April 15, 2019

Via Electronic Filing and Federal Express

Terry J. Romine
Executive Secretary
Maryland Public Service Commission
6 Saint Paul Street, 16th Floor
Baltimore, MD 21202-6806


The Maryland Energy Efficiency Advocates’ Comments on the Low-Income Work Group Report and the EmPOWER Maryland Semi-Annual Reports filed by the Utilities and the Department of Housing and Community Development

Dear Ms. Romine:

Enclosed, please find one original and seventeen copies of the Maryland Energy Efficiency Advocates’ Comments on the Low-Income Work Group Report and the EmPOWER Maryland Semi-Annual Reports filed by the Utilities and the Department of Housing and Community Development. Please contact me if you have any questions. Thank you for your attention to this matter.

Sincerely,

[Signature]
Al Luna
Earthjustice
Litigation Assistant, Clean Energy Program
(202) 797-5259
aluna@earthjustice.org

Enclosure
cc: All parties of record
Case No. 9494
BEFORE THE MARYLAND PUBLIC SERVICE COMMISSION

IN THE MATTER OF EMPOWER MARYLAND

2018–2020 ENERGY EFFICIENCY, CONSERVATION AND DEMAND RESPONSE PROGRAM PLANS PURSUANT TO THE

EMPOWER MARYLAND ENERGY ACT OF 2008

Case No. 9494

The Maryland Energy Efficiency Advocates’ Comments on the Low-Income Work Group Report and the EmPOWER Maryland Semi-Annual Reports filed by the Utilities and the Department of Housing and Community Development

April 15, 2019

Pursuant to the Maryland Public Service Commission’s (“Commission”) February 21, 2019 Notice of Comment Period and Hearing Dates, the Maryland Energy Efficiency Advocates (“Advocates”)1 provide the following comments on the EmPOWER Maryland utilities’ (“Utilities”)2 and the Maryland Department of Housing and Community Development’s (“DHCD”) Semi-Annual Reports for Third and Fourth Quarters of 2018, covering the second semi-annual reporting period of the 2018-2020 EmPOWER program cycle. The Advocates also provide recommendations for the Commission’s consideration regarding the low-income work group (“LIWG”) process, and the LIWG report that the Commission required to be filed on April 15.

1 The Maryland Energy Efficiency Advocates include the National Consumer Law Center (on behalf of its low-income clients), National Housing Trust, and Natural Resources Defense Council.
I. Introduction

In these comments, the Advocates address the EmPOWER Semi-Annual Reports for the Third and Fourth Quarters – July 1 through December 31, 2018, continuing their primary focus on limited-income (“LI”), and multifamily (“MF”) affordable housing energy-efficiency. The Advocates observe that DHCD’s performance in 2018 fell far short of expectations, and discuss aspects of the LIWG process and its failure to respond to the Commission’s directive to recommend a low-income energy savings goal that is aligned with other leading jurisdictions. The Advocates also provide information on the measure lifetimes used in several other jurisdictions that claim savings for Conservation Voltage Regulation (“CVR”) and urge the Commission to require once again that savings methodologies are properly vetted regardless of how the initiatives are funded. This requirement is necessary to ensure compliance with Maryland’s statutory savings requirements set forth in the EmPOWER Act. Please note that the absence of specific comments on other issues should not be construed as implied support or opposition for other matters addressed in the filings.

In summary, the Advocates offer the following observations about the EmPOWER Semi-Annual Reports for the Third and Fourth Quarters – July 1 through December 31, 2018:

1. DHCD’s Q3-Q4 and full year reported savings for 2018 are disturbingly low. This is particularly true given that a large portion of forecast budgets for energy savings was expended relative to the savings achieved;

2. The Low-Income Work Group did not comply with the Commission’s directive to recommend a low-income energy savings goal despite concerted efforts by the

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Advocates and Office of People’s Counsel (“OPC”) to frame a recommendation, develop supporting data, and introduce the concept of a provisional goal recommendation as a compromise to meet the concerns of multiple parties.

3. The EmPOWER Utilities are using an inappropriate CVR savings methodology which results in the Utilities overstating the annual savings for their EmPOWER programs by a large margin.

II. Discussion

1. DHCD’s Q3-Q4 and full year reported savings for 2018 are disturbingly low. This is particularly true given that a large portion of forecast budgets for energy savings was expended relative to the savings achieved.

In its semi-annual report, DHCD reported costs and savings for 2018 as well as carry-over costs and savings from 2017. The Advocates’ comments here pertain only to the 2018 costs and savings, which are disappointingly below the forecast levels, as seen in the right-hand column of Figure 1 below:

![Figure 1: DHCD Reported Expenditures and Savings Relative to Plan Forecast](image)

In aggregate, DHCD only achieved 31% of its forecast 2018 annual savings, yet it expended 70% of its forecast budget, as illustrated in the left-hand column above. It is equally troubling

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that the level of savings and investments that DHCD made in the MF sector is far less than was made in the Low Income Energy Efficiency Program (“LIEEP”). This is illustrated in Figure 2:

Figure 2: Allocation of DHCD Reported Expenditures and Savings by Program

<table>
<thead>
<tr>
<th></th>
<th>2018 Full Year - DHCD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of Total Reported</td>
</tr>
<tr>
<td></td>
<td>Expenditures</td>
</tr>
<tr>
<td>LIEEP</td>
<td>91%</td>
</tr>
<tr>
<td>MEEHA - Residential</td>
<td>5%</td>
</tr>
<tr>
<td>MEEHA - Commercial</td>
<td>3%</td>
</tr>
<tr>
<td>MEET</td>
<td>0.4%</td>
</tr>
<tr>
<td></td>
<td>% of Total Reported</td>
</tr>
<tr>
<td></td>
<td>Annual Savings</td>
</tr>
<tr>
<td>LIEEP</td>
<td>94%</td>
</tr>
<tr>
<td>MEEHA - Residential</td>
<td>1%</td>
</tr>
<tr>
<td>MEEHA - Commercial</td>
<td>6%</td>
</tr>
</tbody>
</table>

Combining the residential and commercial Multifamily Energy Efficiency and Housing Affordability (“MEEHA”) reported expenditures and savings reveals that only 8% of DHCD’s 2018 EmPOWER funds and only 7% of the 2018 reported savings can be attributed to MEEHA projects. This is dramatically misaligned with the housing types in which limited-income Marylanders live. According to a recent report commissioned by OPC, 41% of Maryland households with incomes at or below 200% of the federal poverty level live in MF housing.6

The insufficiency of DHCD’s program efforts in reaching enough households in general, and enough MF households in particular, is not new. This has been a consistent topic of discussion in EmPOWER hearings since DHCD assumed responsibility for implementing EmPOWER’s LI portfolio. Indeed, the Commission has taken note of this in Orders over the years, including in Order No. 87082 in which the Commission stated that “the establishment of a separate limited-income goal is appropriate”7 and first directed a low-income work group to prepare a recommendation for a LI goal to assure the sufficiency of these services. In Order No.

5 Id.
7 Case Nos. 9153, 9154, 9155, 9156, 9157, 9362, Order No. 87082 at 27 (July 16, 2015).
87575, in response to the failure of that work group to provide a recommendation for a LI goal, the Commission stated that “improving the energy efficiency of limited income households remains a critical area of focus for the State.”\(^8\) Most recently in Order No. 88964 the Commission once again directed that “the Low-Income Work Group should . . . develop proposed low-income energy savings goals so as to define expectations, encourage the development of program plans, and *align EmPOWER’s low-income programs with those of other leading jurisdictions.*”\(^9\) Unfortunately, under DHCD’s leadership, the LIWG failed to provide the Commission with the required recommendation.

In previous semi-annual proceedings, the Advocates have noted encouraging improvements in DHCD’s program management and implementation, and continue to recognize that the level of transparency, stakeholder engagement, and program enhancements offered by DHCD is far better than past practice. Unfortunately, it is taking far too long for these improvements to translate into increased participation and increased savings for Maryland households. It is important that DHCD continue to improve the services it offers at the household level, but it must also increase the magnitude of its success by reaching many more households than it currently manages to serve.

The importance of EmPOWER’s LI services, the only modest success of DHCD, and the failure of the LIWG to deliver a report that is responsive to the Commission’s directives, argues in favor of the approach that the Advocates proposed. Regarding the Spring 2017 Semi-Annual Reports, Advocates called for “a new ‘task-force’ style Low Income Work Group that is led by an independent facilitator. Such an approach, coupled with clear direction and expectations for

\(^8\) Case Nos. 9153, 9154, 9155, 9156, 9157, 9362, Order No. 87575 at 36 (May 26, 2016).
\(^9\) Order No. 88964 at 16 (Dec. 31, 2018) (emphasis added).
actionable deliverables to the Commission, will ensure that the Low-Income Work Group meets the Commission’s requirements and finally develops a consensus recommendation for LI goals.” 10 The Advocates stand by their earlier recommendation and call for the appointment of an independent facilitator to lead both the fulfillment of the Commission’s directive for a LI energy savings goal and an ongoing program improvement process for all EmPOWER programs that are targeted to the low-income sector.

2. The Low-Income Work Group did not comply with the Commission’s directive to recommend a low-income energy savings goal despite concerted efforts by the Advocates and OPC to frame a recommendation, develop supporting data, and introduce the concept of a provisional goal recommendation as a compromise to meet the concerns of multiple parties.

The Advocates recognize and appreciate the historic opportunity that the Commission provided in Order No. 88964 for parties to recommend actionable policies to address Maryland’s long-standing inability to equitably meet the energy efficiency needs of its low-income ratepayers. The Advocates, in response to the opportunity provided by the Commission and working closely with the OPC, invested energetically in research and policy framing to advance an encompassing LI energy savings goal recommendation that would include both savings achieved by DHCD on behalf of the Utilities and utility-implemented LI programs. Some work group members argued that the Commission’s language in Order No. 88964 only narrowly sought an energy savings goal recommendation for utility-implemented programs that did not consider DHCD-implemented programs. However, the Advocates’ logically interpreted the Commission’s directive as being inclusive of both DHCD-implemented programs and programs that might be led by either DHCD or the Utilities for several important reasons:

1. The programs that DHCD implements with EmPOWER funding are utility energy efficiency programs. DHCD implements these programs on behalf of the Utilities at the discretion of the Commission;

2. Any meaningful comparison of EmPOWER’S LI energy savings with other leading jurisdictions is only possible at the utility level, as it is typically utilities that implement ratepayer-funded energy efficiency programs. This is true regardless of whether utilities contract with independent program vendors or state agencies to implement the programs, or whether they are implemented by in-house utility staff;

3. Recommending a LI energy savings goal that only applies to the Utilities could cause the Utilities to propose programs that conflict or compete with DHCD’s programs, which likely would not best serve Maryland’s LI ratepayers.

The Advocates recognize that establishing an encompassing LI EmPOWER goal will require follow up planning to address numerous issues, including accountability for the savings that DHCD and the Utilities will be responsible to separately achieve.

To advance the work of the group, the Advocates suggested that the LIWG invite low-income energy efficiency experts from the American Council for an Energy Efficient Economy (“ACEEE”) to present their research on the LI savings achievements of leading energy efficiency providers in the United States and facilitate an introduction and framing of the relevant data. The Advocates proposed that reviewing ACEEE research on the level of low-income energy savings achieved in other energy efficiency portfolios would allow it to assure that any proposed

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11 “Utility level,” as explained above, would include DHCD and utility-implemented LI programs for a meaningful comparison.
EmPOWER low-income energy savings goal would meet the Commission’s requirement to reasonably align with “other leading jurisdictions.”

The most direct way to assure that EmPOWER is aligned with other leading jurisdictions is to compare EmPOWER’S LI savings as a percent of total portfolio savings to the same metric in other jurisdictions. It is reasonable to suggest that to be aligned with other leading portfolios as directed by the Commission, EmPOWER’s low-income savings should be in the range of the LI savings of these portfolios. “In the range of” does not call for a precise analysis of the level of savings that other jurisdictions are achieving, but allows that if a Maryland LI energy savings goal is somewhere in the mid-range of the savings achieved in other leading jurisdictions, then Maryland’s LI savings would align.

ACEEE provided a presentation to the LIWG that included data on the level of low-income savings in other leading jurisdictions. The average 2015 low-income savings as a percentage of total portfolio savings was 2.8% for the portfolios that ACEEE reviewed, and as seen below in Figure 3, was bounded by the highest saving portfolio at 8.7% and the lowest at 0.6%.

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12 Defined for this purpose as large utilities with energy efficiency portfolios achieving at least 1.0% savings compared with retail sales.
ACEEE also presented a review of 2017 data and found that, for those portfolios where more recent data are available, the portion of portfolio savings that is attributed to low-income customers has increased slightly. Compared to 2015, the average change in portfolio savings was small—only 0.2%—suggesting that LI savings are stable in these portfolios. The 2017 program data are seen below in Figure 4:

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The 2015 and 2017 data provided by ACEEE clearly show that for these larger, relatively high-achieving portfolios, low-income savings are significant. For the portfolios that were represented in both the 2015 and 2017 data sets the average LI savings was 3.3% of the portfolio savings in 2015 and 3.7% in 2017. The upper and lower bounds for the 2017 data are similar to the bounds of the 2015 data. ACEEE confirmed that except for the savings reported for PECO the LI savings that were considered in their analysis were for programs that were delivered to verified LI participants.\(^\text{15}\)

To date, the only specific, quantified recommendation for a LI EmPOWER goal came jointly from the Advocates and OPC. In the EmPOWER Maryland Limited Income Work Group Summary Report filed on February 1, 2016 (“2016 Report”), “Responding Parties”\(^\text{16}\) opined that a case could be made to establish a low-income electric savings goal of 2.0% of the low-income

\(^{14}\) Id. at 10.

\(^{15}\) Prior to Act 129 Phase III, the Pennsylvania Public Utility Commission allowed utilities to attribute a fraction of savings from residential programs to low-income ratepayers.

\(^{16}\) Natural Resources Defense Council, National Housing Trust, National Consumer Law Center, and the American Council for an Energy-Efficient Economy, collectively with the Maryland Office of People’s Counsel.
electric sales and a low-income gas savings goal of 1.0% of the low-income gas sales. However, given that low-income programs generally cost more to implement than market-based programs, the Responding Parties recommended the adoption of a 1.0% low-income electric savings goal and a 0.5% low-income gas savings goal. These are the goals that the Advocates and OPC continue to recommend.

In the 2016 Report, data provided by BGE were used to calculate the average low-income household electric usage for Electric Universal Service Program (“EUSP”) recipients. This average household electric use was then multiplied by the number of households in BGE territory whose income was below 200% of the federal poverty level (“FPL”). Using this methodology, the total aggregate annual energy usage of the 273,000 income-eligible households in the BGE territory was estimated to be approximately 2,632 GWh. A 1% savings goal based on this load was calculated to be 26,328 MWh in BGE territory.

The goal proposal from the 2016 Report was framed differently than the LI savings as a percentage of portfolio savings metric used in the comparison analysis by ACEEE discussed above. To determine how the level of savings proposed in 2016 compares with the LI savings provided by ACEEE’s research the LIWG looked at BGE’s reported 2018 total portfolio electric savings of 738,589 annual MWh. DHCD programs achieved 1,021 MWh in 2018 in BGE territory, for a total reported 2018 EmPOWER savings in BGE territory of 739,610 MWh. The 1% of LI sales target savings of 26,328 MWh calculated above would equate to low-income savings of about 3.6% of the 2018 total EmPOWER savings in BGE territory—well within the mid-range of both the 2015 and 2017 data sets identified in ACEEE’s research.

17 BGE was used illustratively here since the Responding Parties only calculated a 1% LI electric savings goal for BGE in the 2016 Report.
Based on the evidence provided through ACEEE’s research, the Advocates and OPC proposed that the LI goals it advanced in 2016 are, indeed, aligned with other leading jurisdictions, and thus are responsive to the Commission’s directive. This was the only proposal for a LI goal provided to the LIWG by any party—no other party provided an alternate proposal or any substantive evidence to suggest that the proposed goals were not appropriate. Late in the work group process, some parties raised questions about the implications that framing a goal in gross or net savings would have on the savings requirement, about the types of programs that are included in other portfolios, and about the costs of achieving the recommended goals. The Advocates view some of the concerns that were raised as critical aspects of the planning that would be needed to achieve the goals, but not as data that are necessary to understand in detail before recommending a goal that is consistent with the Commission’s Order No. 88964. Nevertheless, the Advocates offered an alternate approach to mitigate these concerns, as follows.

The Advocates recommend that the Commission find that LI energy savings goals for EmPOWER equal to 1% of the annual LI electric load and 0.5% of the annual LI gas load would be aligned with the LI savings achieved in other leading jurisdictions, and as such recommend that it provisionally adopt them. This would be effectively consistent with the Commission’s Decision in Order No. 87082 in adopting the 2.0% EmPOWER savings goal prior to its codification in statute. In that Order, the Commission stated that

OPC and the Coalition proffered similar proposals, both recommending that post-2015 energy savings goals should be expressed as a percentage of retail sales and both recommending that the Commission establish a trajectory so that the Utilities achieve 2% annual incremental gross energy savings. While other parties declined to offer specific proposals pending completion of the MEA-led potential study, the Coalition countered that significant evidence exists that “the EmPOWER programs have not come close to saturating markets with energy efficiency,” and that “Maryland is not even close to meeting the savings achievements of the Nation’s leading states.” We agree with the
Coalition and find that the continued lack of completion of the potential study can no longer be a barrier to establishing targets for EmPOWER.\textsuperscript{18}

As with the programs the Utilities implement to achieve the 2.0% statutory savings requirement, the Commission would, of necessity, require and approve detailed program plans and budgets and would retain discretion in determining whether the programs that are proposed to meet the goals are in the public interest and appropriate and are cost acceptable.

Upon provisional adoption of the recommended LI energy savings goals, the Advocates further recommend that the Commission direct the LIWG to file a report with the Commission by November 1, 2019, containing the following:

- A recommendation for whether the LI goals should be framed as net or gross savings to align with other jurisdictions;
- A recommended program ramp-up to achieve the savings goals;
- A recommendation for allocation of savings between single family and multifamily projects and between owner-occupied and renter-occupied housing;
- A recommendation for broadly allocating the savings across different types of LI programs including those currently implemented by DHCD and specifically targeted LI programs that could be implemented by either DHCD or the Utilities;
- A recommendation for which programs and level of savings DHCD would be accountable for and which programs and levels of savings the Utilities would be accountable for; and
- A high-level estimate of the program costs that would be required to achieve the savings goals.

\textsuperscript{18} Order No. 87082 at 20-21 (July 16, 2015) (emphasis added).
In response to this report, the Commission could direct DHCD and the Utilities regarding the LI program types and budgets that each should develop in its 2021-2023 EmPOWER Plans.

3. The EmPOWER Utilities are using an inappropriate CVR savings methodology which results in the Utilities overstating the annual savings for their EmPOWER programs by a large margin.

In stark contrast to DHCD, the Utilities have generally met their 2018 EE & C savings targets (for which savings have been independently verified) and have done so with considerably lower investments than called for in their plans, as seen in Figure 5:

*Figure 5: EE & C Program Costs and MWh Savings Relative to Forecasts*[^19]

<table>
<thead>
<tr>
<th>EmPOWER Utility</th>
<th>% of Budget Expended</th>
<th>% of Forecast Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGE</td>
<td>84%</td>
<td>118%</td>
</tr>
<tr>
<td>Delmarva</td>
<td>77%</td>
<td>84%</td>
</tr>
<tr>
<td>PE</td>
<td>68%</td>
<td>104%</td>
</tr>
<tr>
<td>Pepco</td>
<td>77%</td>
<td>106%</td>
</tr>
<tr>
<td>SMECO</td>
<td>81%</td>
<td>100%</td>
</tr>
<tr>
<td>EmPOWER Utility Average</td>
<td>77%</td>
<td>102%</td>
</tr>
</tbody>
</table>

WGL, however, continues to lag far behind the Utilities in its ability to reach its forecast savings, as seen in Figure 6 below:

WGL’s performance in general is disconcerting, yet the fact that neither WGL nor DHCD reports a single WGL-funded low-income program investment in 2018 is appalling. The Advocates respectfully urge the Commission to use the tools at its discretion to make it clear to WGL that continued poor performance in 2019 will not be acceptable—a message which, it seems, WGL has struggled to absorb to date.

The Utilities’ total EmPOWER MWh savings and investments, which include the Demand Response programs and savings from programs that are not funded through EmPOWER, can be seen in Figure 7:

On the surface the reported figures are also encouraging, however, as has been noted in previous proceedings, savings that the Utilities claim towards their EmPOWER goals that are funded through non-EmPOWER mechanisms are not subject to the same level of scrutiny that

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21 See supra note 19.
EmPOWER-funded programs are. The Advocates have previously raised concerns about the Utilities’ lack of transparency with respect to savings claims for programs that are funded outside of the EmPOWER surcharge. The Commission acknowledged the validity of these concerns in its Order No. 88514, in which it said

We do, however, note the concerns articulated by some stakeholders regarding the evaluation, measurement, and verification ("EM&V") of the energy savings derived from these “other programs.” While we do not go so far as to adopt the stakeholder recommendation that the “other programs” be vetted by the third-party EM&V consultant in the same manner as with respect to the EmPOWER-funded programs, we will require more granular reporting of these “other programs” in EmPOWER semi-annual filings moving forward so that the underlying energy savings assumptions are properly recorded and transparent. The onus is on the utility to demonstrate the verification of claimed energy savings associated with the “other programs” as part of the associated cost recovery mechanism; for example, in the context of a base rate proceeding.22

The Advocates appreciate the Commission’s attention to this issue; however, no change is apparent in the measure lifetimes assumed by the Utilities for their CVR programs in response to Order No. 88514. The Utilities continue to use a measure life of one year. The Advocates researched similar programs offered by utilities in other jurisdictions and found that none uses a one-year measure lifetime. For the six jurisdictions identified by the Advocates, the following lifetimes for CVR or Voltage Optimization programs were found:

Figure 8: CVR Lifetimes from Other Jurisdictions

<table>
<thead>
<tr>
<th>CVR / VO Measure Lifetime (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG&amp;E Pilot Program</td>
</tr>
<tr>
<td>Minnesota TRM</td>
</tr>
<tr>
<td>Commonwealth Edison 2018-2021 EE &amp; DR Plan</td>
</tr>
<tr>
<td>Ameren Voltage Optimization Plan</td>
</tr>
<tr>
<td>BPA</td>
</tr>
<tr>
<td>Northwest Power and Conservation Council</td>
</tr>
</tbody>
</table>

Further, Pepco itself states that “[t]he energy and peak load reductions resulting from CVR are considered to be permanent load reductions since once PHI lowers the voltage on a feeder, it does not re-adjust or raise voltage settings.” This statement is clearly contradictory to the one-year measure life that the Utilities assume for energy efficiency savings.

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23 1) PG&E Pilot Program measure life data from personal communications with PG&E planning staff.

The evidence that the Utilities’ failure to use a vetted savings methodology is depriving ratepayers of significant benefits is compelling. CVR savings continue to make up an enormous portion of the total EmPOWER savings, as illustrated below in Figure 9:

*Figure 9: Portion of Total EmPOWER Savings Attributed to CVR*  

<table>
<thead>
<tr>
<th>CVR % of 2018 Full Year Savings (Annual MWh)</th>
<th>CVR</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGE</td>
<td>148,087</td>
<td>624,305</td>
<td>23.7%</td>
</tr>
<tr>
<td>Delmarva</td>
<td>11,957</td>
<td>73,913</td>
<td>16.2%</td>
</tr>
<tr>
<td>PE</td>
<td>-</td>
<td>80,130</td>
<td>0.0%</td>
</tr>
<tr>
<td>Pepco</td>
<td>113,010</td>
<td>377,161</td>
<td>30.0%</td>
</tr>
<tr>
<td>SMECO</td>
<td>4,224</td>
<td>52,360</td>
<td>8.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>277,278</td>
<td>1,207,869</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

The evidence identified by the Advocates suggests that the Utilities are dramatically overstating their annual savings, with the result that some may not be in compliance with the EmPOWER statute. The Advocates continue to recommend that evaluation by the third-party evaluator is warranted given that reported CVR savings are high—in the range of behavior savings, and larger than retail lighting savings for some of the Utilities. But even in the absence of a full evaluation, simply directing that the savings protocols used by the Utilities are vetted by the third-party evaluator would incur insignificant costs while going a long way towards instituting an appropriate, defensible methodology for the Utilities to use in developing their savings claims. Thus, assuring that EmPOWER ratepayers receive the energy efficiency benefits required by statute.

\[\text{See supra note 19.}\]
Conclusion

The Advocates appreciate the opportunity to comment on the Q3-Q4 2018 EmPOWER Semi-Annual Reports. EmPOWER has provided significant, cost-effective benefits for Maryland’s utility customers for a decade and has the potential to continue providing benefits for years to come. Improving the performance and magnitude of EmPOWER’S LI programs, and correcting the over-statement of savings in the Utilities CVR programs are critical actions that the Commission can take to assure the continued success of EmPOWER.

Respectfully submitted,

/s/ Susan S. Miller
Susan Stevens Miller, Esq.
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Washington, DC 20036
(202) 797-5246
smiller@earthjustice.org

Counsel for the Natural Resources Defense Council
CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of April, 2019, the foregoing was served by e-mail to all known parties of record.

/s/ Susan S. Miller
Susan Stevens Miller, Esq.
Exhibit A

Maryland EmPOWER Low-Income Working Group Call: ACEEE Research
Maryland EmPOWER Low-Income Working Group Call: ACEEE Research

Stefen Samarripas, Senior Research Analyst, ACEEE
Ariel Drehobl, Senior Research Analyst, ACEEE
March 5, 2018
The American Council for an Energy-Efficient Economy is a nonprofit 501(c)(3) founded in 1980. We act as a catalyst to advance energy efficiency policies, programs, technologies, investments, & behaviors.

Our research explores economic impacts, financing options, behavior changes, program design, and utility planning, as well as US national, state, & local policy.

Our work is made possible by foundation funding, contracts, government grants, and conference revenue.

aceee.org  @ACEEEEdc
State policy to impact low-income efficiency programs

1. Legislation/regulations establishing a minimum level of funding/savings dedicated to and/or achieved from low-income programs

2. Existence of utility rules/policies/practices that tailor application of cost-effectiveness screening to recognize the unique non-energy benefits of low-income energy efficiency programs

3. Efforts to coordinate utility and state administration of programs delivering low-income energy efficiency programs and weatherization services
State Level Targets and Policies: #1 Minimum funding or savings

1) Savings targets (1 state)
   - Pennsylvania: 5.5% of total savings from low-income sector

2) Spending thresholds—% of total portfolio spend (18 states)
   - 15-20%: DC, DE, NH, MT
   - 10-15%: MA, ME, OR, TX, NH, VT
   - 5%: NM, NV
   - <5%: MN
   - Specific $ amount: IL, NY

3) Spending in proportion to rate class's contributions to EE portfolio
   - CT, MI

4) Additional state-sponsored funding
   - Alaska Housing Finance Corporation
   - Washington State Matchmaker program
   - Maryland: Clean Energy Communities Low-to-Moderate Income Grant Program
State Level Targets and Policies: #2 Cost Effectiveness

• Cost-effectiveness exemption for low-income programs
  • Explicitly/implicitly: AZ, IL, IA, IN, KY, MD, MI, MN, MO, OK, OR

• Lowered thresholds and/or percentage adders
  • Approximates non-energy benefits: CO, NM, NY, VT

• Quantifying nonenergy benefits
  • MA: health-and-safety benefits (reduced asthma, comfort, reduced use of short-term, high interest loans, etc.)
  • CA: Energy Savings Assistance Cost-Effectiveness Test (ESACET)
State Level Targets and Policies: #3 Coordination of Utility/Weatherization

• Statewide approach for low-income program delivery
  • DHCD MD Low-Income Programs: LIEEP and MEEHA
  • California Energy Savings Assistance Program & CSD WAP Services
  • Energy Outreach Colorado
  • Massachusetts Low-income Energy Affordability Network (LEAN)

• Coordinate federal, state, and local resources through one-stop-shop models

• Streamline approval for low-income weatherization or efficiency programs through automatic enrollment with other low-income services.
Utilities Section

1. Requirements for State and Utility Support of Low-income EE programs
2. Cost-Effectiveness Rules for Low-Income EE Programs
3. Coordination of Ratepayer-funded Low-Income Programs with WAP

Maryland

State Scorecard Rank
10

30.0 scored out of 50
Updated 10/2018

State Government

Score: 4.5 out of 5

State Government Summary

Maryland offers a variety of incentives for energy-efficient investments, as well as Property Assessed Clean Energy (PACE) financing. The state government leads by example by requiring energy-efficient public buildings, benchmarking energy use, and encouraging the use of...
State-level keys to success to achieve high low-income energy savings

1. State policy support establishing reliable funding source
2. Recognition of non-energy benefits & relaxed C/E requirements
3. Statewide coordination to deliver programs through a single point of contact
4. Streamline delivery of services
5. Develop dual-fuel/fuel-blind programs
6. Coordinate efficiency and bill payment assistance
7. Formalize stakeholder engagement to ensure program parity
2015 low-income electric savings for the largest utilities in selected states with at least 1% portfolio savings*

<table>
<thead>
<tr>
<th>Utility</th>
<th>State</th>
<th>Low-income savings (kWh)</th>
<th>Total portfolio savings (kWh)</th>
<th>Low-income savings as a % of total utility portfolio savings</th>
<th>Lifetime low-income savings (kWh)</th>
<th>Cost per kWh of lifetime savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>PECO Energy</td>
<td>PA</td>
<td>18,716,000</td>
<td>214,205,000</td>
<td>8.7%</td>
<td>112,380,000</td>
<td>$0.08</td>
</tr>
<tr>
<td>DTE Energy</td>
<td>MI</td>
<td>27,031,000</td>
<td>611,464,000</td>
<td>4.4%</td>
<td>264,611,000</td>
<td>$0.03</td>
</tr>
<tr>
<td>Eversource</td>
<td>CT</td>
<td>15,085,000</td>
<td>357,699,000</td>
<td>4.2%</td>
<td>166,351,000</td>
<td>$0.04</td>
</tr>
<tr>
<td>Eversource</td>
<td>MA</td>
<td>30,313,000</td>
<td>789,186,000</td>
<td>3.8%</td>
<td>484,136,000</td>
<td>$0.05</td>
</tr>
<tr>
<td>National Grid</td>
<td>RI</td>
<td>6,587,000</td>
<td>222,822,000</td>
<td>3.0%</td>
<td>79,436,000</td>
<td>$0.13</td>
</tr>
<tr>
<td>Pacific Gas &amp; Electric</td>
<td>CA</td>
<td>34,517,000</td>
<td>1,378,895,000</td>
<td>2.5%</td>
<td>464,254,000</td>
<td>$0.15</td>
</tr>
<tr>
<td>Consolidated Edison</td>
<td>NY</td>
<td>8,248,000</td>
<td>413,613,000</td>
<td>2.0%</td>
<td>131,968,000</td>
<td>$0.04</td>
</tr>
<tr>
<td>Portland General Electric</td>
<td>OR</td>
<td>3,874,000</td>
<td>262,677,000</td>
<td>1.5%</td>
<td>52,110,000</td>
<td>$0.13</td>
</tr>
<tr>
<td>Puget Sound Energy</td>
<td>WA</td>
<td>1,739,000</td>
<td>230,853,000</td>
<td>0.8%</td>
<td>19,998,500</td>
<td>$0.17</td>
</tr>
<tr>
<td>Efficiency Maine</td>
<td>ME</td>
<td>1,534,000</td>
<td>224,341,000</td>
<td>0.7%</td>
<td>14,065,000</td>
<td>$0.09</td>
</tr>
<tr>
<td>Xcel Energy</td>
<td>MN</td>
<td>2,597,000</td>
<td>408,822,000</td>
<td>0.6%</td>
<td>29,865,500</td>
<td>$0.08</td>
</tr>
<tr>
<td>MidAmerican Energy Co.</td>
<td>IA</td>
<td>1,642,000</td>
<td>268,937,000</td>
<td>0.6%</td>
<td>18,888,000</td>
<td>$0.04</td>
</tr>
</tbody>
</table>

Average: 2.8%
Median: 2.3%

While Pennsylvania has not achieved 1% energy savings across its statewide portfolio, it is included here because the state has adopted a specific low-income energy savings target. Sources: Relf, Baatz, and Nowak 2017; Drehobl and Castro-Alvarez 2017.
2017 energy savings remain unchanged

<table>
<thead>
<tr>
<th>Utility</th>
<th>State</th>
<th>Low-income savings (kWh)</th>
<th>Total portfolio savings (kWh)</th>
<th>Low-income savings as a % of total utility portfolio savings</th>
<th>Change from 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PECO Energy</td>
<td>PA</td>
<td>24,811,000</td>
<td>281,939,000</td>
<td>8.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td>DTE Energy</td>
<td>MI</td>
<td>29,077,000</td>
<td>761,630,000</td>
<td>3.8%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Eversource</td>
<td>CT</td>
<td>16,665,000</td>
<td>329,842,480</td>
<td>5.1%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Eversource</td>
<td>MA</td>
<td>22,047,000</td>
<td>706,920,000</td>
<td>3.1%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>National Grid</td>
<td>RI</td>
<td>8,020,000</td>
<td>232,023,000</td>
<td>3.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Pacific Gas &amp; Electric</td>
<td>CA</td>
<td>59,263,000</td>
<td>1,343,224,000</td>
<td>4.4%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Portland General Electric</td>
<td>OR</td>
<td>3,881,000</td>
<td>325,304,000</td>
<td>1.2%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Xcel Energy</td>
<td>MN</td>
<td>1,976,000</td>
<td>537,642,000</td>
<td>0.4%</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

Average change in % portfolio savings: +0.2%

While Pennsylvania has not achieved 1% energy savings across its statewide portfolio, it is included here because the state has adopted a specific low-income energy savings target. Sources: Forthcoming ACEEE 2019 City Scorecard.
DHCD program energy savings as a share of utility energy efficiency savings

DHCD total savings: 0.9% in 2017
Recommendations for Maryland
(See 2017 ACEEE report)

• Create specific goals for low-income programs
  • E.g., Savings targets (% of total savings, % of retail sales)
• PSC should direct that programs report more performance metrics
  • E.g., Occupant health and comfort, savings per eligible customers, deferrals, % of home receiving health and safety repairs
• PSC require timely process & impact evaluations
• Integrate more natural gas incentives into low-income programs (i.e. dual fuel program design)
# Relevant ACEEE Research

<table>
<thead>
<tr>
<th>Report Title</th>
<th>Year</th>
<th>URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making Maryland Homes More Affordable through Efficiency</td>
<td>2017</td>
<td><a href="aceee.org/research-report/u1711">aceee.org/research-report/u1711</a></td>
</tr>
<tr>
<td>ACEEE’s State Policy Database: Guidelines for Low-Income Energy Efficiency Programs</td>
<td>On going</td>
<td><a href="database.aceee.org/state/guidelines-low-income-programs">database.aceee.org/state/guidelines-low-income-programs</a></td>
</tr>
</tbody>
</table>
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