By Electronic Mail and Federal Express

David J. Collins
Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, MD 21202


Dear Mr. Collins:

This letter is filed on behalf of the Natural Resources Defense Council (“NRDC”).

On April 15, 2016, the Maryland Energy Administration (“MEA” or “agency”) submitted comments in response to the Commission’s February 9, 2016 Notice in the EmPOWER proceedings. In these comments, MEA makes numerous unsupported conclusions and statements, including, but not limited to:

- it is in the best interest of Maryland ratepayers and the long term viability of electricity consumption and peak electricity demand reduction programs for utilities to achieve the necessary savings within the existing approved budget;¹

¹ MEA Comments at 1.
- we have included in our examination reported changes in energy efficiency and demand since the inception of the EmPOWER program;\textsuperscript{2}

- we have considered the impact on Maryland’s families and employers;\textsuperscript{3}

- Maryland now has the most expensive electricity in the region, which has helped to drive away tens of thousands of jobs to lower cost states and has made it harder for families – particularly the working poor and those on fixed incomes – to remain in the state;\textsuperscript{4}

- all Marylanders are paying much more for electricity to fund programs designed to help a few use less of it;\textsuperscript{5}

- we have also reviewed this program against the backdrop of wholesale energy price trends and electric rate increases;\textsuperscript{6}

- since the creation of EmPOWER, wholesale energy prices have fallen, yet struggling Maryland families and employers have seen their rates go up;\textsuperscript{7}

- on behalf of Maryland ratepayers, the Administration strenuously opposes the requested budget increase submitted by the EmPOWER utilities,\textsuperscript{8}

Because of MEA’s failure to provide any analysis or data in its filing to support its comments, NRDC propounded a set of discovery requests asking MEA to provide the analysis

\textsuperscript{2} Id.

\textsuperscript{3} Id.

\textsuperscript{4} Id.

\textsuperscript{5} Id. at 2.

\textsuperscript{6} Id. at 1.

\textsuperscript{7} Id. at 1.

\textsuperscript{8} Id. at 2.
and data MEA relied upon to reach these conclusions. On April 29, 2016, MEA provided a response to NRDC’s discovery request. MEA’s responses clearly demonstrate that the agency failed to conduct any analysis and has no data to support its conclusions. MEA’s unsupported conclusions are contradicted by analysis and data provided by a variety of stakeholders over the last several years and MEA’s conclusions dismiss years of findings by this Commission. As discussed more fully below, MEA’s unsupported and unsubstantiated conclusions should be disregarded by the Commission.

Discussion

Under Title 9, Subtitle 20 of the State Government Article, MEA is an independent unit of government created to promote sound energy policy and practices that promote efficiency, energy management and conservation. MEA collects, analyzes, and evaluates statistics and information related to energy use, conservation, consumption, and production, and coordinates the information on energy resources, including electricity, with other units of State government. In addition to policy matters, MEA provides information and analysis to State agencies and officials on energy policies and utility operations as they affect the public, the State’s resources, and its environment.

Importantly, the EmPOWER Act requires the Commission to consider any written findings from MEA as to the design and adequacy of an electric company’s plan. In this

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9 See Attachment A.

10 See MEA Petition to Intervene filed in Case No. 9154 (Docket Entry 7).

11 MD PUBLIC UTIL § 7-211 (h)(3).
instance, the Commission should find that MEA made no “findings” that the Commission can consider.

A finding is a determination by an administrative agency of a fact supported by evidence. MEA provided no evidence in support of its stated positions. Moreover, the agency’s responses to NRDC’s discovery requests clearly demonstrate that MEA performed no analysis in reaching the conclusions set forth in its comments. For example, in its comments MEA states that “After careful review, MEA concludes it is in the best interest of Maryland ratepayers and the long term viability of electricity consumption and peak electricity demand reduction programs for utilities to achieve the necessary savings within the existing approved budget.” NRDC requested all analyses, reports, studies, evaluations, assessments, and any other documentation that MEA relied on to develop this conclusion. MEA’s only response was that the agency did not rely on data beyond that contained in the EmPOWER filings of record in PSC Cases 9153-9156, and 9362. Thus, MEA performed no analysis supporting this conclusion.

Similarly, MEA states that “We have also reviewed this program against the backdrop of wholesale energy price trends and electric rate increases.” NRDC again requested all analyses, reports, studies, evaluations, and assessments that were prepared by or for MEA regarding “wholesale energy price trends.” MEA responded that they did not prepare such data nor have such data prepared for MEA.

12 Black’s Law Dictionary.

13 Attachment A at 2. The Commission should note that MEA failed to specify which data in the voluminous EmPOWER filings the agency relied upon to reach its conclusions.

14 Id.
MEA also claims to have “considered the impact on Maryland families and employers.”\textsuperscript{15} When asked to provide supporting documentation for its conclusion, MEA asserted that the agency had reviewed the filings of the utilities since the inception of the EmPOWER program.\textsuperscript{16} MEA failed to produce even one specific instance where a utility filing discussed an adverse impact on families or employers. Additionally, MEA states that “Since the creation of EmPOWER, wholesale energy prices have fallen yet struggling Maryland families and employers have seen their electric rates go up, almost entirely due to increased fees and surcharges.” Once again, MEA cannot provide any analysis and simply alludes to “publicly available Maryland utility rate tariffs and EmPOWER filings.”\textsuperscript{17}

In every instance in which NRDC requested the analysis or specific data MEA relied upon to reach its conclusions MEA failed to provide ANY information. More remarkably, MEA refused, or simply could not define the terms the agency itself used in its conclusions. For example, NRDC asked MEA what the agency meant by “best interest of Maryland ratepayers”. MEA’s response was to tell NRDC to look up the term in the dictionary.\textsuperscript{18} MEA provided a similar response to NRDC’s question regarding what region the agency was referring to in the

\textsuperscript{15} MEA Comments at 1.

\textsuperscript{16} Attachment A at 2.

\textsuperscript{17} Attachment A at 3. Moreover, this statement is simply incorrect. As the charts in Attachment B show, for BGE and PEPCO (representing the majority of Maryland ratepayers), the bill for a typical customer is actually lower today than in 2008. The Commission should also note that of the categories that increased, distribution charges were higher than surcharges.

\textsuperscript{18} Attachment A at 1 - 2.
statement "Maryland now has the most expensive electricity in the region...."\(^{19}\) MEA also refused to explain a variety of other terms the agency relied upon in its comments, in each instance referring NRDC to the dictionary. As Justice Holmes stated, "A word is not a crystal, transparent and unchanged; it is the skin of living thought and may vary greatly in color and content according to the circumstance and time in which it is used."\(^{20}\) Only MEA can explain what the agency meant by the terms it relied upon in its comments.

In each instance, MEA was unable to produce any studies or analyses or specifically identify the data the agency relied upon. Because MEA cannot provide factual support for its conclusions or even explain the terms used in its comments, there is no way for the Commission to assess the validity of MEA’s conclusions. An opinion has no probative force unless a sufficient factual basis to support a rational conclusion is shown.\(^{21}\) The conclusions must also reflect the use of reliable principles and methodology.\(^{22}\)

The comments filed by MEA are seriously deficient. Since MEA failed to provide a sufficient factual basis to support its conclusions, the Commission should determine that the

\(^{19}\) Attachment A at 3.


\(^{21}\) State Dep’t of Health v. Walker, 238 Md. 512, 520 (1965) (citations omitted) (quoted in Beatty v. Trailmaster Prod., Inc., 330 Md. 726, 741 (1993)).

comments filed by MEA are not "findings". Therefore, the Commission should disregard the unsubstantiated conclusions put forth by MEA.

Respectfully submitted,

Susan Stevens Miller, Esq.
Earthjustice
1625 Massachusetts Avenue, NW, Suite 702
Washington, D.C. 20036
(202) 797-5246
(202) 667-2356 (fax)
smiller@earthjustice.org

Counsel for Natural Resources Defense Council

cc: All parties of record via electronic mail
Case Nos. 9153, 9154, 9155, 9156, 9157, and 9362

23 The Commission also should note that MEA states that "on behalf of Maryland ratepayers, the Administration strenuously opposes the requested budget increase submitted by the EmPOWER utilities." MEA Comments at 2. Of course, MEA does not represent Maryland ratepayers. The Maryland Office of People's Counsel represents residential ratepayers. Moreover, MEA has no statutory authority to represent commercial or industrial ratepayers. Thus, MEA cannot speak on behalf of Maryland ratepayers.
Attachment A
Maryland Energy Administration
Responses to
Natural Resources Defense Council
Data Request No. 1
dated April 20, 2016

PSC Case Nos. 9153, 9154, 9155, 9156, and 9362

The following responses are provided to the Natural Resources Defense Council’s (NRDC) Data Request Number 1 to the Maryland Energy Administration (MEA). The data request was received by MEA via e-mail on April 20, 2016.

**General objections** applicable to all questions:

A. MEA objects to NRDC’s data requests to the extent that they seek information or documents protected by the attorney-client privilege, attorney work-product doctrine, the Executive deliberative process privilege, or any other applicable privileges or protections.

B. MEA also objects to purported data requests that are more properly viewed as requests for admission or contention interrogatories. Neither format seeks data related to the content of MEA’s EmPOWER Comments that were submitted to the Commission on April 15, 2016.

C. MEA further objects to any and all requests to define words in common usage in the English language. MEA refers NRDC to the common dictionary definition of those words or terms and MEA did not attribute any special or unique meaning to the terms identified by NRDC in preparing comments.

D. To the extent that any or all of NRDC’s data requests seek information related to the duties, roles and functions of MEA, MEA refers NRDC to the Maryland Annotated Code, State Government Article §9-2002 and §9-2003.

As requested by EarthJustice letter dated April 20, 2016 and signed by Susan Steven Miller, Counsel for NRDC, A. Leigh Williams, Esq., the Director of MEA, in accordance with her statutory duties, “principally supplied information for the answer” to all of the below listed data requests.

1. Refer to the following statement on page 1: “After careful review, MEA concludes it is in the best interest of Maryland ratepayers and the long term viability of electricity consumption and peak electricity demand reduction programs for utilities to achieve the necessary savings within the existing approved budget.”

   a. Please define the phrase “the best interest of Maryland ratepayers” as it is used here.
See general objection C above.

b. Please define the term “necessary savings” as it is used here.

See general objection C above.

c. Please provide all analyses, reports, studies, evaluations, assessments, and any other documentation that MEA relied on to develop this conclusion.

MEA did not rely on data beyond that contained in the EmPOWER filings of record in PSC Cases 9153-9156, and 9362.

2. Refer to the following statement on page 1: “We have also reviewed this program against the backdrop of wholesale energy price trends and electric rate increases.”

   a. Please provide all analyses, reports, studies, evaluations, and assessments that were prepared by or for MEA regarding “wholesale energy price trends.”

   MEA did not prepare such data nor have such data prepared for MEA.

   b. Please provide all analyses, reports, studies, evaluations, and assessments that were prepared by or for MEA regarding “electric rate increases.”

   See response above.

3. Refer to the following statement on page 1: “We have included in our examination reported changes in energy efficiency and demand since the inception of the EmPOWER program. Moreover, we have considered the impact on Maryland’s families and employers.”

   a. Please describe the “reported changes” referenced in this statement.

   MEA reviewed the voluminous filings of the utilities covered by this data request since the inception of the EmPOWER program to obtain information as described above.

   b. Please provide all documents regarding “reported changes” that MEA examined.

   See answer above.

   c. Please describe how MEA “considered the impact on Maryland’s families and employers,” and provide all supporting documentation.

   See answer above.
4. Refer to the following statement on page 1: “Since the creation of EmPOWER, wholesale energy prices have fallen yet struggling Maryland families and employers have seen their electric rates go up, almost entirely due to increased fees and surcharges.”

   a. Please define “almost entirely” as that phrase is used here.

      See general objection C above.

   b. Please provide all documentation supporting the conclusion that electric rates have increased “almost entirely due to increased fees and surcharges.”

      See publicly available Maryland utility rate tariffs and EmPOWER filings.

5. Refer to the following statement on page 1: “Maryland now has the most expensive electricity in the region, which has helped to drive away tens of thousands of jobs to lower cost states and has made it harder for families – particularly the working poor and those on fixed incomes – to remain in the state.”

   a. Please provide MEA’s definition of the “region” as it is used here.

      See general objection C above.

   b. Please provide all analyses, studies, and any other documentation supporting this statement.

      MEA’s statement is a policy assessment based on publicly available information.

6. Refer to the following statement on page 2: “Historically, inaccurate and overly optimistic program participation and financial projections by the utilities have been rewarded by increased spending in the form of rate increases on the very consumers these programs were designed to assist.”

   a. Please provide all analyses, studies, and any other documentation supporting this statement.

      See the “Proposed Budget Adjustment/Modification Templates” filed as appendixes to the relevant utility companies Q3/Q4 2015 EmPOWER filings, and prior filings.

7. Refer to the following statement on page 2: “As a result, all Marylanders are paying much more for electricity to fund programs designed to help a few use less of it.”

   a. Please define the term “a few” as it is used here.
See general objection C above.

b. Please provide all analyses, reports, studies, evaluations, assessments, and any other documentation that supports the conclusion that EmPOWER programs are “designed to help a few.”

None. MEA understands that all ratepayers in EmPOWER utilities pay the EmPOWER surcharge, but not all ratepayers use or benefit from the EmPOWER programs.

c. Please explain what “paying... for electricity” refers to (i.e. electric rates, electric bills, or something else).

This refers to the EmPOWER surcharge in the context of MEA’s EmPOWER comments. To the extent that the EmPOWER surcharge is part of a ratepayer’s utility bill, it also refers to that bill.

d. Please state whether MEA has performed any analyses related to changes in customer bills since the creation of EmPOWER. If so, please provide all such analyses.

MEA has not performed that analysis.

e. Please confirm that municipal and cooperative electric utility customers who do not participate in EmPOWER programs do not pay for them. If your answer is anything but “confirm,” please explain.

See general objection B. Without waiving the objection, confirm.

f. Please provide all other analyses, reports, studies, evaluations, assessments, and documentation that supports this statement.

None.

8. Refer to the following statement on page 2: “While the data shows that some ratepayers are changing their behavior, it comes at a cost that continues to climb faster than participation, budget justification and program modification.”

a. Please provide “the data” referenced here

See the EmPOWER filings in PSC cases 9153-9156 and 9362.

b. Please define the term “budget justification” as it is used here.
See the “Proposed Budget Adjustment/Modification Templates” filed as appendixes to the relevant utility companies Q3/Q4 2015 EmPOWER filings.

c. Please provide all documentation supporting this statement, including documentation concerning changes in costs, participation, budget justification, and program modification.

See response above.

9. Refer to the following statement on page 2: “Maryland’s regulated utilities are among the most sophisticated corporations in our nation; even the smaller cooperative utilities must manage their balance sheets and operations on behalf of their members. Yet when it comes to EmPOWER, faulty projections have time and again been rewarded with ever-increasing budgets under the guise of increased energy efficiency and lower demand.”

a. Please state whether it is MEA’s understanding that the Commission must approve spending increases based on faulty projections.

No.

b. Does MEA support denying utility cost recovery in all instances (including non-EmPOWER matters) in which cost projections are “faulty”?

MEA’s comments only address the Q3/Q4 2015 EmPOWER filings of the relevant utilities.

c. Please define the phrase “under the guise of” as it is used here.

See general objection C above.

d. Is it MEA’s position that utilities are using EmPOWER-approved funding for purposes other than EmPOWER programs that “increase[] energy efficiency and lower demand”? Please explain.

MEA does not have any such information.

10. Refer to the following statement on page 2: “[W]hen a program is not currently part of EmPOWER, such as the Small Business Energy Advance stemming from the Exelon-Constellation merger, it should not be approved to become a new EmPOWER surcharge when customers receiving an Energy Advance are either defaulting on payments or slow to pay.”

a. Please provide all programs to which this statement refers, other than Small Business Energy Advance.
As stated in MEA’s comments, this statement only applies to the Small Business Energy Advance program, and no others.

b. Is it MEA’s position that all customers receiving an Energy Advance are “either defaulting on payments or are slow to pay”? Please explain.

No. MEA relied on BGE’s data and budget projections on page 77 of BGE’s Q3/Q4 2015 EmPOWER filing.

c. Please provide all analyses, reports, studies, evaluations, assessments, and any other documentation that MEA relied on to conclude that customers receiving an Energy Advance “are either defaulting on payments or slow to pay.”

See answer above.

11. Refer to the following statement on page 2: “Utilities should optimize cost-effectiveness for ratepayers similar to the manner in which they manage shareholder investments.”

a. Please define the term “cost-effectiveness” as it is used here.

See general objection C above.

b. Please describe the “shareholder investments” referred to in this statement.

MEA is referring to utility shareholders in general.

c. Please provide all analyses, reports, studies, evaluations, assessments, and any other documentation that MEA relied upon to develop this conclusion.

None. This is an MEA policy statement.

12. Refer to the following statement on page 2: “[W]e believe a thorough independent review of EmPOWER is required to ensure that this program is achieving its goals as effectively as possible.”

a. Please explain MEA’s understanding of the goals of EmPOWER.

See Maryland Annotated Code, Public Utilities Article §7-211.

b. Who should conduct a “thorough independent review” of EmPOWER?

MEA’s comments did not identify any particular entity that should conduct such a review. MEA believes that is a matter for the Maryland General Assembly and/or Public Service Commission to determine.
c. Please provide all of the tasks that MEA considers to be part of a “thorough independent review” of EmPOWER.

MEA did not identify any such tasks in its EmPOWER comments.

d. Please explain what steps, if any, MEA would propose to ensure that such a review would be both “independent” and “thorough.”

MEA did not identify any such steps in its EmPOWER comments.

e. Please explain how such a review would differ from the current EmPOWER EM&V process.

MEA did not identify a specific type of review.

13. Refer to the following statement on page 2: “Maryland State Government stands ready to work on behalf of our citizens with our energy providers and their countless small business partners to lower energy costs, increase energy efficiency, and safeguard our environment.”

a. Is MEA providing its comments on behalf of all agencies that comprise the “Maryland State Government”? If not, please provide all agencies on whose behalf MEA is commenting.

MEA provided its comments in accordance with its statutory charter set forth in Maryland Annotated Code, State Government Article, §9-2003.

b. Other than EmPOWER, please provide all Maryland State Government programs that lower energy costs, and provide the magnitude of such reductions.

Maryland State Government programs with this primary directive include: Strategic Energy Investment Program; Energy Performance Contracting; Energy Efficiency & Weatherization; Energy Audit; Maryland WholeHome program; Net Zero Home Loan Program; Energy Office and State Buildings Program; and Customer Investment Fund programs. The magnitude of such reductions has not been calculated.

c. Other than EmPOWER, please provide all Maryland State Government programs that increase energy efficiency, and provide the magnitude of such increases.

See above. The magnitude of such increases has not been calculated.
14. Refer to the following statement on page 2: “[O]n behalf of Maryland ratepayers, the Administration strenuously opposes the requested budget increase submitted by the EmPOWER utilities.”

   a. Please confirm that cost-effective EmPOWER programs cost ratepayers less money over the life of program measures than the additional retail electricity supply that would be required in the absence of EmPOWER. If you answer is anything other than “confirm” please explain and provide supporting documentation.

   See general objection B above. In addition, this DR seeks information that is beyond the scope of MEA’s EmPOWER comments.

   b. Please describe all outreach MEA conducted to support its “strenuous[] oppos[ition]” to the requested budget increases “on behalf of Maryland ratepayers.”

   MEA did not conduct any outreach in preparing its EmPOWER comments.

   c. Please provide all documentation that supports the conclusion that Maryland ratepayers “strenuously oppose the requested budget increase submitted by the EmPOWER utilities.”

   This is a misstatement of MEA’s comments, and is incomplete. As the last sentence in MEA’s EmPOWER comments states, “on behalf of Maryland ratepayers, the Administration strenuously opposes the requested budget increase submitted by the EmPOWER utilities.”

15. Please confirm that the 2016 Maryland General Assembly passed Senate Bill 323 entitled “Greenhouse Gas Emissions Reduction Act – Reauthorization.” If your answer is anything other than “confirm,” please explain.

   This DR is beyond the scope of MEA’s EmPOWER comments, and seeks information that is publicly available. In addition, the complete legislative history of SB 323 is the best evidence of its ultimate disposition.

16. Please confirm that the Greenhouse Gas Emissions Reduction Act – Reauthorization bill directs the State to reduce statewide greenhouse gas emission by 40% from 2006 levels by 2030. If your answer is anything other than “confirm,” please explain.

   This DR is beyond the scope of MEA’s EmPOWER comments, and seeks information that is publicly available. The best evidence of the Act is the language and disposition of the Act.

17. Please confirm that the Greenhouse Gas Emissions Reduction Act – Reauthorization bill directs the Maryland Department of Environment to submit a proposed plan that reduces
stateside greenhouse gas emissions by 40% by 2006 levels by 2030. If your answer is anything other than "confirm," please explain.

This DR is beyond the scope of MEA’s EmPOWER comments, and seeks information that is publicly available. The best evidence of the Act is the language and disposition of the Act.

18. Please confirm that EmPOWER is included as a program for carbon reductions in the Maryland Department of Environment’s Greenhouse Gas Reduction Act Plan. If your answer is anything other than “confirm,” please explain.

This DR is beyond the scope of MEA’s EmPOWER comments.

19. Please provide all workpapers and any other documentation supporting the responses provided above in electronic executable format, with all spreadsheet links and formulas intact, source data used, and all assumptions and calculations explained. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

See generally, the EmPOWER dockets for PSC cases 9153-9156, and 9362, as well as the answers provided herein.
Attachment B