



Energy Efficiency Policy In PA

SEI Energy Briefing 2/27/2018

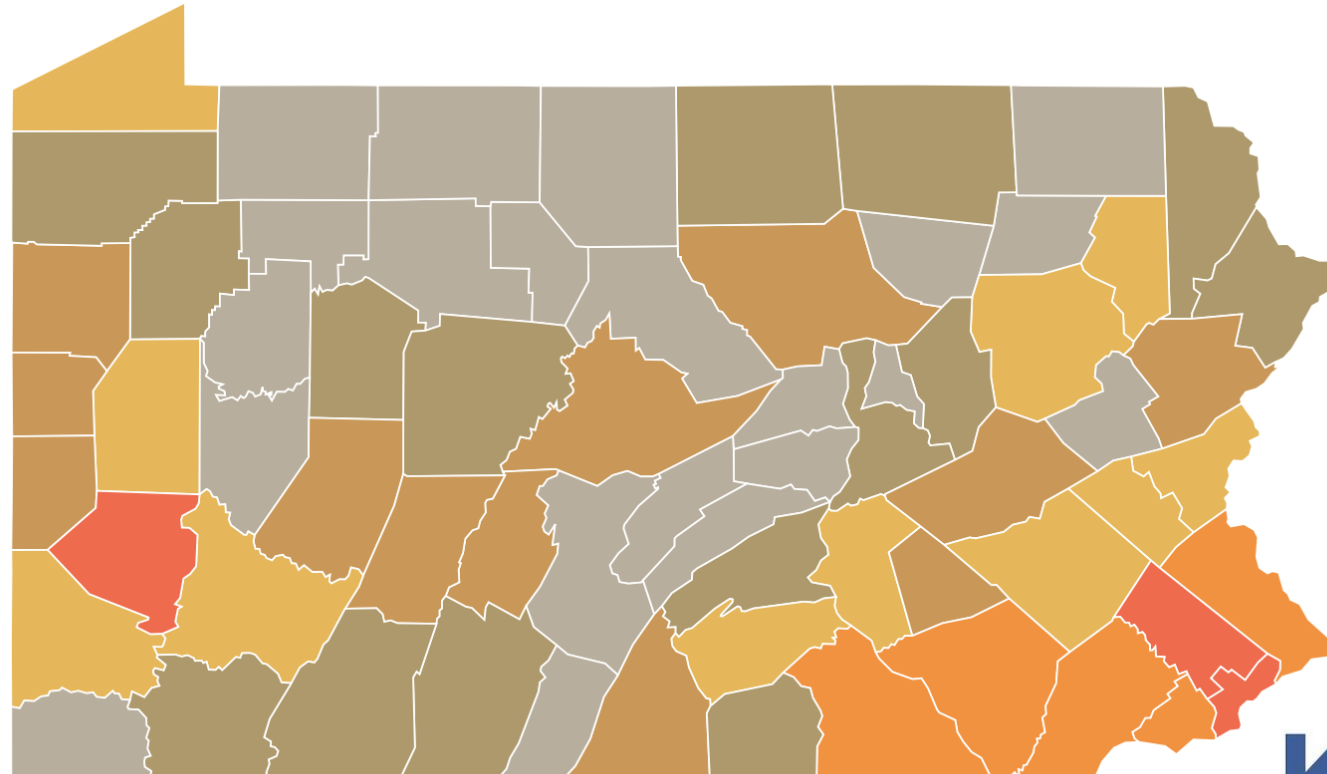
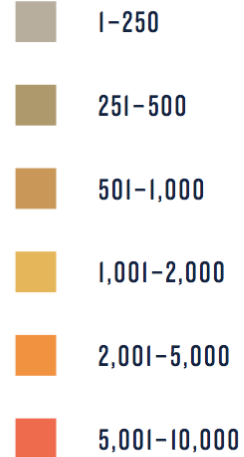
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Energy Efficiency is big business in Pennsylvania

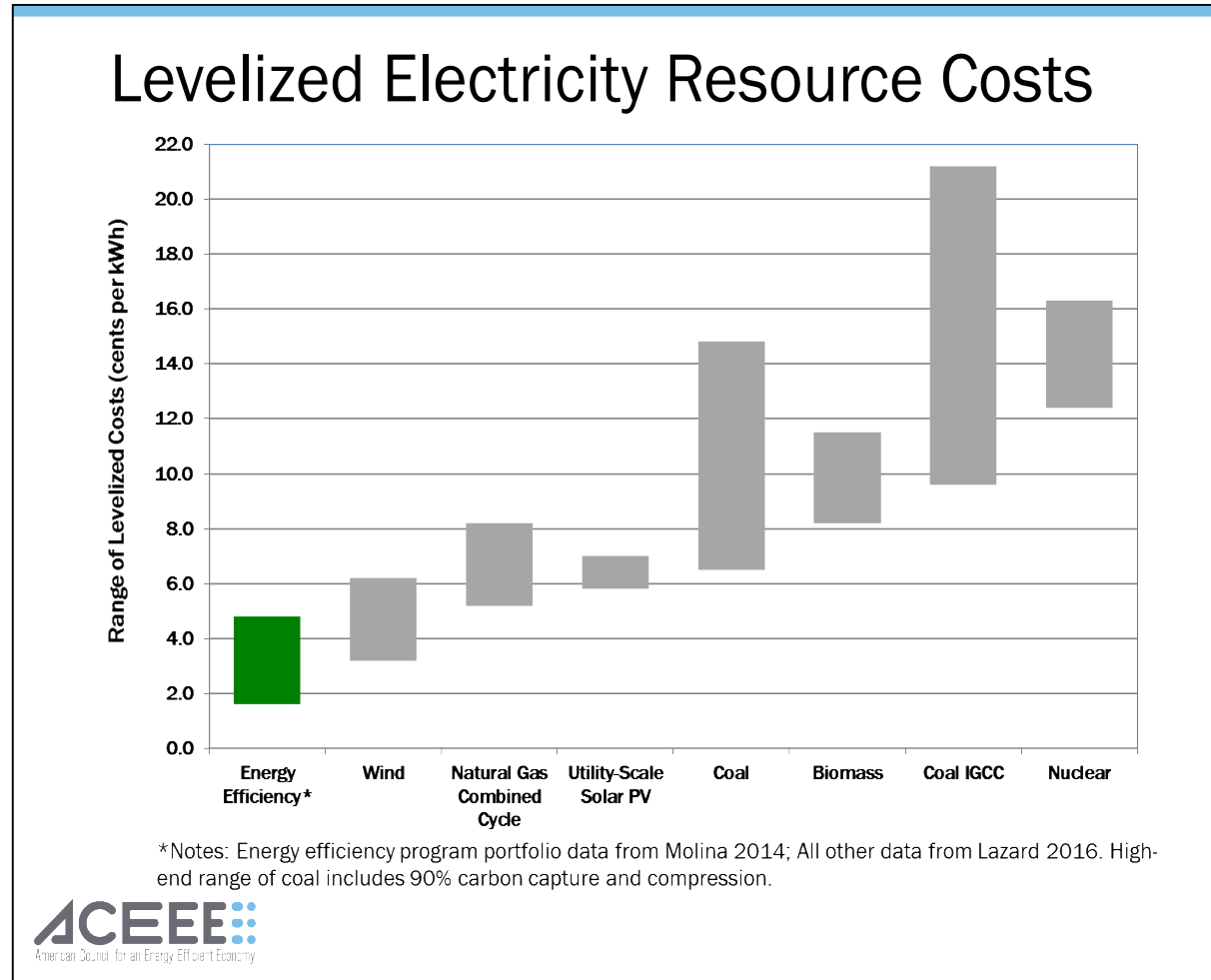
- 62,000 Energy Efficiency Jobs (US Department of Energy)

Fig. 7: Heat Map of Clean Energy Employment by County

KEY



Energy efficiency is Pennsylvania's most cost-effective resource



Policy needed to overcome market barriers

Upfront capital costs

Payback time

Split incentives

Major actor disincentives

How Pennsylvania's Efficiency Policy Stacks Up

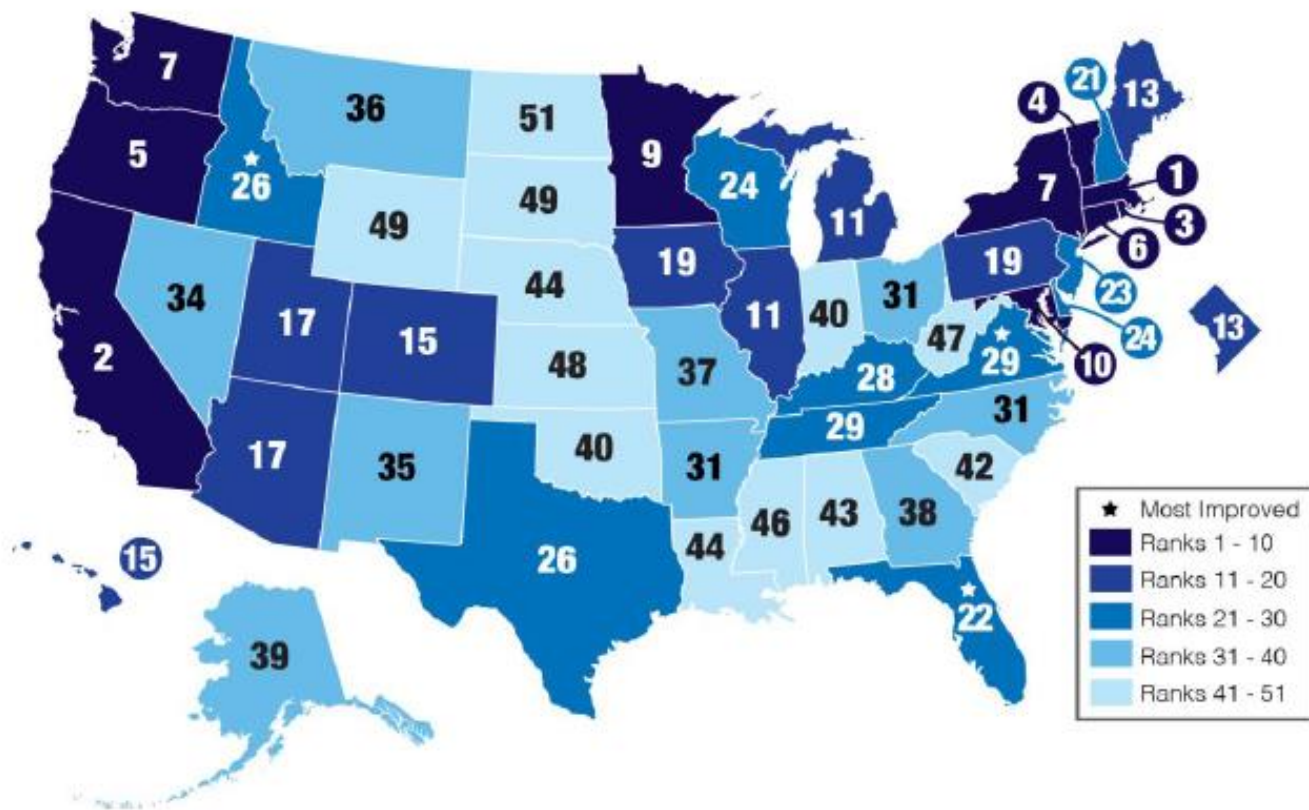


Figure 1. 2017 State Scorecard rankings

State	2016 net incremental savings (MWh)	% of 2016 retail sales	Score (6 pts.)
Massachusetts	1,569,661	3.00%	7
Rhode Island	214,329	2.85%	7
Vermont	138,318	2.52%	7
Washington†	1,358,095	1.54%	5
California†	3,909,215	1.54%	5
Connecticut	442,250	1.53%	5
Arizona	1,108,273	1.42%	4.5
Maine†	157,921	1.38%	4.5
Hawaii††	124,399	1.32%	4.5
Minnesota†	847,830	1.31%	4.5
Illinois	1,716,876	1.23%	4
Michigan	1,209,981	1.17%	4
Oregon†	537,331	1.16%	4
Idaho†	258,598	1.13%	3.5
New York	1,599,900	1.09%	3.5
Iowa††	482,316	1.01%	3
Maryland	560,617	0.91%	3
Colorado	487,396	0.89%	3
Ohio	1,284,472	0.87%	2.5
Utah	232,299	0.78%	2.5
Pennsylvania	1,058,768	0.73%	2

Major Efficiency Programs in PA

- Utility Programs (Act 129)
- GESA
- State & Federal low-income assistance



Pennsylvania's Landmark EE Law: Act 129



- Drives economics and adoption of efficiency
- Enacted in 2008, requires utilities to invest in cost-effective efficiency
- \$6.4 billion in benefits first seven years
- “Phase IV” begins 2021
- Large users seeking exemptions
- Opportunities to improve

Opportunity: Alternative Ratemaking

- Distribution utilities are regulated monopolies whose revenue opportunities are mostly limited to selling more electricity
- Utilities face dis-incentive to encourage energy efficiency
- “Decoupling” automatically adjusts rates to remove that dis-incentive automatic. Customers pay equal or less, and utilities keep earnings stable
- “Performance incentives” give utilities a reason to exceed efficiency goals
- HB 1782 allows Public Utilities Commission to consider alternative ratemaking

Opportunity: Commercial Property-Assessed Clean Energy

- “C-PACE” programs are growing in popularity
- Remove barriers for commercial businesses
- SB 234 passed the Senate 42-8 in January
- Next Steps: House Commerce Committee, implementation





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