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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  400 NORTH STREET, HARRISBURG, PA 17120 | **IN REPLY PLEASE REFER TO OUR FILE:**  **Docket No.**  **M-2021-3024513** |

June 3, 2021

TO ALL INTERESTED PARTIES:

Re: Collaborative Meeting Notice Regarding Reliability by Electric Distribution Companies (EDCs)

**Electric Reliability Collaborative Notice**

With this Secretarial Letter, the Pennsylvania Public Utility Commission (Commission) is providing notice that it is initiating a collaborative (Reliability Collaborative) for the purpose of reviewing the reliability of all jurisdictional electric distribution companies (EDCs). The Reliability Collaborative will focus on reviewing the electric distribution reliability regulations.[[1]](#footnote-1) Particular attention will be paid to the calculation of the reliability performance metrics; exploring whether options such as performance-based rates tied to reliability metrics may lead to improved reliability performance at a reasonable cost; developing an understanding of the customer experience with electric reliability in Pennsylvania; and exploring how the Commission, EDCs, and other stakeholders can work together to lessen the impact of off-right-of-way (OROW) trees on electric reliability.

**The initial meeting of the Reliability Collaborative will take place virtually, via Microsoft Teams, on July 21, 2021 from 9:00 a.m. until 12:00 p.m.** Subsequent meeting dates and times will be determined at the initial meeting. The Commission anticipates completing the collaborative process within 9 months, at the conclusion of which, Commission staff will prepare an internal report for consideration by the Commission.

Prospective Reliability Collaborative participants must confirm attendance by sending an email with their name, organization name, title, phone number, and email address to [RA-PCELECREL@pa.gov](mailto:RA-PCELECREL@pa.gov) **by June 21, 2021**. Please direct any questions to John Van Zant at [jvanzant@pa.gov](mailto:jvanzant@pa.gov), or 717-773-7380.

Attached are (1) a document providing background on the reasons for the Commission’s initiation of the Reliability Collaborative, and (2) a draft agenda for the initial meeting, including questions for participants to review and prepare responses for the initial meeting.

 Sincerely,

Rosemary Chiavetta

Secretary

Attachment 1: Background Information for Collaboration Formation

Attachment 2: Draft Electric Reliability Collaborative Meeting Agenda

**Attachment 1: Background Information for the Electric Reliability Collaborative Formation**

**Background**

The Commission is initiating the collaborative due to the recognition that EDCs in general have experienced difficulty in achieving their required reliability metrics. Our most recent electric reliability report, *Electric Service Reliability In Pennsylvania* *2019* (Reliability Report), prepared by our Bureau of Technical Utility Services (TUS), details the declining performance of the EDCs and notes the significant impact of OROW trees on reliability.[[2]](#footnote-2) The Reliability Report also detailed how EDCs are experiencing significantly more reportable outages due to weather impacts as compared to the benchmark reliability period.[[3]](#footnote-3) TUS is charged with monitoring and reporting on EDC reliability and initiating informal reliability reviews and corrective action plans, where appropriate.

After the release of the Reliability Report, on September 16, 2020, TUS issued an informal data request to the EDCs and the Energy Association of Pennsylvania (EAP) that generally focused on what EDCs believed the challenges were to consistently meet the reliability benchmarks. TUS then held an informal discussion on October 16, 2020 with the EDCs and EAP on the responses to the data request. The key takeaways from the discussion were:

* Nine of the EDCs have approved Long-Term Infrastructure Improvement Plans (LTIIPs), which are designed to improve reliability and resiliency (storm hardening). Two of the EDCs are implementing their second LTIIP and have consistently achieved benchmark performance for the number of outages since 2015, even with the increasing impact of severe storms.[[4]](#footnote-4) The EDCs and EAP noted that they view the LTIIP and Distribution System Improvement Charge (DSIC)[[5]](#footnote-5) as key tools to help improve reliability, along with regular capital investment and recovery through base rate cases. The EDCs with LTIIPs noted that they have seen progress in improving reliability, but that the results of the investments would take time to be evident in consistent achievement of reliability metrics. PPL has the most mature LTIIP program and regularly achieves benchmark performance. The EDCs and EAP were open to discussing how performance-based rates may be a benefit to drive better reliability performance.[[6]](#footnote-6)
* As noted in the PUC’s Reliability Report, weather and trees are the biggest impacts to the EDC’s reliability performance. However, most tree problems are from OROW. EDCs noted that they all have programs to try and address OROW danger trees with landowners, but many fall-ins from OROW vegetation come from what appear to be healthy trees that have grown tall enough to be a fall-in threat. EDCs noted they would welcome a discussion on any regulatory and/or legislative incentives to improve OROW tree issues.
* All of the large EDCs utilize current reliability measurements based on methodologies developed by the Institute of Electrical and Electronics Engineers (IEEE) when benchmarking against other similar EDCs nation-wide.[[7]](#footnote-7) The primary differences between the IEEE and PUC methodologies relate to excludable events and how benchmarks are calculated.[[8]](#footnote-8) TUS noted that it finds that the Commission definition of an excludable event is subjective and may be outdated as compared to the IEEE methodology.[[9]](#footnote-9) Several EDCs indicated that they believe the IEEE methodology for excludable events provides better data in terms of identifying worst performing circuits, among other features. TUS and the EDCs noted that a change to incorporate the IEEE exclusion methodology would involve a larger discussion on the reliability benchmark measures, which necessarily involves a discussion of the statutory requirements for electric distribution reliability in Pennsylvania.[[10]](#footnote-10) Several EDCs noted that other states have incorporated parts or all of the IEEE reliability methodologies and that they believed it provided a more dynamic measure of electric reliability.
* Also noted by EDCs and EAP was that the customer and customer experience should be part of the discussion to try and determine what are customers’ expectations for electric reliability and the cost of that performance expectation through rates.

**Attachment 2: Draft Electric Reliability Collaborative Meeting Agenda**

**Electric Reliability Collaborative Meeting**

**July 21, 2021**

**09:00 – 12:00**

**Teams Meeting (link will be emailed to confirmed attendees)**

**AGENDA**

* **09:00 – 09:15** – Welcome and Introductory Remarks – Dan Searfoorce, Manager – Water, Reliability and Emergency Preparedness Division, Bureau of Technical Utility Services (TUS)
* **09:15 – 09:30** – Discussion of General purpose of the Collaborative and Potential Deliverables – John Van Zant, Supervisor – Reliability and Emergency Preparedness Section, TUS
* **09:30 – 10:45** – Discussion Topics, Part 1 – Dan Searfoorce
  + Existing Reliability Regulations for Electric Distribution Companies (EDC)
    - Brief overview of existing regulations
  + IEEE 1366-2012, *IEEE Guide for Electric Power Distribution Reliability Indices*
    - How would adoption or adaptation of the IEEE methodologies, especially of excludable events, impact the calculation of reliability statistics?
    - What are the benefits of adoption of the IEEE methodologies?
    - Would the EDC reliability benchmarks need to be modified?
    - Does utilizing statistical average performance over certain time periods benefit historically poor performers?
    - Do the current statutes limit the ability to change EDC reliability benchmarks?
  + Off-Right-of-Way (OROW) Trees
    - Are there any societal, regulatory, and/or legislative incentives/changes that could improve OROW tree issues?
* **10:45 – 11:00** – Break
* **11:00 – 11:45** – Discussion Topics, Part 2 – John Van Zant
  + Performance-Based Rates
    - What options or opportunities are there for performance-based rates tied to reliability metrics?
    - Would those performance-based rates lead to improved reliability performance at a reasonable cost?
    - What would those rate structures or policies look like?
  + The Customer Experience
    - How do we determine what are the customers’ expectations for electric reliability and the cost of that performance expectation through rates?
    - How can we determine customers’ expectations and at what price point is there pushback?
    - What are some ways that we could determine what customers could “live with” in terms of expected reliability on “blue-sky” days vs. severe storm days?
* **11:45 – 12:00** – Determine next steps:
  + Meeting Dates
  + Committees/Subcommittees?
  + Document controls

1. The Electricity Generation Customer Choice and Competition Act mandated the Commission to ensure levels of reliability that existed prior to the restructuring of the electric utility industry continue in the new competitive markets.  Act of Dec. 3, 1996, P.L. 802, No. 138, 66 Pa.C.S. §§ 2801 et.seq.  In response to this mandate, the Commission promulgated regulations to ensure the continued safety, adequacy and reliability of the generation, transmission and distribution of electricity in the Commonwealth.  52 Pa. Code §§ 57.191-57.198.  The Commission also established reliability benchmarks and standards to measure the performance of each EDC at Docket No. M-00991220. [↑](#footnote-ref-1)
2. The *Electric Service Reliability In Pennsylvania 2019* report is available for download here: <https://www.puc.pa.gov/General/publications_reports/pdf/Electric_Service_Reliability2019.pdf>. Previous years’ reports can be found here: <https://www.puc.pa.gov/filing-resources/reports/electric-service-reliability-report/>. [↑](#footnote-ref-2)
3. *See* *Electric Service Reliability In Pennsylvania 2019,* pages 5-12. [↑](#footnote-ref-3)
4. PECO and PPL are both implementing their second LTIIPs at Docket Nos. P-2020-3020974, and P-2020-3020974, respectively. PECO and PPL have consistently achieved benchmark performance for the average number of outages that the average customer experiences in a 12-month period, or SAIFI. EDC benchmark metrics and standards are explained in our annual reliability reports. *See Electric Service Reliability In Pennsylvania 2019,* pages 2-4. [↑](#footnote-ref-4)
5. EDCs were allowed to file for the DSIC beginning in 2013. 66 Pa.C.S. § 1353. A utility must have an LTIIP in order to charge a DSIC. 66 Pa.C.S. § 1352. LTIIP regulations were enacted at 52 Pa. Code § 121. [↑](#footnote-ref-5)
6. *See* 66 Pa.C.S. § 1330, and 52 Pa. Code § 69.3302 for the statute and Commission policy on alternate forms of ratemaking. [↑](#footnote-ref-6)
7. The IEEE methodologies utilized by the EDCs are found at IEEE 1366-2012, *IEEE Guide for Electric Power Distribution Reliability Indices*. [↑](#footnote-ref-7)
8. The Commission defines events that may be excluded from the calculation of EDC reliability statistics as Major Events, which are defined at 52 Pa. Code § 57.192. The IEEE methodology differs as exclusions are based on a statistical calculation of anomalous performance compared to average system performance, as contrasted to the Major Event definition where there may be some subjectivity as to when an “event” begins and ends. [↑](#footnote-ref-8)
9. Some examples of where there were subjective differences between EDCs and TUS on what qualify as excludable events can be found at *Pennsylvania Electric Company v. Pennsylvania Public Utility Commission*, Order entered December 1, 2011 at Docket No. M-2011-2265890, and *Request of Metropolitan Edison Company for Exclusion of Major Outage for Reliability Reporting Purposes*, Order entered November 14, 2019 at Docket No. M-2018-3004552. [↑](#footnote-ref-9)
10. *See Electric Service Reliability In Pennsylvania 2019*, Executive Summary and pages 2-4, for some background on the statutory requirements for electric reliability and how the benchmarks were established. [↑](#footnote-ref-10)