

**BEFORE THE
Senate Consumer Protection and Professional
Licensure Committee**

**Public Hearing: Ratepayer Impact of Act 129
Plans**

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Testimony of

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Good morning Chairman Stefano, Chairman Boscola and members of the Senate Consumer Protection and Professional Licensure Committee. I am Andy Tubbs, President and CEO of the Energy Association of Pennsylvania (“EAP” or “Association”), a trade association comprised of the major electric and natural gas distribution utilities operating in Pennsylvania. Formed in 2000 with the merger of the Pennsylvania Electric Association and the Pennsylvania Gas Association, EAP’s membership is comprised of the large regulated “wires” and “pipes” companies operating in the Commonwealth. Our electric distribution company (“EDC”) members construct, own, operate and maintain the wires, poles and other infrastructure over which electricity is delivered from the bulk power system to the homes and businesses of Pennsylvania citizens. Our natural gas distribution company (“NGDC”) members construct, own and operate local distribution systems which include pipelines, meters, and other infrastructure to deliver natural gas from the “city gate” to Pennsylvania homes and businesses. Both EDCs and NGDCs are charged to maintain safe, reasonable, and reliable service under the Public Utility Code. 66 Pa. C. S. § 1501.

EAP advocates for its members before the General Assembly and state agencies, including the Pennsylvania Public Utility Commission (“PUC” or “Commission”), assists its members by coordinating the sharing of information and best practices, and provides educational opportunities for employees of its members and others through its operations and consumer services conferences. With respect to Act 129 and our EDC members subject to the energy efficiency and conservation

requirements established under Act 129¹, EAP has played an integral role in the implementation of the Energy Efficiency and Conservation (“EE&C”) Program established by the Commission, not only by facilitating discussion and the sharing of best practices between our Act 129 EDC members and participating in the various Commission-led stakeholder meetings but by working with the Commission to ensure payment under contracts between the PUC and the Act 129 Statewide Evaluator (“SWE”).² Thank you for this opportunity to provide testimony today on the current operations of the EDCs’ Act 129 EE&C plans and their impact on ratepayers.

The purpose of today’s hearing is to review the EE&C plans mandated by Act 129 (66 Pa. C. S. §§ 2806.1- 2806.2) from the perspective of Pennsylvania ratepayers who have funded the Act 129 EE&C program at an aggregated approximate cost of \$225,000,000 each plan year beginning from the start of the Act 129 Phase I EE&C plans on June 1, 2010 and continuing through today.³ The Committee has asked those

¹ EAP’s EDC members subject to the statutory requirements of Act 129 include Duquesne Light Company (“Duquesne”); FirstEnergy Pennsylvania Electric Company (“FE Pennsylvania”); PECO Energy Company (“PECO”); and PPL Electric Utilities (“PPL”) (hereinafter collectively referred to as “Act 129 EDCs”).

² The Commission has issued an RFP to hire a SWE for each phase of the Act 129 EE&C Program. Under its contract, the SWE has been paid approximately \$9,000,000 to \$11,000,000 per phase. *See also, infra.* at fn. 3. The SWE assists the Commission implement the EE&C Program, providing evaluation, measurement and verification (“EMV”) advice, auditing the consumption and demand reduction savings obtained by the Act 129 EDCs, consulting on the Technical Reference Manual, its periodic updates and the Total Resource Cost test, conducting various studies including the baseline and market potential studies completed during each phase to inform the Commission as to whether cost-effective and achievable reductions in electric consumption and demand are available in the marketplace so as to establish additional mandatory and incremental savings targets for a subsequent phase of the Act 129 EE&C Program. EEC Pennsylvania Evaluations, an EAP affiliated non-profit, has been the “paying agent” under each SWE contract, responsible for payment of SWE invoices approved by the Commission. The members of EEC Pennsylvania Evaluations consist of the Act 129 EDCs.

³ Act 129 provides that “[t]he total cost of any plan required under this section shall not exceed 2% of the electric distribution company’s revenue as of December 31, 2006.” 66 Pa. C.S. § 2806.1(g). Thus, each EDC’s annual spending limit is as follows: Duquesne - \$19,545,952; FE Pennsylvania - \$78,064,027; PECO - \$85,477,166; and PPL - \$61,501,376. FE Pennsylvania is comprised of four (4) rate districts whose § 2806.1(g) spending limits in 2006 were as follows: Metropolitan Edison Company - \$24,866,894; Pennsylvania Electric Company - \$22,974,742; Pennsylvania Power Company - \$6,659,789; and West Penn Power Company - \$23,562,602. While the total statewide annual budgeted amount equals

testifying this morning to provide information which will help the Committee assess whether the Program and plans implemented under the current statutory framework are worth continued and substantial ratepayer investment. EAP's testimony provides a brief history of the Act 129 EE&C Programs and the implementation of the EDC's Act 129 EE&C plans in each phase of the Program, highlights current circumstances that Act 129 with its prescriptive mandates and punitive compliance mechanism did not envision in 2008, references the costs and benefits associated with the Act 129 plans, and suggests ways to improve and update the Act 129 statutory framework.

In 2008, when wholesale electricity prices were at record highs, it was projected that many customers would see their electric bills double in 2010 to 2011 due to the coming expiration of rate caps that had been in place for over a decade as the Commonwealth transitioned to a competitive retail market. This had already occurred a few years earlier in Maryland, Delaware, and in the service territory of a small Pennsylvania EDC, resulting in rate shock and a vigorous policy debate about the causes of the problem and possible solutions. The legislature sought to soften these expected price increases by passing Act 129 of 2008, which, among other things, directed the Commission to establish an EE&C Program requiring EDCs with more than 100,000 customers to reduce electricity usage (both consumption and demand) through subsidized and approved energy efficiency plans.

\$224,588,521, the Act 129 EDCs have regularly achieved Act 129 mandated savings goals under budget. At the same time, Act 129 EDCs also pay amount due under the SWE contracts which have varied from approximately \$9,000,000 to \$11,000,000 a phase. Phases I and II plans were implemented over three-year terms, i.e., June 1, 2010 to May 31, 2013 and June 1, 2013 through May 31, 2016. Phases III and IV plans consist of five-year terms, i.e. June 1, 2016 through May 31, 2021 and June 1, 2021 through May 31, 2026.

The law required the Program to mandate specific reductions in consumption and demand for each Act 129 EDC. EDC Act 129 EE&C Plans were to be developed in each EDC service territory, approved by the Commission and implemented with input from stakeholders. The law required vigorous and prescriptive evaluation, measurement and verification metrics to ensure that savings could be demonstrated. 66 Pa. C. S. §§ 2806.1(a)(2) and (b)(1)(i)(C). Each EDC was required to hire an independent consultant to audit the energy savings. 66 Pa. C. S. § 2806.1 (b)(1)(i)(J). The Commission further determined that it needed an independent consultant, the SWE, to oversee the audits of the EDC consultants and to provide expertise to the Commission as it evaluated program cost-effectiveness and considered the establishment of additional incremental and mandatory savings targets for the next program phase.

Act 129 has requirements regarding the type and number of energy efficiency measures to be offered to various rate classes and groups of customers. 66 Pa. C. S. §§ 2806.1(a)(5) and (b)(1)(i)(B) and (G). The statute required the Commission to develop a procedure to consider recommendations to add measures and make changes to an approved plan, 66 Pa. C. S. § 2806.1(a)(6), which has morphed into a complex process to review and approve “minor” and “major” plan changes proposed by the EDCs.⁴ It requires EDCs to hire at least one conservation service provider (“CSP”), 66 Pa. C. S. §§ 2806.1(b)(i)(E). And, with respect to CSPs, the law directs the Commission

⁴ See *Energy Efficiency and Conservation Program*, Final Order at Docket No. M-2008-2069887 (entered on June 10, 2011) (hereinafter Minor Plan Change Order) as well as discussion in Phase II Implementation Order at pp. 91 – 93; Phase III Implementation Order at pp. 114 – 118; and Phase IV Implementation Order at pp. 97 – 99. For Phase V, under consideration currently by the Commission, EAP and the Act 129 EDCs have made a proposal to further streamline and simplify the process for making minor changes to an approved Act 129 EE&C plan. The current process inhibits timely changes to plans that would enable response to changes in the energy efficiency marketplace and to changes in customer behavior. See, *EAP Comments to the Tentative Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2025-3052826 (entered February 20, 2025) at pp. 20 – 22.

to develop procedures to require the EDC to competitively bid all CSP contracts, 66 Pa. C. S. § 2806.1(a)(7) and further instructs the Commission to review all proposed CSP contracts and provides authority to the Commission to modify CSP contracts “to ensure that the plan meets the requirements for reduction in demand and consumption...”⁵ 66 Pa. C. S. §2806.1(a)(8). Act 129 further requires an EE&C plan to “include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines....[and mandates that] [t]he expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low-income usage reduction programs).” 66 Pa. C. S. § 2806.1(b)(1)(i)(G). Additionally, the Commission has added a budgetary carve-out for low-income customers as a requirement for the Act 129 EE&C plan. *See, infra* fns. 4, 6, and 7.

Failure to achieve a target creates strict liability for the EDC with a minimum penalty of one million dollars. 66 Pa. C. S. § 2806.1(f). Finally, Act 129 provided no incentives for utility performance and prohibited the timely recovery of lost revenue via a reconcilable automatic adjustment clause. 66 Pa. C. S. § 2806.1(k)(2). While Act 129 EDCs can seek to recover loss revenue in a base rate case where rates may be set on a going forward basis to reflect the lower usage levels such cost recovery is delayed, costly to achieve, and less than certain.

⁵ The initial legislative purpose of requiring an EDC to hire at least one CSP to assist in the implementation of a plan or installation of a measure has become clouded over the existence of the Act 129 EE&C Program. While it may have been included initially to enable the EDC to hire outside expertise to assist in plan implementation and/or to create economic opportunities for the energy efficiency market, today the CSP “voice” focuses on increasing the size, complexity, mandated requirements, and costs of Act 129 EE&C plans.

When enacted, the Act 129 EE&C Program was prescriptive and complex, dictating the design of Act 129 EE&C plan design in many aspects. It created an extraordinarily punitive response to a failure to comply without providing the Commission with any discretion to consider best efforts or other mitigating consequences, such as the state of the economy or a pandemic. The Program has remained largely static over the past seventeen years with little recognition that the energy efficiency marketplace has changed substantially with multiple opportunities for customers to lower bills through energy efficiency or demand reduction products and measures offered by a variety of entities in addition to the Commission's statutorily required Act 129 EE&C Program. It is time to revisit, rethink, and update the Act 129 EE&C Program.

EAP and its members recognize the benefits of programs aimed at empowering customers to manage their energy consumption through education and customer incentives. In addition to the mandates of Act 129 and the low-income usage reduction programs, i.e., LIURP, required under Commission regulation, a number of our members have sought approval from the Commission (with mixed success) to implement energy efficiency programs. In suggesting that it is time to review and consider an overhaul of Act 129 of 2008, neither EAP nor its members are suggesting that energy efficiency and conservation are not important in a time of growing demand, dwindling supplies, and the specter of increasing electricity prices. The energy efficiency marketplace has changed since 2008 and the opportunity for more comprehensive measures and cooperation among a variety of energy efficiency offerings is not supported by the current statute. Standards and specifications have improved year over

year, reducing energy savings potential over time and eliminating many low-cost savings options, such as residential lighting. A more flexible program with goals rather than mandatory targets; with incentives for EDC investment in both customer and utility operations aimed at reductions in consumption and demand; with compliance accomplished by achieving reductions within a range of cost-effective and achievable savings; and without the current penalty structure which is punitive and provides no discretion to the PUC to recognize good faith efforts during a phase of the Act 129 EE&C Program should be the starting point for developing a new statutory framework.

History of Act 129 of 2008 and Implementation of the EE&C Program

Governor Rendell signed Act 129 of 2008 into law on October 15, 2008 and it became effective on November 14, 2008. Among other things, the newly enacted law required the Commission to develop and adopt an EE&C Program by January 15, 2009⁶. The initial Commission EE&C Program, subsequently referred to as Phase I, would direct each EDC with more than 100,000 customers to implement a plan to reduce electric consumption and demand within its service territory by specific amounts, 66 Pa. C. S. § 2806.1(c) and (d), over a specific time period. The Phase I timeframe, established by law as a three-year period, began on June 1 and continued through May 31, 2013. Each EDC was to reduce energy consumption by at least one percent (1%) of its expected consumption for June 1, 2009 through May 31, 2010, adjusted for weather and extraordinary load no later than May 31, 2011. By May 31, 2013, Act 129 required that the total annual weather-normalized consumption was to be reduced by a minimum

⁶ See *Final Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (entered Jan. 16, 2009) ("Phase I Implementation Order").

of three percent (3%). With respect to demand reduction, Act 129 required that for the initial Commission Program, each EDC would reduce peak demand by a minimum of four-and-a-half percent (4.5%) of its annual system peak in the 100 hours of highest peak demand, measured against the EDC's peak demand during the period of June 1, 2007 through May 31, 2008. In the event EDCs did not incentivize enough customers to participate in the Program via their individual Act 129 EE&C plans so as to achieve the targets, the law provided that EDCs were strictly liable for penalties ranging from \$1,000,000 to \$20,000,000 regardless of fault. 66 Pa. C. S. § 2806.1(f). With the exception of one EDC that did not meet the interim 1% consumption reduction target by May 31, 2011 (and paid a \$1,000,000 penalty), EDCs satisfied these Phase I requirements.⁷

By November 30, 2013, Act 129 directed the PUC to evaluate the costs and benefits of the programs, and to establish additional mandatory incremental reductions if the programs were cost-effective. The PUC conducted the analysis in consultation with the SWE and ordered⁸ additional consumption reduction targets for a second phase of the Program covering the period from June 1, 2013 until May 31, 2016. The Commission did not order additional demand reduction targets, finding that due to the complexity of the demand reduction program design, it would not be possible to gather the necessary data regarding additional mandatory demand reduction targets for a

⁷ That EDC (Allegheny n/k/a West Penn Power) did achieve the other Phase I targets, i.e., by May 31, 2013 it achieved a 3% reduction in consumption and a 4.5% reduction of its annual system peak demand in the 100 hours of highest demand during the period of June 1, 2007 through May 31, 2008. Following Phase I of the Act 129 EE&C Program, the Commission determined that any interim target would not be subject to the onerous penalties established for failure to meet the reduction targets at the conclusion of a phase.

⁸ See *Final Implementation Order Re: Energy Efficiency and Conservation Program*, Docket Nos. M-2012-2289411 and M-2008-2069887 (entered Aug. 2, 2012) ("Phase II Implementation Order").

Phase II by the statutorily required date of November 30, 2013. *Id.* Act 129 EDCs met the mandated consumption reduction targets established for Phase II.

The Commission next determined in consultation with the SWE that the Phase II Program had been cost-effective, directed the SWE to conduct a new set of baseline and market potential studies, and issued an order establishing reduction targets for Phase III which commenced on June 1, 2016 and run through May 31, 2021.⁹ Phase III was a five-year Act 129 EE&C Program. As noted above, the Commission did not have sufficient information to determine whether the demand reduction program mandated for Phase I was cost-effective and did not order additional mandatory demand reduction targets for Phase II. Subsequently, following an independent study conducted in 2014 by the SWE, the PUC determined that while the design of the Phase I demand reduction program was overly complex and not cost-effective, a new design could be implemented to be cost-effective. Thus, the PUC established additional mandatory incremental peak demand reductions for six of the seven¹⁰ Act 129 EDCs to achieve in Phase III. The Act 129 EDCs met their individual compliance targets for Phase III.

The Commission concluded that the Phase III Act 129 EE&C Program was cost-effective and that based on baseline and market potential studies conducted by the SWE during Phase III, sufficient achievable savings existed in the Pennsylvania marketplace to order additional mandatory incremental reductions for both consumption and demand reduction in a fourth phase of the Commission's EE&C Program. In reviewing the demand reduction design for Phase III, the Commission again noted that

⁹ See *Final Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2014-2424864 (entered June 19, 2015) ("Phase III Implementation Order").

¹⁰ Penelec did not have a DR target to meet during Phase III of the EE&C program.

certain design criteria for demand reduction complicated implementation and increased compliance risk for the Act 129 EDCs. Based on these considerations and the fact that Phase IV began during the pandemic, demand reduction targets during Phase IV can be achieved coincident to consumption reduction measures offered by the EDCs Act 129 EE&C plans. Phase IV, a five-year program, began on June 1, 2021 and will end on May 31, 2026.

The Commission, the SWE, Act 129 EDCs and other stakeholder are currently engaged in the process to determine whether there will be a Phase V EE&C Program. The SWE has conducted baseline and market potential studies which have been made available to the public for review but not input.¹¹ Those various studies, as in past phases, form the basis of the Commission's tentative order recommending an additional phase with new mandatory incremental reduction targets for both consumption and demand. *See, Tentative Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2025-3052826 (entered on February 20, 2025). Extensive public comments and reply comments have been submitted and the Commission anticipates issuing a final implementation order for Phase V in June 2025.

Act 129 allows EDCs to recover only the cost of implementing energy efficiency and peak demand reduction requirements and caps the cost of the combined programs at 2% of the EDC's total annual revenues as of December 31, 2006. *See supra.* pages 3 – 4 at fn. 3. The law specifically precludes EDCs from recovering the revenue they lose due to customer usage reductions, except through a base rate case where rates

¹¹ *See, EAP Comments to the Tentative Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2025-3052826 (entered February 20, 2025) at pp. 2 - 5 wherein EAP discusses the difficulty of offering substantive comments where the opportunity to review SWE studies is severely limited due largely to the extremely tight timeframe necessitated by the law.

may be set on a going forward basis to reflect the lower usage levels. Additionally, as demonstrated above, implementation of the Act 129 EE&C Program is pursuant to a prescriptive regulatory framework, with tight timeframes, and little opportunity for flexibility and innovation on the part of either the Commission or Act 129 EDCs. After seventeen years it is time to reflect and determine a new pathway to encouraging and incentivizing energy efficiency and demand reduction in Pennsylvania.

EAP Suggestions to Improve the Act 129 EE&C Program

EAP recommends a number of changes to Act 129 of 2008 which would improve and update the Act 129 EE&C Program. While top priorities, these suggested amendments are not the only changes which EAP or its members may recommend or agree to in the context of modernizing the Act 129 EE&C Program. Moreover, the proposals here are substantive changes to the statute and do not directly address the processes followed to implement the Program, such as the evergreen nature of the Act 129 EE&C Program, the process developed to allow EDCs to make minor plan changes to an approved Act 129 EE&C plan or the role of the SWE, the studies conducted by the SWE, the lack of adequate time for EDCs, the statutory advocates and other interested parties to review such studies, offer input and/or challenge the methodology and conclusions reached by the SWE.

Within that context, EAP first suggests that the Commission, at its earliest opportunity, assess the processes it has developed and followed over the past seventeen years. Such an assessment, with input from EDCs, the statutory advocates, and other interested parties, would undoubtedly identify opportunities for streamlining and simplifying processes developed under the current statutory framework. This

assessment could also identify opportunities to reduce the administrative toll and expense on the PUC, the Act 129 EDCs, and their customers.

From a substantive perspective, EAP contends initially that the statute should be amended to change the punitive, inflexible provisions that require large penalties if targets are not met without regard to consideration of the underlying circumstances and the degree of fault of the utility. See, 66 Pa. C. S. § 2806.1 (f). No other state statute establishing standards for energy efficiency relies on mandatory penalties if a target is missed by even one kilowatt hour. In fact, a number of other states provide incentives when an EDC meets or exceeds a reduction goal.¹² EAP believes that penalties for noncompliance should be determined pursuant to 66 Pa. S. C. § 3301 and that 66 Pa. C. S. § 2806.1(f) should be struck from the legislation.

Second, Act 129 should be amended to allow utilities the opportunity to recover the revenue they lose as a result of their energy efficiency programs through a timely, transparent mechanism that is directly tied to the usage actually reduced through utility energy efficiency programs. This approach is preferable to attempting to make lost revenue determinations as part of complex, expensive, and time consuming rate cases. The ability of utilities to recover these lost revenues in rate cases under Act 129 demonstrates that the Legislature understood the existence of these revenue losses – and the negative impact the losses would have on utilities’ ability to fund grid operations. Lost revenue recovery mechanisms provide a more timely and transparent

¹² See, e.g., *NY DPS Final Order*, Docket No. 22-E-0064(incl. Appendix 22) (entered on July 20, 2023) - in New York, ConEdison has an Earnings Adjustment Mechanism that offers incremental earnings opportunities for achieving certain policy goals, including EE and DR through incremental ROE basis point adders assigned to various policy-aligned metrics with no penalties when goal is not met; and *NJ BPU Order*, Docket No. QO23030150 (July 27,2023) and NJ SA 48-3-98.1(b) -I n New Jersey, PSE&G applies a Performance Incentive Mechanism that scales linearly around a 2 EE load reduction target, with steeper slope assigned to downside.

way to keep utilities financially whole for executing governmental mandates, and they more effectively ensure that resources are available to maintain and improve the reliability of the grid.

Third and in addition to the amendment detailed above providing for the recovery of lost revenue, Act 129 should be updated to allow full cost recovery, including earning a return on investment and the ability to earn incentives for exceeding goals. Other states provide for full cost recovery as a means to incentivize EDCs to achieve flexible goals. See, MI Code 460 – 1075 (Energy Waste Reduction Plan) and *MI PSC Order*, Docket No.21205 (October 27, 2022). Consumers Energy has a Financial Incentive for achieving a state policy target of 2% energy waste reduction. The incentive scales around the level of achievement with more of an incentive for outperforming and less incentive for underperformance; an incentive is awarded in either scenario as opposed to a penalty.

Fourth, EAP strongly recommends that the existing mandated specific targets be replaced with goals, establishing reductions within a range. This would reduce compliance risk, promote plan flexibility, and encourage the development of innovative and comprehensive energy efficiency measures. EAP contends that such a change would provide the Act 129 EDCs the space to further incentivize measures that have lasting financial benefits for customers, such as HVAC equipment with lower operating and maintenance costs over time versus low cost/low impact measures to ensure targets are met. With the present requirement to achieve a specific target or face severe penalties, opportunities to innovate are limited. EDCs will continue to include measures that reliably provide savings, including deemed savings, as a means to achieve

compliance with a reasonable degree of certainty. To achieve innovation, the law should be amended to build a framework that is flexible, not prescriptive and punitive.

Fifth, amend Act 129 to clearly provide the option for EDCs to include front-of-the-meter measures¹³ in their Act 129 EE&C plans even when such measures may not be funded by the Act 129 budget, and the corresponding ability to count EE and DR savings attributable to front-of-the-meter measures towards Act 129 reduction goals. In Phase I, the Commission approved a plan that included a front-of-the-meter measure to encourage voltage reduction, i.e., Conservation Voltage Reduction or CVR, which provided ample cost-effective savings. Currently, however, in its Phase V Tentative Implementation Order, the Commission has stated that such measures will not be permitted because they do not require customer participation. EAP suggests that an amended statute could specifically allow for such measures to be included in the Act 129 EE&C plan, providing consistency between phases.¹⁴

Sixth, EAP recommends eliminating mandated peak demand reduction and the requirement of an involuntary demand reduction target. The design of a demand reduction program based on reductions during periods of peak demand has proven to be difficult. The design mandated by the law during the initial phase of the Program was not cost-effective and the design recommended by the SWE and adopted by the Commission for Phase III was equally as complex and risky. Phase IV does not mandate demand reductions in times of peak demand; rather the Program sets a

¹³ Front-of-the-meter measures include, for example, the deployment of advanced technologies to reduce the loss of energy as it travels through a distribution line, i.e., line loss.

¹⁴ See, *EAP Comments to the Tentative Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2025-3052826 (entered February 20, 2025) at p 14.

mandatory demand reduction target that can be achieved through demand reduction that occurs coincident to reductions in consumption.

For Phase V, however, the Commission has recommended a design for demand reduction that is novel and mandates reduction across over 400 hours during winter and summer periods each year. EAP and its Act 129 EDCs believe that both the compliance risk and the cost for the proposed design are high, particularly as compared to the lower risk and acquisition cost associated with energy consumption reduction. The Commission maintains that the law requires a mandated demand reduction target if a cost-effective design is available. EAP urges an amendment that would eliminate mandated demand reduction during periods of peak demand and replace it with voluntary demand reduction or demand response measures as determined by the Act 129 EDC.¹⁵

Finally, EAP recommends statutory amendments that would eliminate the 15-year measure life, which restricts the ability of EDCs to implement long-life measures that provide energy and cost savings to customers over many years. This restriction can also unintentionally limit the implementation of more comprehensive measures.

Thank you for the opportunity to appear before you today, and I would be happy to answer questions.

¹⁵ See, *EAP Comments to the Tentative Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2025-3052826 (entered February 20, 2025) at pp. 9 - 12 wherein EAP urges the Commission to not mandate a demand reduction program for Phase V based on the untested and complex design proposed by the SWE while simultaneously encouraging the Commission to allow for the inclusion of voluntary demand reduction measures similar to that included in Phase IV Act 129 EE&C plans.