increasingly smart and interconnected energy landscape, access to and sharing of energy data is essential for optimizing conservation programming, improving grid reliability, and ensuring that Act 129 funds and external funding sources are leveraged effectively. The Tentative Order rightly underscores the need for statewide data access standards to facilitate better coordination between EDCs and administrators of local, state, and federal programs - and the state agencies that fund those programs, such as DEP, DHS, DH, and DCED. Given the influx of federal funding sources, improved data access will be critical to aligning state-administered programs with Act 129 energy efficiency and conservation initiatives.

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<sup>45</sup> TO at 56.



Recognizing that the Commission closed its previous Data Access proceeding in 2023,<sup>46</sup> questions regarding data accessibility, cybersecurity, and regulatory protections will persist as technology and energy markets evolve.

Above, we provided several recommendations about data sharing to promote cross-program integration and collaboration. However, the issue of data sharing is broad in scope and warrants further detailed attention.

To ensure transparency, efficiency, and security in data-sharing efforts, we strongly recommend that the Commission establish a formal PUC process for data gathering and oversight. This process should build on the prior data access proceedings which had significant participation and include clear procedures for EDCs to share data with relevant state agencies and other program implementers while incorporating cybersecurity safeguards and protections for personally identifiable information.

- Establish clear parameters on the types of data EDCs should provide to state agencies and/or other program implementers, including aggregate energy usage, participation trends, program performance metrics, and location-based efficiency potential.
- Standardize data formats and reporting timelines to ensure consistency and usability across agencies.
- Identify a centralized, encrypted data-sharing platform that allows secure access to relevant stakeholders while protecting sensitive customer information.
- Require routine collaboration between EDCs, DEP, DCED, and other relevant entities to assess data needs and refine access procedures.
- Establish a working group to oversee the integration of external funding sources (e.g., IRA rebates) into energy efficiency planning based on real-time data insights.
- Adopt best practices from other states and industries to ensure robust cybersecurity protections while allowing for necessary data transparency.
- Develop clear protocols for anonymizing and aggregating data to mitigate risks associated with personally identifiable information.

Improved data sharing would also enable real-time performance tracking through Application Programming Interfaces (APIs), supporting DER aggregation and Virtual Power Plant (VPP) development. By expanding data access for firms operating in the

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<sup>46</sup> <https://www.puc.pa.gov/docket/M-2021-3029018>.

energy efficiency space, Pennsylvania can empower third parties to better manage load remotely, enhance demand-side flexibility, and optimize grid performance.

By implementing these measures, the Commission can strengthen coordination across energy efficiency programs, streamline customer access to resources, and maximize the impact of available funding—all while safeguarding sensitive information. Establishing a formalized process under the Commission's oversight will ensure Pennsylvania remains at the forefront of energy data innovation, driving greater efficiency, reliability, and sustainability across the Commonwealth.

## **XI. Coordinated Marketing Campaigns**

Leveraging opportunities for efficiency applies to marketing. The IRA presents an opportunity to boost Act 129 by leveraging external funding to expand energy efficiency and electrification efforts across Pennsylvania. A more interactive and accessible approach to connecting households with available programs is essential to maximize participation and benefits. The Commission should encourage utilities to integrate dynamic tools, such as New Jersey Board of Public Utilities Clean Energy Program's "Find a Program" platform,<sup>47</sup> to help customers easily identify what incentives they qualify for based on their income, home type, and energy usage. This proactive approach would streamline program delivery and improve access to resources for households, particularly in underserved communities.

Additionally, marketing strategies and program eligibility criteria should be refined to align with the IRA's funding opportunities. Philadelphia's "One Philly Front Door" initiative serves as a strong model for coordinated program outreach, ensuring that households can navigate multiple funding streams efficiently.<sup>48</sup> A similar approach at the state level—where utilities, state agencies, and community organizations collaborate to provide a single, user-friendly entry point for energy efficiency and electrification programs—could significantly improve uptake and maximize the impact of IRA and Act 129 investments. The Commission should support these efforts by requiring utilities to enhance their outreach and coordination with state and federal programs.

## **XII. Plan Approval Process**

In its TO, the Commission proposes to use the same process for approval of Phase V EE&C Plans that it has used in each of the prior phases - noting that it eliminated public input hearings after Phase I.<sup>49</sup> Specifically, following the November 1 filing deadline, the EDC's EE&C Plans are published in the Pennsylvania Bulletin.<sup>50</sup> Publication in the

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<sup>47</sup> <https://cepfindaprogram.com/>.

<sup>48</sup> <https://housing-front-door.phila.gov/#/>.

<sup>49</sup> TO at 62-63.

<sup>50</sup> TO at 62-63.

Bulletin starts a 20-day Comment and Answer period. The Plans are then referred to the Office of Administrative Law Judge for a formal evidentiary hearing. This hearing process is conducted on a truncated schedule, and must be completed within 65 days of the date each plan is filed. Thereafter, parties have just 10 days to file briefs, and EDCs have 10 days to submit a revised plan or reply comments or both.<sup>51</sup>

Stakeholder engagement plays a crucial role in shaping effective and equitable EE&C programs. However, the sequencing of comments in relation to the formal evidentiary hearing process has limited the ability for the Commission to consider comments from the public. Generally, public comments are unsworn and, in the past, have not been included in the formal evidentiary record. In past Phases, the comment period has also delayed the start of the formal hearing process, which has in turn limited the ability of non-statutory parties to engage in discovery because the right to discovery does not attach until an ALJ grants a parties' Petition to Intervene. In Phases III and IV, the prehearing conference for each of EE&C Plans were not held until early January - leaving just a few weeks for non-statutory parties to engage in discovery and develop formal testimony.

To ensure meaningful public participation, and improve the formal review process, we recommend that the Commission utilize the Public Input Hearing process to collect written and verbal comments from members of the public regarding each of the EDC's EE&C Plans. This would allow the comment period and formal evidentiary process to proceed on parallel tracks, ensuring that public comments are able to be included as part of the formal record. It would also ensure that the formal evidentiary proceeding is able to commence in November - affording a more appropriate period of time to investigate the proposals included in each EE&C Plan and develop the formal evidentiary record.

## **Conclusion**

The Energy Advocates appreciate the opportunity to provide these comments and commend the Commission for its thoughtful approach to shaping Phase V of Act 129. We look forward to continued collaboration with the Commission, EDCs, and all stakeholders to design programs that fully leverage energy efficiency as a powerful resource. By maximizing energy savings, driving economic growth, improving public health, and enhancing grid resilience, Phase V can deliver lasting benefits to Pennsylvania's residents and businesses. We stand ready to support efforts that ensure Act 129 remains a cornerstone of the Commonwealth's clean energy future.

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<sup>51</sup> TO at 62-63.

Signed,