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# Act 129

## Growing the Energy Conservation Market

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# Act 129

- Signed into law on October 8, 2008.
- Requires reduction in overall electricity demand:
  - 1% by 2011 (1.5 million MWh)
  - 3% by 2013 (4.5 million MWh)
- Peak demand must be reduced by 4.5% by 2013 (1,300 MW)
- Installation of smart meters and real-time pricing.

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# Act 129

- Failure to meet reductions creates penalties as high as \$20 million.
- PUC can take away the conservation programs from a utility failing to meet the goal.
- Funding = 2% of annual 2006 revenues
  - \$250 million per year on energy efficiency and conservation programs.
- Utilities are permitted to recover costs of energy conservation programs in rates.
- Utilities will submit annual evaluation reports detailing savings, M&V, evaluation of cost-effectiveness.

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# Act 129

## ■ PECO

- ❑ 400,000 MWh by 2011
- ❑ 1.2 million MWh by 2013
- ❑ Reduce peak demand by 355 MW
- ❑ Funding = approx. \$84 million

## ■ PPL

- ❑ 382,000 MWh by 2011
- ❑ 1.1 million MWh by 2013
- ❑ Peak demand reduction of 300 MW
- ❑ Funding = approx. \$61 million

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# CSPs – Growing the Marketplace

- Utilities are required to contract with at least one CSP by competitive bid, for all or part of the energy conservation plans.
- CSP must be approved and on PUC's registry.
  - \$125 fee (\$25 renewal every 2 yrs)
  - Tax certification
  - Description of service applicant could provide
  - Prof of appropriate state filings
  - Insurance documentation
  - Technical fitness documentation

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# Act 129 Timeline

- Electricity consumption forecasts finalized by PUC on March 26, 2009.
- Utilities must submit plans PUC by July 1, 2009 detailing what energy conservation programs they will offer.
  - There will be a public comment period on all proposed plans.
- PUC must complete review of plans by Oct. 29, 2009
- Programs expected on the ground no later than early 2010.

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# Potential Programs

## ■ Residential

- ❑ Lighting
- ❑ Low-income
- ❑ Audit (direct install, weatherization, whole house approach)
- ❑ New Construction
- ❑ Equipment rebates (AC, appliances)
- ❑ Appliance recycling/pick-up (fridge, freezer, AC)

## ■ Commercial/Industrial

- ❑ Prescriptive rebates (cooling, lighting, motors)
- ❑ Custom Incentives
- ❑ New Construction
- ❑ HVAC tune-up, retro-commissioning
- ❑ Government/ Public Facility

## ■ Demand response

- ❑ Direct Load Control
- ❑ Real-time/critical peak pricing.

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# Additional Funding Opportunities

- Alternative Energy Investment Act
- Stimulus funds

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# Alternative Energy Investment Act Funds

- **Small Business Energy Efficiency Grant Program**
  - PA DEP administering 25 percent reimbursement grants, up to a maximum of \$25,000
  - Businesses with 100 employees or fewer
  - Geothermal heat pumps, HVAC, lighting, refrigeration systems, insulation and air sealing projects, etc.
  - Accepting applications until May 1, 2009.
  - As of March 6, 2009, approximately \$2 million in funding is still available.

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# Alternative Energy Investment Act Funds

- Wind and Geothermal Funding
  - The Commonwealth Financing Authority (CFA)
  - \$25 million for grants or loans for geothermal projects, wind projects and wind turbine manufacturing facilities.
  - Businesses, economic development organizations and political subdivisions including municipalities, counties and school districts.
  - Used for:
    - Acquisition of land and buildings.
    - Construction or renovation of a building that will be used to manufacture components of wind or geothermal energy systems.
    - The purchase and installation of equipment.
    - Preparation of plans, specifications, studies, and surveys, necessary or incidental to determining the feasibility or practicability.

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# Alternative Energy Investment Act Funds

- **Keystone HELP Residential Energy Efficiency Program**
  - Joint program with DEP, PA Treasury Department, PA Housing Finance Agency and AFC First Financial.
  - \$3.5 million to reduce the interest rates on nearly \$16 million in low-interest loans for energy efficiency improvements to homes
  - \$1 million for rebates to cover up to \$250 or 10 percent of the cost of ENERGY STAR qualified improvements (first come, first serve)

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# Federal Stimulus Funding

- <http://www.recovery.pa.gov>
- State Energy Plan (SEP) Funds:
  - \$100 million is intended for renewable, clean energy and conservation projects and will be distributed through the Pennsylvania Energy Development Authority (PEDA) and DEP's Energy Harvest Grant Program.
  - State must submit preliminary applications by March 23, 2009.
  - Expected to release funds in April.
- Weatherization Assistance Program (WAP):
  - \$258 million to DCED for the weatherization of low-income family homes, families with income up to 200 percent of the federal poverty level. Approximately \$6,500 per home.

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# Federal Stimulus Funding

- Energy Efficiency Block Grants:
  - \$114 million total
  - \$11 M to \$14.7 M in PA to municipalities of 35,000 or more, counties of 200,000 or more, or 10 largest cities and counties in each state
  - Additional funds awarded to PA energy office to pass on to cities and counties not eligible for direct funding
  - A competitive grant program \$400 M nationwide.
  
- Wastewater:
  - \$223 M to PENNVEST for drinking water and wastewater system improvements - 20% must go towards green infrastructure, water or energy efficiency improvements.
  
- \$100 million in L&I green jobs training
  
- Total of \$24 billion in competitive money – PA wants to get \$1 billion