BEFORE THE
House Consumer Protection, Technology and Utilities Committee

Public Hearing: House Bill 505 - Act 129 Reform

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Testimony of

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Good morning, Chairman Burgos, Chairman Metzgar, and members of the House Consumer Protection, Technology and Utilities Committee.

My name is Andy Tubbs, and I serve as President and CEO of the Energy Association of Pennsylvania, or EAP. We are the statewide trade association representing Pennsylvania's electric and natural gas distribution companies.

EAP's members include the regulated "wires" and "pipes" companies that deliver electricity and natural gas to homes and businesses across the Commonwealth. Our electric distribution companies—EDCs—own and operate the poles, wires, and equipment that carry electricity from the bulk power system to customers. Our natural gas distribution companies—NGDCs—operate the pipelines and meters that bring natural gas from the city gate to end users.

All our member utilities are charged under Pennsylvania law to provide safe, reasonable, and reliable service to their customers.

EAP supports its members by advocating before the General Assembly and the Pennsylvania Public Utility Commission ("Commission"), promoting the sharing of best practices, and coordinating education and training for utility professionals.

With respect to Act 129, EAP has played an active role since the program's inception. Our largest electric members have implemented the Commission's Energy Efficiency and Conservation—or EE&C—program for the past 17 years. EAP has facilitated collaboration among EDCs, participated in Commission-led stakeholder processes, and helped ensure the continuity of the program—including working with the Commission and the Statewide Evaluator ("SWE").

I appreciate the opportunity to appear before you today to discuss House Bill 505 and the proposed updates to Act 129.

I. General Background

Before turning to the positive changes in the current bill, it may be helpful to briefly revisit the origins of Act 129 of 2008 and how its Energy Efficiency and Conservation ("EE&C") Program and utility EE&C plans were designed and implemented. 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, 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, Pennsylvania faced significant concerns surrounding rising electricity prices. With wholesale electricity prices at record highs and long-standing rate caps nearing expiration, it was projected that customers would see their electric bills double in 2010 to 2011. 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 anticipated price increases and viable solutions. Policymakers, looking to mitigate the effects of "rate shock," responded with the enactment of Act 129 of 2008. Among its provisions, the law directed the Commission to establish an EE&C Program requiring EDCs with more than 100,000 customers to implement cost-effective EE&C plans to reduce electricity consumption and peak demand.

Act 129 required EDCs to, *inter alia*:

- Develop and submit EE&C plans for Commission review and approval;

- Achieve specific, enforceable electric consumption and demand reduction targets via EE&C measures offered equitably to each rate class, 66 Pa. C. S. §§ 2806.1(a)(5) and (b)(1)(I)(B) and (G);
- Undergo rigorous independent evaluation, measurement and verification ("EM&V") to ensure claimed savings are real, 66 Pa. C. S. §§ 2806.1(a)(2) and (b)(1)(a)(C) and (J);
- Engage independent conservation service providers ("CSPs"), 66 Pa. C. S. §§ 2806.1(b)(1)(in)(E), through competitive bidding pursuant to Commission developed procedures, 66 Pa. C. S. § 2806.1(a)(7); [1]
- Include targeted programs for low-income customers in addition to other forms of assistance provided by utilities under Commission regulations, 66 Pa. C. S. §2806.1(b)(1)(I)(G).[2]

Act 129 required the Commission to, *inter alia*:

- Adopt an EE&C Program by January 15, 2009, which required EDCs to submit for approval and implement EE&C plans within their respective service territories that achieved the reductions in electric consumption and demand required under the stature, *see,* 66 Pa. C. S. §§ 2806.1(a), (c), and (d);

[1] 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.

[2] In addition to the statutory requirement, the Commission created a separate mandatory MWh target for EDCs to achieve based on savings from low-income customers.

- Develop a procedure to consider recommendations to add measures and make changes to an approved plan, 66 Pa. C. S. § 2806.1(a)(6);
- Develop an evaluation process to monitor and verify data collection, quality assurance and the results of each EE&C plan, 66 Pa. C. S. § 2806.1(a)(ii);
- Analyze the cost and benefit of each plan in accordance with a total resource cost test, 66 Pa. C. S. § 2806.1 (a)(iii);
- Provide for a cost recovery methodology that ensures that measures available for each class of customers are financed by that same customer class. 66 Pa. C. S. § 2806.1 (a)(xi)

In addition to various statutory requirements, the Commission determined that it needed an independent consultant to oversee the audits of EDC consultants and to review data and create reports detailing the progress of EDCs to achieve their mandated targets during a phase. The Commission further directed its consultant (a/k/a SWE) to undertake various studies to assist the Commission evaluate plan compliance and cost-effectiveness at the close of a phase and to determine whether a subsequent phase of the Act 129 EE&C Program was justified.

The statute also established a compliance mechanism that is punitive in nature. Failure to meet statutory targets results in strict liability with an automatic penalty ranging from a minimum of one million dollars to a maximum of twenty million dollars, 66 Pa. C. S. § 2806.1(f), without regard to extenuating circumstances or good faith efforts. At the same time, Act 129 prohibited the timely recovery of lost revenue via a reconcilable automatic adjustment clause, 66 Pa. C. S. § 2806.1(k)(2), leaving EDCs to

seek such recovery through complex base rate proceedings, where such cost recovery is delayed, costly to achieve, and less than certain.

While the goals of Act 129 are commendable, the resulting regulatory framework has proven highly prescriptive and inflexible. The Commission has limited discretion to adapt requirements in response to market changes, economic disruptions, or utility performance. Over 17 years, the EE&C Program has remained largely static, despite substantial changes in the energy efficiency landscape, including:

- Evolving technologies and increasing federal efficiency standards;
- The market-driven availability of energy-saving products;
- A reduced pool of low-cost savings opportunities;
- And the emergence of non-utility entities offering competing EE&C services.

Pennsylvania ratepayers continue to fund these programs at a cost exceeding $225 million annually.[3] And while EDCs and, in fact all EAP's member utilities, support cost-effective energy efficiency and conservation initiatives, the Act 129 statutory

[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 $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.

framework is dated, limits innovation and is too prescriptive. It is time to modernize Act 129 to reflect today's market realities.

A revised framework should start with:

- Goals rather than mandatory targets;
- Incentives for EDC investment in both customer and utility operations aimed at reductions in consumption and demand;
- Compliance accomplished by achieving reductions within a range of cost-effective and achievable savings;
- Removing the current penalty structure which is punitive and provides no discretion to the Commission to recognize good faith efforts during a phase of 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 incentives. 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. However, 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.

II. Implementation & Evolution of the EE&C Program: Phases I-IV

The initial Commission EE&C Program, subsequently referred to as Phase I, directed 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 three-year period beginning on June 1, 2010 and

ending on May 31, 2013[4]. Compliance was mandatory, and failure to meet targets triggered automatic penalties. Except for one EDC that did not meet an interim 1% consumption reduction target by May 31, 2011 (and paid a $1,000,000 penalty), EDCs satisfied Phase I requirements by May 31, 2013.[5]

Building on that experience and finding that the Phase I EE&C plans were cost-effective, the Commission established additional consumption reduction targets for a second phase (June 1, 2013 through May 31, 2016).[6] However, the Commission declined to set new peak demand reduction targets, citing data limitations and the complexity of the original demand program design. Act 129 EDCs again met the mandated consumption reduction targets established for Phase II.

In Phase III (June 1, 2016 through May 31, 2021), the Commission resumed demand reduction mandates for all the EDCs, except Penile, based on the SWE analysis indicating that a revised program design could be cost-effective. The Commission also set new incremental electric consumption reduction targets.[7] 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. Based on baseline and market potential studies conducted by the SWE, the

[4] *See Final Implementation Order Re: Energy Efficiency and Conservation Program*, Docket No. M-2008-2069887 (entered Jan. 16, 2009) ("Phase I Implementation Order").
[5] 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.
[6] *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").
[7] *See Final Implementation Order Re: Energy Efficiency and Conservation Program,* Docket No. M-2014-2424864 (entered June 19, 2015) ("Phase III Implementation Order").

Commission ordered additional mandatory incremental reductions for both consumption and demand reduction to be achieved during Phase IV (June 1, 2021, through May 31, 2026). Noting that the design criteria for demand reduction during Phase III was again complicated and risky and that Phase IV would start during the pandemic, EDCs were allowed to achieve demand reduction targets coincident to consumption reduction measures.

The Commission, the SWE, Act 129 EDCs, and other stakeholders 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.[8] These 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 entered a final implementation order for Phase V on June 18, 2025.

III. EAP Comments on House Bill 505

1. EAP Support for Key Provisions in House Bill 505

House Bill 505 proposes several meaningful updates to Act 129 that EAP and its member utilities support. These changes address long-standing concerns with the

[8] *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.

statute's rigidity, risk structure, and alignment with current market and regulatory realities. While additional improvements are recommended and outlined below, the following provisions in HB 505 represent important progress.

a. Reform of the Penalty Structure

EAP supports replacing the existing Act 129 mandatory penalty structure – currently ranging from $1 to 20 million for failure to meet mandated targets regardless of cause – with the general penalty provisions found in 66 Pa. C. S. § 3301, which provides the Commission with discretion to consider the best efforts of the EDC to achieve the target when determining an appropriate penalty. This is a welcome departure from the current strict liability structure and would encourage thoughtful, responsible program design without fear of disproportionate penalties for marginal underperformance.

b. Full and Timely Cost Recovery, Including Performance Incentives

EAP supports the provisions in HB 505 that would provide for:

- Full and timely cost recovery of EE&C program costs;
- The opportunity to recover lost revenues outside of a general rate proceeding; and
- A return on investment and performance-based incentives for exceeding savings goals.

These elements encourage utility innovation and investment in energy efficiency. However, EAP recommends one technical amendment: the bill should specify that incentives be based on "positive net benefits." Absent this clarification, the calculation of "net benefits" could be skewed by including required measures that have historically

failed to meet the Total Resource Cost ("TRC") test. For example, low-income measures required under the law and which are 100% funded by the Act 129 EE&C plan are not expected and do not meet the TRC test. Accordingly, low-income measures would mathematically have a "negative" net benefit and, if included, would reduce the value of incentives earned by the EDC when it outperforms expectations.

c. Support for Longer-Lived Measures and Recognition of System-Wide Savings

EAP supports two additional changes in HB 505 that better align the statute with long-term planning and broader system benefits:

- Removal of the 15-year Cap on Individual Measure Benefits: Under current law, EDCs are constrained from recognizing savings from measures that deliver benefits beyond 15 years. This artificial cap limits the cost-effectiveness and appeal of investing in durable, high-impact technologies like building envelope upgrades or HVAC systems. HB 505 appropriately lifts this restriction, allowing utilities to pursue longer-lived, customer-beneficial measures.
- Inclusion of Front-of-the-Meter Measures and Off-Plan Savings: EAP also supports the provisions allowing EDCs to include "front-of-the-meter" measures in their Act 129 EE&C plans and to count savings achieved through initiatives outside of the Act 129 program toward their savings goals. These provisions encourage system-level planning and recognize the value of utility-driven efficiency efforts that benefit the grid and customers alike.

In addition to the EAP supported changes found in HB 505 as detailed above, EAP offers further amendments to improve and streamline Act 129 of 2008 and its implementation. While certain top priorities are outlined below as part of EAP's testimony, there may be additional amendments which EAP or its members may recommend or agree to in the context of updating the law and modernizing the Act 129 EE&C Program. Moreover, the amendments which are highlighted below are substantive changes to the statute and do not directly address the processes developed by the Commission to implement the Program, either within the confines of a single phase or as it relates to the continuing nature of the Act 129 EE&C Program. EAP will offer a few suggestions to improve the Commission's implementation processes later in its testimony.

2. EAP Proposed Amendments to Improve House Bill 505

a. EAP Supports Replacing Mandated Targets With Goals

EAP recommends a structural change to the Act 129 framework: replacing the existing mandated electric consumption reduction targets with goals. This change would enable EDCs to achieve compliance by reaching a reduction within an established range rather than meeting a precise number[9]. The benefits of this approach are:

- Reduced compliance risk in the face of economic shifts, customer behavior, unforeseen events;

[9]Other states have goals vs. a prescriptive target. *See, e.g., NY DPS Final Order*, Docket No. 22-E-0064(incl. Appendix 22) (entered on July 20, 2023) - in New York, Cornelison 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) - In New Jersey, PSE&G applies a Performance Incentive Mechanism that scales linearly around a 2 EE load reduction goal, with steeper slope assigned to downside.

- Greater program flexibility, enabling a portfolio approach that encourages cost-effective, longer-term measures; and
- Support for innovation, particularly in areas like HVAC upgrades or advanced building controls, where savings accrue over time but may not be prioritized under a strict compliance framework.

Currently, the risk of penalties encourages EDCs to focus on measures with predictable, near-term savings—even if those measures offer limited long-term value. Moving to a flexible goal framework would improve program effectiveness and customer outcomes.

b. EAP Recommends Clarification or Removal of Prescriptive Peak Demand Requirements

While HB 505 proposes improvements, EAP recommends that the provisions related to the peak demand requirement be modified to eliminate mandatory targets and instead support a voluntary, performance-based approach.

Specifically, EAP opposes the proposed language in HB 505 that would require the Commission, following a future cost-benefit analysis, to impose a daily peak demand reduction mandate beginning in 2030. Instead, EAP recommends:

- Replacing this provision with permissive language allowing EDCs to propose peak demand strategies that either align with energy efficiency savings (as in the current Phase IV) or involve dispatchable demand response; and
- Establishing a framework of achievable performance ranges with incentives, rather than penalties, for peak demand reduction.

This recommendation is grounded in over 17 years of experience. The peak demand programs under Act 129 have consistently proven to be complex, expensive to administer, and difficult to evaluate. In fact:

- The Phase I design was deemed not cost-effective;
- The Commission opted not to set new peak targets for Phase II due to a lack of reliable data;
- And while Phase III reintroduced demand targets, the Commission later found that quantifying capacity impacts was "challenging and requires several assumptions."

In Phase IV, the Commission wisely moved toward a coincident reduction model, allowing demand savings to be achieved through standard energy efficiency measures. EAP supports this direction and recommends that future policy maintain flexibility, avoid rigid mandates, and incentivize effective design.

3. Clarify or Remove Provisions Expanding Act 129 to "Consumer Resilience" Measures

HB 505 proposes expanding Act 129 EE&C plans to require "resilience" measures that both improve consumer resilience[10] to extreme weather events while "independently" reducing consumption and demand. As defined under HB 505, these measures must include:

- Technologies, management practices or other measures employed by retail customers that reduce the likelihood or severity of power outages due to

[10] HB 505 defines "consumer resilience" as "the ability of consumers to prepare for threats and hazards, adapt to changing conditions and withstand and recover rapidly from adverse conditions and disruptions." See HB 505 p. 18, lines 19 – 22.

extreme weather and are installed at the location of the retail consumer. HB 505 p. 20, lines 6 – 12.

- Reduce electric or energy consumption or peak load by the retail consumer, and
- Require that the cost of acquisition or installation of the resilience measure be directly incurred in whole or in part by the electric distribution company. HB 505 p. 19, lines 25 – 30 p. 20, lines 1 – 5.

EAP contends that this expansion of Act 129 to require and subsidize resilience measures at customer locations does not readily align with the original legislative intent of Act 129 to reduce electric consumption and demand. The addition of utility subsidized resilience requirements to the Program will:

- Overcomplicate plan design and implementation, compliance, and reporting,
- Dilute funds currently dedicated to energy efficiency and conservation measures; and
- Shift costs to all customers to subsidize private, site-specific resiliency improvements.

EDCs already have a clear and well-regulated responsibility to ensure reliability and resiliency under the Pennsylvania Public Utility Code. These obligations are fulfilled through capital planning, rate cases, Long-Term Infrastructure Improvement Plans (LTIIPs), and are actively monitored by the PUC's Bureau of Technical Utility Services (TUS). HB 505 would create a new and distinct utility responsibility—funding customer-owned, site-specific technologies—without the same public benefit or transparency.

At a minimum, EAP requests clarification on:

- How a “consumer resilience” goal would be determined;
- What metrics would be applicable to evaluate, measure, and verify the achievement of a consumer resilience goal, and
- Whether resilience measures could count towards both a consumer resilience goal and towards the compensation and demand reduction requirements for the phase.

Alternatively, EAP suggests that the inclusion of resiliency measures in the Act 129 EE&C plan be permissive rather than mandatory and that measures focus on battery storage. Battery storage, whether installed and owned by the utility to improve reliability or resiliency on a particular section of the distribution grid or installed and owned by the customer, could be encouraged and allowed under Act 129 to improve both system and individual customer resiliency while helping to shift demand from periods of peak demand.

4. Maintain the Act’s Focus on Electric Consumption and Demand

HB 505 also proposes revising Act 129 by replacing references to “electric” consumption and demand with the broader term “energy.” The intent of Act 129 was to reduce electricity consumption and demand through programs administered by EDCs. Shifting to “energy” consumption could:

- Expand EDC obligations to include fuel types they do not deliver;
- Introduce uncertainty into program design and EM&V; and
- Complicate cost-benefit analysis, particularly as defined in the Total Resource Cost (TRC) test.

Proposed amendments to the TRC test compound this concern. In particular, HB 505 changes the test's definition to focus on the "avoided cost of supplying utility service" rather than "electricity." This change is both unclear and potentially expansive. EAP recommends maintaining the statute's focus on electricity, given current market conditions: rising electric prices, increasing electric demand, and constrained generation supply.

5. Refine Cost-Benefit Evaluation Framework

EAP supports the addition of language in HB 505 which allows for the expansion of the effective life of a plan beyond fifteen (15) years, as this change enables long-lived investments in technologies like HVAC and building insulation to be fully valued. However, EAP has several concerns with other proposed changes to the cost-benefit framework:

- **Doubling the Benefits of Low-Income Measures**: HB 505 proposes that, for cost-benefit evaluation, the benefits of low-income measures be multiplied by two. EAP finds this multiplier arbitrary and inconsistent with established economic analysis. It risks undermining the credibility of the cost-benefit framework that underpins the program's integrity.
- **Applying the TRC Test at the Measure Level**: Historically, the TRC has been applied at the plan level to allow flexibility in incorporating low-income, pilot, or innovative measures that may not be cost-effective individually but serve important policy goals. Applying the TRC at the measure level would disincentivize such measures and limit innovation. EAP recommends preserving plan-level evaluation.

- **Clarifying "Utility Service" in TRC Calculations**: As noted above, the change from evaluating "avoided cost of supplying electricity" to "avoided cost of supplying utility service" is unclear and could be interpreted broadly. EAP recommends retaining the original focus on electric service.

6. EAP Supports Elimination of Mandated Electric Consumption Target for GNI.

EAP supports removing the statutory requirement for a specific consumption reduction target for "units of Federal, State and local government, including municipalities, school districts, institutions of higher learning…." While Act 129 required that Phase I EE&C plans obtain a minimum reduction of 10% of all consumption and peak demand reduction requirements from this sector, the Commission has since reduced the requirement to 3.5% in Phase III and eliminated it entirely in Phase IV—citing performance data showing these entities already participate at rates comparable to other non-residential customers.

The Commission exercised its discretion to eliminate this mandatory sector target for Phase IV based, in part, on the results of a SWE study which indicated that GNI entities were as likely to plan for and consider energy efficiency upgrades as other non-residential customers, i.e., no need for a dedicated effort to convince these ratepayers to participate in Act 129. EDCs have consistently exceeded GNI goals in past phases, and the Commission has maintained reporting requirements without the need for a savings mandate. Eliminating this carve-out would reduce the administrative burden without undermining participation. Moreover, by 2020, the fourth year of the five-year Phase III, every EDC had exceeded the mandatory GNI carve-out target. The Commission saw no need to use a mandatory target to achieve savings from the GNI

sector during Phase IV although it did require EDCs to continue to track and report separately on GNI savings achieved.

7. EAP Supports Amendments to the Low-Income Sector Compliance Target

EAP supports HB 505's provision allowing EDCs to request an alternative compliance mechanism for meeting low-income energy efficiency targets. Currently, EDCs must deliver savings proportionate to the low-income share of the total electric usage. In addition, the Commission created an additional mandatory MWh savings requirement for the low-income sector.

EAP has consistently advocated to eliminate the Commission-created mandatory MWh requirement and replace it with a requirement to spend a set percentage of Act 129 funding on the low-income sector during each phase. This would:

- Enable a broader range of program offerings tailored to low-income needs;
- Recognize the difficulty of achieving high MWh savings in this sector;
- Ensure equitable investment without tying compliance to strict energy reduction metrics.

This change would result in more comprehensive, meaningful, and cost-effective support for low-income customers.

8. EAP Recommendations for Improving Administrative Processes

Beyond statutory reforms, EAP believes the Commission's implementation processes developed over the past 17 years should also be reviewed and improved. In particular:

- The process for proposing even minor plan changes is unnecessarily complex, costly, and time-consuming;

- Stakeholder engagement around the SWE's baseline and potential studies is limited and rushed, reducing the quality and responsiveness of the Commission's implementation orders;
- Demand reduction modeling has often relied on assumptions that have not proven cost-effective and have diverted funds from consumption reduction measures.

EAP recommends that the Commission conduct a formal review of its administrative and procedural framework with input from EDCs, advocates, and other stakeholders. Streamlining these processes would reduce regulatory burden and enhance the efficiency of the program, benefiting both utilities and ratepayers.

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