Testimony on S. 137
House Environment and Energy Committee
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Summary DPS Position:

- The Department of Public Service maintains that the electric energy efficiency charge (EEC) is not the most appropriate mechanism for achieving decarbonization in the thermal and transportation sectors.
    - Any rate pressure in the electric sector undermines electrification, which is a cornerstone of our climate policy.
- Because progress reducing emissions in these two sectors has lagged, the Department does not oppose the 3-year extension of Act 151 proposed in S. 137, provided electric ratepayer safeguards are maintained:
    - Flat budget (adjusted for inflation) protects against increases in the EEC.
    - Limited duration (3-year DRP cycle) is appropriate.
        - The energy landscape is evolving rapidly.
        - Comprehensive policies are being developed in both the thermal and transportation sectors.
- The Department's concerns have largely been addressed in the Senate version of S. 137.

Considerations:

- The work conducted by the Energy Efficiency Utilities under Act 151 has been valuable.
- Is this the **best** use of EEC funds?
    - What cost reductions could be achieved in the electric sector with these investments?
    - The Department supports a transparent conversation about tradeoffs.
- Are there other funding sources to achieve this work?
    - Advanced Clean Cars II requires auto manufacturers to deliver zero-emission vehicles by 2035.
        - It's appropriate for manufacturers to provide support to auto dealers to meet this requirement.
    - Thermal sector policy envisioned under S. 5 would require entities that sell heating fuel to fund emissions reductions in that sector.